

***CITY OF NORTHWOOD
WOOD COUNTY***

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

City Council
City of Northwood
6000 Wales Road
Northwood, Ohio 43619

We have reviewed the *Report of Independent Accountants* of the City of Northwood, Wood County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Northwood is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 15, 2012

This page intentionally left blank.

CITY OF NORTHWOOD
WOOD COUNTY, OHIO
AUDIT REPORT
For the Year Ended December 31, 2011

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1 – 2
Schedule of Findings	3
Schedule of Prior Audit Findings	5

This page intentionally left blank.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

City of Northwood
Wood County
6000 Wales Road
Northwood, Ohio 43619

To the City Council:

We have audited the financial statements of governmental activities, each major fund and the aggregate remaining fund information of the City of Northwood, Wood County, Ohio (City) as of and for the year ended December 31, 2011 which collectively comprise the City's financial statements and have issued our report thereon dated July 25, 2012, wherein we noted the City implemented Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and timely corrected.

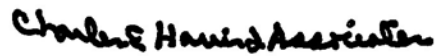
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2011 – Northwood – 001.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, the City Council and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris & Associates". The signature is written in a cursive, slightly slanted style.

Charles E. Harris & Associates, Inc.

July 25, 2012

**CITY OF NORTHWOOD
SCHEDULE OF FINDINGS
DECEMBER 31, 2011**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number: 2011-Northwood-001

Ohio Revised Code Section 5705.41 (D), requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing City entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less that \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the City.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative City against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predicable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**CITY OF NORTHWOOD
SCHEDULE OF FINDINGS – (continued)
DECEMBER 31, 2011**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number: 2011 Northwood-001 – (continued)

The City did not properly certify the availability of funds for 42 of 60 non-payroll expenditures tested for the audit period. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend the Director of Finance certify the availability of funds prior to the commitment for the expenditure of City money. The City should consider the use of blanket purchase orders and "then and now" certificates to assist in complying with the above requirement.

Management Response:

Management will comply with the recommendation to certify the availability of funds prior to the commitment for the expenditure of money.

**CITY OF NORTHWOOD
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken or Finding No Longer Valid; Explain
2010-Northwood-001	ORC Section 5705.41(D) failure to certify availability of funds.	No	Repeated as 2011-Northwood-001

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
NORTHWOOD, OHIO



For Fiscal Year Ended December 31, 2011



Unity thru Diversification

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2011

Issued by:
Department of Finance
Toby Schroyer
Director



Unity thru Diversification

TABLE OF CONTENTS

CITY OF NORTHWOOD
WOOD COUNTY, OHIO

I

INTRODUCTORY SECTION

A Letter of Transmittal v
B List of Principal Officials xii
C City Organizational Chart xiii
D Certificate of Achievement for Excellence in Financial Reporting..... xiv

II

FINANCIAL SECTION

A Independent Auditor’s Report..... 1
B Management’s Discussion and Analysis..... 3
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Assets 12
 Statement of Activities 13
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet 14
 Reconciliation of Total Governmental Fund Balances to Net Assets of
 Governmental Activities 16
 Statement of Revenues, Expenditures and Changes in Fund Balances 18
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities 22
 Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis):
 General Fund 23
 Notes to the Basic Financial Statements..... 24

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	57
Combining Balance Sheet – Nonmajor Special Revenue Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	60

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

<i>General Fund</i>	62
---------------------------	----

Debt Service Fund:

General Obligation Debt Retirement Fund.....	67
--	----

Capital Projects Fund:

Capital Improvement Fund.....	68
Capital Replacement Fund	69

Nonmajor Governmental Funds:

Special Revenue Funds:

Street Construction, Maintenance and Repair Fund.....	70
Motor Vehicle License Tax Fund.....	71
State Highway Improvement Fund.....	72
Northwood Waste/Environmental Fund.....	73
Drug Fine Fund	74
Special Law Enforcement Fund	75
Enforcement and Education Fund	76
Computerized Research Fund.....	77
Water Fund.....	78
Keep Northwood Beautiful Fund	79

Capital Projects Funds:

Recreation Parks Combined Fund	80
--------------------------------------	----

Fiduciary Funds – Agency Fund:

Statement of Changes in Assets and Liabilities.....	82
---	----

III STATISTICAL SECTION

Net Assets by Component - Last Eight Years S 2
Changes in Net Assets - Last Eight Years S 4
Fund Balances, Governmental Funds - Last Ten Years S 6
Changes in Fund Balances, Governmental Funds - Last Ten Years S 8
Income Tax Revenues by Source, Governmental Funds - Last Ten Years S 12
Income Tax Collections - Current Year and Five Years Ago S 15
Ratio of Outstanding Debt By Type - Last Ten Years S 16
Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 18
Computation of Direct and Overlapping Debt Attributable to
Governmental Activities – Current Year..... S 21
Debt Limitations - Last Ten Years S 22
Demographic and Economic Statistics - Last Ten Years S 24
Principal Employers - Current Year and Nine Years Ago S 27
Full Time Equivalent Employees by Function - Last Ten Years S 28
Operating Indicators by Function - Last Ten Years S 30
Capital Asset Statistics by Function - Last Ten Years S 32



This page intentionally left blank.

INTRODUCTORY SECTION



Unity thru Diversification



City of Northwood, Ohio

6000 Wales Road

Northwood, Ohio 43619

Phone (419) 693-9328

Fax (419) 693-6705

July 25, 2012

Introduction

To the Honorable Mayor, Members of City Council and
All Citizens of the City of Northwood, Ohio:

I am pleased to present the fourteenth Comprehensive Annual Financial Report for the City of Northwood, Ohio for the fiscal year ended December 31, 2011. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada, and audited in accordance with Generally Accepted Auditing Standards (GAAS) by Charles Harris and Associates, Inc. GAAP requires a narrative introduction, overview, and analysis called the Management's Discussion and Analysis (MD&A) to accompany the basic financial statements. This Letter of Transmittal (LOT) is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The Report

State law, along with *Administrative Rules* of the Auditor of State, requires all city governments to publish an Annual Report within 150 days of the close of each fiscal year. This report must present a complete set of financial statements presented in conformity with GAAP. Various City debt service *Trust Agreements* require Audited Annual Reports in accordance with GAAS. Pursuant to these requirements, we hereby issue the CAFR of the City of Northwood, Ohio, for the fiscal year ended December 31, 2010.

While there is no legal requirement for the preparation of a CAFR, it represents a commitment by the City, and its officers, to conform to nationally recognized standards of excellence in financial reporting. This report consists of management's representations concerning the finances of the City. Responsibility for both the accuracy of the presented data and the completeness and reliability of the presentation, including all disclosures, rests with City management.

Management of the City has established various internal controls designed to compile reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's various internal controls are designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

***Letter of Transmittal
For the Year Ended December 31, 2011***

The City's financial statements have been audited by the audit staff of Charles Harris and Associates, Inc. The Auditor issued an unqualified opinion that the basic financial statements are presented fairly in conformity with GAAP, in all material respects, representing the financial position of the City as of December 31, 2011. The report from the Auditor is presented as the first component of the financial section of this report.

PROFILE OF THE CITY OF NORTHWOOD

Early History

In 1846, John Mossler built a log cabin on the east side of Plank Road, later named Goss Road and now called East Broadway. This road was made of logs, smoothed on one side. The curved side sunk into mud. The road was maintained with dirt and stone. There were no school boundary lines and children could attend any place of learning that was desirable.

In 1896 Edward Ross Ford purchased property along the Maumee River. In 1898, Mr. Ford built the Edward Ford Plate Glass Factory, which is now situated in the City of Rossford. He also built rows of homes for his employees because of a lack of transportation. At that time the people did not want to be part of Perrysburg and Lake Townships so they petitioned the Wood County Commissioners and the State of Ohio to establish a new township. Ross Township was formed, bound by the Maumee River on the West, Lucas County on the North, Ottawa County on the East and Lake and Perrysburg Townships on the South. The Village of Northwood was incorporated at a special election on August 7, 1962 and comprises all of Ross Township. Northwood acquired its name by residents submitting suggestions. Larry Brough, editor of the Rossford Township News, said it was located in the "Northern" most part of "Wood" County, hence, the name "Northwood" was selected. The Village of Northwood became a City on January 1, 1982 as designated by the State of Ohio after the voters passed the Charter of the City of Northwood on November 3, 1981.

Location

Located in northern Wood County, Northwood occupies approximately eight square miles and is bounded by Rossford on the West, Lucas County (Oregon and Toledo) on the North, Ottawa County on the East and Lake and Perrysburg Townships on the South. Three highways pass through the City including State Route 51 (locally known as Woodville Road) and Interstates 280 and 75. I-280 connects with the Ohio Turnpike six miles south of the City, while I-75 joins I-80/90 three miles south of Northwood. The City is also served by Norfolk Southern and the CSX Transportation railroads as well as the Toledo Express Airport located 20 miles west and Metcalf Field 3 miles south, providing lighted and paved runways for private aircraft.

Form of Government

The City of Northwood is a home-rule municipal corporation created under the laws of the State of Ohio operating under its own Charter. The current charter, which was adopted in 1981 and became effective in 1982, provides for a Council/Mayor form of government.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Legislative authority is vested in a seven member City Council. Four members are elected at-large to four-year terms and the other three members are also elected at-large to staggered four year terms, with each term of office beginning January 1st, following the November election. The Council sets compensation of City Officials and employees, enacts ordinances and resolutions relating to City services and tax levies, appropriating and borrowing funds, licensing and regulating business and trades as well as other municipal purposes. The presiding officer is the Mayor who has no vote unless there is a tie in the votes cast by the members of City Council. The Charter establishes certain administrative departments and the City Council may establish various divisions of those departments.

The City's chief executive officer is the Mayor. The Mayor appoints, subject to the approval of City Council, the City Administrator and all Directors of the City's departments. The City Administrator serves as the Chief Administrative Officer and may appoint or remove subordinate officers or employees of the City under the direct supervision of the Mayor.

The Clerk of Council/City Clerk is appointed by City Council. The City Treasurer's role is assumed by the Finance & Revenue Director, who is appointed by the Mayor and confirmed by City Council.

City Services

Police:

The Northwood Police Department is a full-time department with an authorized strength of 17 sworn full-time positions. Current staffing includes the Chief, a Captain, 4 sergeants, 11 patrol officers, and a seasonal crossing guard. The City receives partial grant funding for Third Grade Safety Belt programs, Bulletproof Vest Partnership Program, and OVI Enforcement.

The department includes dispatching services for police, fire, and public works and is staffed by 4 full-time dispatchers.

The Northwood Police Department serves the community in many different capacities. The police are involved in the protection of life and property, law enforcement and community education. Community service programs include Ohio Public Safety Department's Third Grade Safety Belt Program, A.L.E.I.A. (Area Law Enforcement Investigators Association), and Bike Patrol.

Fire:

The City of Northwood Fire Department operates out of two stations. An ambulance is staffed on a 24 hour basis by two trained personnel to ensure rapid response to emergencies in the city. The fire department is led by a part-time Fire Chief and is supported by 40 part-paid firefighters. The department provides a full range of fire, EMS and rescue services to its residents. Their equipment includes; 3 ambulances, 3 class A pumpers, 1 102' aerial ladder, 1 mini pumper and other support units. Northwood has a Class 5 ISO rating.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Parks and Recreation:

The City owns four major parks. Nature Trails Park located on Curtice Road features a one mile walking or jogging trail that is partially wooded. Brentwood Park, located on Brentwood Road, features a shelter house, tennis courts, picnic facilities and playground equipment. Central Park, located on Wales Road, features a shelter house, picnic facilities, a baseball diamond, tennis courts and playground equipment. Ranger Park located on Curtice Road features a pond and walking trail.

The City provides a Summer T-Ball, Softball and Baseball Recreation Program for boys and girls ages 6 to 16. The City contracts with the YMCA for a Senior Program.

Public Works:

The Public Works Department maintains the 47 miles of streets in the City. The department's functions include repairs to City streets as well as cleaning and snow removal. Weekly refuse collection is provided through a contract with Waste Management, one of Northwood's largest employers. The Street Department provides a brush pick up service to the residents as well as a fall leaf collection and a Christmas tree recycling/mulching program. Tree maintenance and new tree plantings are planned each year.

Water and Wastewater:

The City of Northwood has separate water and wastewater services. The western portion of the City is served by water treated by the City of Toledo and purchased through the Northwestern Water & Sewer District. The water is delivered through the distribution system owned and maintained by the Northwestern Water & Sewer District. The eastern portion of the City is served by water treated by the City of Oregon and purchased through the Northwestern Water & Sewer District. The Northwestern Water & Sewer District also provides wastewater services.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Economic Outlook

The City of Northwood is a mile wide and located in the middle of the rapid economic growth of Wood County, in the northwestern corner of Ohio. Just across the river from the City of Toledo, the downtown skyline is visible from vantage points in Northwood. The Ohio Turnpike and I-75 intersect just a few miles south of the city limits – a major crossroads to consumer and industrial markets. 18,000,000 people are within a two-hour driving radius from the I-75 and I-80/90 link. There is easy access to the metropolitan areas of Detroit, Chicago, Cleveland, Cincinnati and beyond.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Numerous rail lines intersect Northwood and provide excellent access to local, state and national and international markets. In addition, an international seaport, an inland port, an air cargo hub and an international airport are all minutes away. Getting products to and from markets is a key focus with over 100 truck lines serving the area. A strong industrial base contributes to the economic stability for the City and schools. Several industrial parks for light or heavy industry offer available sites. Sites with high-tech infrastructure are available in a privately owned industrial park. Many businesses have been long time residents of Northwood, and two hospitals service the area and create employment opportunities.

The thing that sets Northwood apart from surrounding cities is its can-do attitude. Not only is the work force nearly 67,000 strong with a superior work ethic, but the City officials are cooperative and willing to make things happen. Many economic development opportunities and incentives are offered through the City and other helpful area organizations. The City of Northwood is happy to assist companies to locate here.

The number of permits for commercial, industrial and residential totaled 332. The Planning and Zoning Department will continue to work on economic development issues and plan for the future of the city through promotion of the Comprehensive Plan and will continue to support and encourage the necessary enforcement of our Zoning Code to promote the livability and desirability of Northwood.

City Council is looking forward to the growth of the new Central Business District (CBD). Phase I includes all of Woodville Road, Commerce Park Blvd., The Woodville Mall and Great Eastern Shopping Center. There are new zoning regulations for the CBD. Some regulations will include design standards, a stricter sign code and smaller front yard setbacks. The purpose of the CBD is to help make Woodville Road more aesthetically pleasing and pedestrian friendly, with the promotion design standards, uniform street lights and street trees.

The City of Northwood has a J.E.D.Z. (Joint Economic Development Zone) agreement each with the Cities of Oregon and Rossford. The City of Northwood has established a Job Creation and Retention Grant Program (J.C.R.G.) as an economic development incentive tool. The City established a TIF (Tax Increment Financing) for the issuance and sale of bonds to pay for construction improvements to the Route 280 interchange at Curtice Road which revolves around the construction of a Menard's store on Curtice Road. The Cities of Oregon and Northwood have signed a cooperative tax sharing agreement and the Northwood and Oregon school systems have signed compensation agreements with Menard's.

***Letter of Transmittal
For the Year Ended December 31, 2011***

Unemployment Rates

According to the Ohio Bureau of Employment Services, the 2011 annual average unemployment rate for Wood County was 8.3% which was lower than the state rate of 8.6% and also lower than the national rate of 8.9%.

Employee Relations

The City has 35 full-time and 51 part-time employees. A statewide public employee collective bargaining law applies to public employee relations and collective bargaining. There are three bargaining units representing 28 full-time employees. The A.F.S.C.M.E. (American Federation of State, County and Municipal Employees) Local 755 Ohio represents 8 full-time employees. The O.P.B.A. (Ohio Patrolmen's Benevolent Association) represents 11 patrol officers and 4 police dispatchers. The FOP/OLC represents 4 sergeants.

The City negotiated in 2009 with A.F.S.C.M.E. for a 3-year term ending on March 31, 2012. The contract with O.P.B.A. was negotiated in 2008 for a 3-year term ending December 31, 2011. The City reached agreement with FOP/OLC in 2010 for a 3-year term ending June 30, 2013.

Major City Initiatives

During 2011, the City continued focusing on improving the quality of life and employment opportunities for its residents and taxpayers. The City pursued possible assistance such as federal, state and local grant funds. In 2011 the City received the following Police related grants; Third Grade Safety Belt, Bulletproof Vest, and D.U.I. Task Force. The City also received grants from Wood County Recycling, Landfill Sponsorship, and Grants for the Fire Department.

During 2011, the City completed the Street Resurfacing Improvements project.

Continuing and Future Projects

Major projects in 2012 include the Wales Road Rail Overpass and a storm water retention pond.

***Letter of Transmittal
For the Year Ended December 31, 2011***

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to those governments who qualify. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. I believe this, our fourteenth Comprehensive Annual Financial Report, meets the high standards set by the GFOA for a Certificate of Achievement for Excellence in Financial Reporting and we are submitting it to the GFOA.

Public Disclosure

The publication of this report represents an important achievement in the ability of the City of Northwood to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City Administration and investors. In addition to the citizens of Northwood, the recipients of this report will include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City of Northwood to improve its overall financial accounting, management and reporting capabilities.

Acknowledgements

The City of Northwood is proud to be submitting this GAAP financial report utilizing the guidelines recommended by GFOA. This report is the result of continued cooperation, and combined services of the Mayor, City Council, Administrative Officials, City employees, the Wood County Auditor's Office and the Auditor's Division of the State of Ohio.

Sincere appreciation and acknowledgement is extended to Donald J. Schonhardt & Associates, Inc, for their guidance in the preparation of this report.

Respectfully,



Toby A. Schroyer
Finance & Revenue Director

CITY OF NORTHWOOD, OHIO

***List of Principal Officials
For the Year Ended December 31, 2011***

Elected Official

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mark A. Stoner	Mayor	12/31/11
Edward Schimmel	City Council, President	12/31/11
James D. Barton	City Council	12/31/13
David A. Gallaher	City Council	12/31/13
Connie S. Hughes	City Council	12/31/13
Randy Kozina	City Council	12/31/11
Mike Myers	City Council	12/31/13
Dean Edwards	City Council	12/31/11

Administrative Personnel

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>	<u>Surety</u>
Brian Ballenger	Director of Law	Indefinite	
Dennis Recker	City Administrator	Indefinite	\$50,000 Bond
Tom Cairl	Chief of Police	Indefinite	
Joel Whitmore	Chief of Fire	Indefinite	
Craig Meier	Director of Public Service	Indefinite	
Toby Schroyer	Director of Finance	Indefinite	\$50,000 Bond
Paul Gercak	Director of Recreation	Indefinite	
Kimberly Grames	Zoning Inspector	Indefinite	
Laura Schroeder	Clerk of Mayor's Courts	Indefinite	
C. Drew Griffith	Court Magistrate	Indefinite	

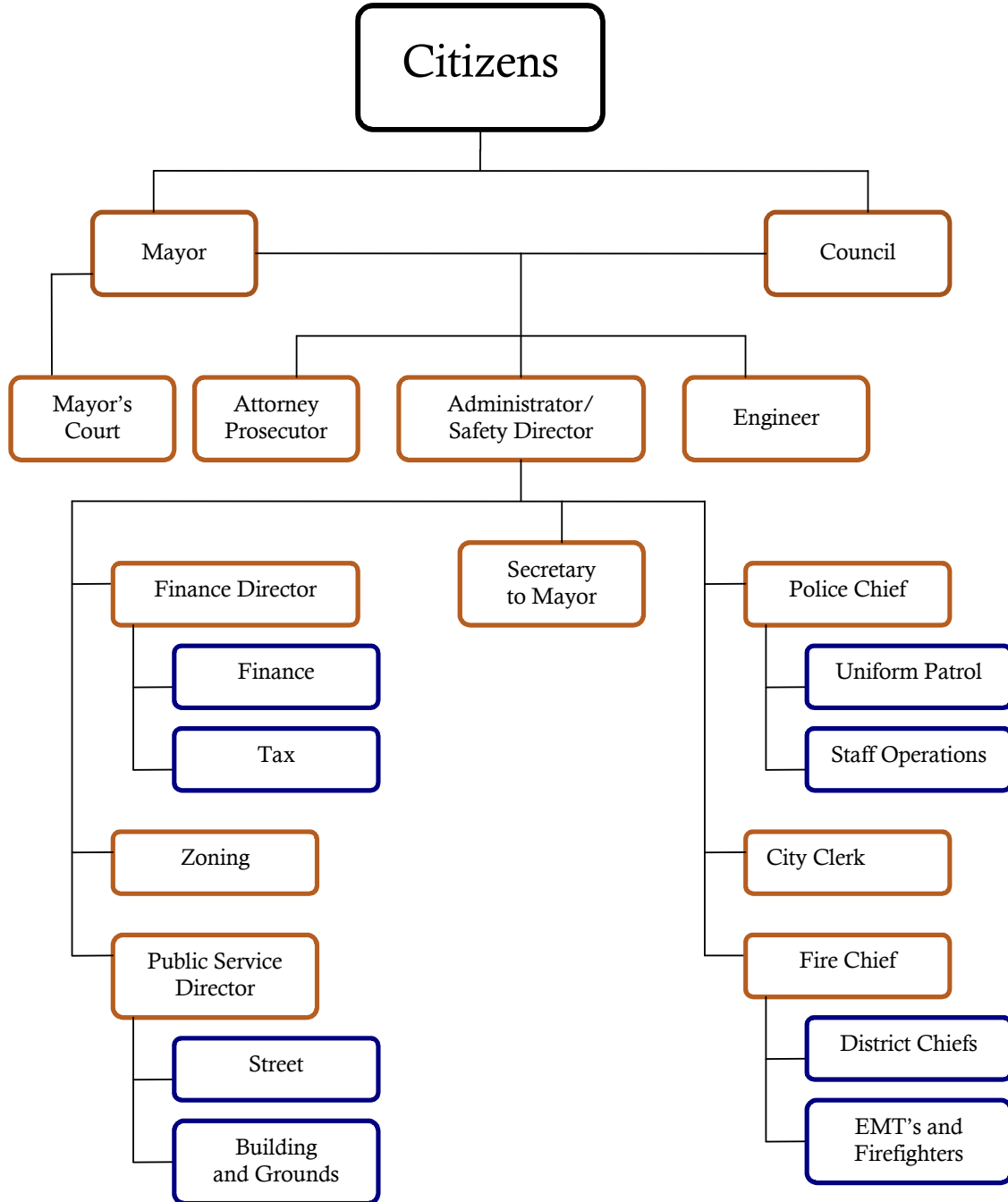
Applies to All Elected Officials

Public officials \$5 million/occurrence, \$7 million aggregate general liability.
Term July 9, 2011 to July 9, 2012

City Address:

City of Northwood
6000 Wales Road
Northwood, Ohio 43619-1480
419-693-9327 FAX 419-693-6705

*City Organizational Chart
For the Year Ended December 31, 2011*



*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Northwood
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



Unity thru Diversification

REPORT OF INDEPENDENT ACCOUNTANTS

City of Northwood
Wood County
6000 Wales Road
Northwood, Ohio 43619

To the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Northwood, Wood County, Ohio (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Northwood, Wood County, Ohio, as of December 31, 2011, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

As described in Note 5, the City implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2012, on our consideration of the City of Northwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis as listed in the table of contents, to supplement the basic financial statements. Although this information is not a part of the basic financial statements, the Governmental Accounting Standards Board considers it as essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City of Northwood's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subjected to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Charles E. Harris

Charles E. Harris & Associates, Inc.

July 25, 2012

The discussion and analysis of the City of Northwood's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- ❑ In total, net assets increased \$2,004,224, which represents a 16.6% increase from 2010.
- ❑ General revenues accounted for \$5.4 million in revenue or 78% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 22% of total revenues of \$6.9 million.
- ❑ The City had \$4.9 million in expenses related to governmental activities; only \$1.5 million of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$4.9 million in revenues and \$3.9 million in expenditures. The general fund's fund balance increased \$993,422 to \$1,739,684.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accepting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City has no business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City activities. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net assets between 2011 and 2010:

	Governmental Activities	
	2011	2010
Current and other assets	\$8,986,924	\$6,862,525
Capital assets, Net	8,629,961	8,886,322
Total assets	17,616,885	15,748,847
Long-term debt outstanding	2,968,380	3,052,599
Other liabilities	606,152	658,119
Total liabilities	3,574,532	3,710,718
Net assets		
Invested in capital assets, net of related debt	8,284,546	8,446,516
Restricted	5,989,880	4,863,846
Unrestricted	(232,073)	(1,272,233)
Total net assets	\$14,042,353	\$12,038,129

This space intentionally left blank.

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2011 and 2010:

	Governmental	
	Activities	
	2011	2010
Revenues		
Program revenues:		
Charges for Services and Sales	\$1,123,325	\$803,207
Operating Grants and Contributions	375,248	770,000
Capital Grants and Contributions	4,779	185,416
General revenues:		
Property Taxes	427,146	476,377
Municipal Income Taxes	4,359,623	3,945,769
Other Local Taxes	44,816	39,035
Grants and Entitlements not Restricted to Specific Programs	474,873	552,730
Investment Earnings	15,983	9,273
Miscellaneous	59,965	16,365
Total revenues	<u>6,885,758</u>	<u>6,798,172</u>
Program Expenses		
Security of Persons and Property	2,372,014	2,503,028
Public Health and Welfare Services	8,682	8,833
Leisure Time Activities	87,105	82,707
Community Environment	107,373	381,282
Basic Utility Services	214,271	172,679
Transportation	598,193	376,340
General Government	1,381,014	1,468,895
Interest and Fiscal Charges	112,882	181,053
Total expenses	<u>4,881,534</u>	<u>5,174,817</u>
Total Change in Net Assets	2,004,224	1,623,355
Beginning Net Assets	<u>12,038,129</u>	<u>10,414,774</u>
Ending Net Assets	<u>\$14,042,353</u>	<u>\$12,038,129</u>

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

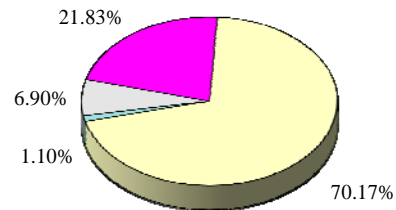
Governmental Activities

Net assets of the City's governmental activities increased by \$2,004,224. This was due primarily to an increase in municipal income tax collections and an overall decrease in operating expenses. The largest decrease in expenses was in security of persons and property and community environment.

The City also receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City. Residents who work outside the City and are subject to a municipal income tax receive a 100% credit against the income tax liability due to Northwood.

Property taxes and income taxes made up 6% and 63% respectively of revenues for governmental activities for the City in fiscal year 2011. The City's reliance upon tax revenues is demonstrated by the following graph indicating 70% of total revenues from general tax revenues:

<u>Revenue Sources</u>	<u>2011</u>	<u>Percent of Total</u>
General Shared Revenues	\$474,873	6.90%
Program Revenues	1,503,352	21.83%
General Tax Revenues	4,831,585	70.17%
General Other	75,948	1.10%
Total Revenue	\$6,885,758	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$7,526,193, which is an increase from last year's balance of \$5,391,540. The schedule below indicates the fund balance and the total change in fund balance by major and nonmajor fund as of December 31, 2011 and 2010:

	<u>Fund Balance December 31, 2011</u>	<u>Fund Balance December 31, 2010</u>	<u>Increase (Decrease)</u>
General	\$1,739,684	\$746,262	\$993,422
General Obligation Debt Retirement	466,997	384,210	82,787
Capital Improvement	3,047,965	2,122,897	925,068
Capital Replacement	871,622	938,752	(67,130)
Other Governmental	1,399,925	1,199,419	200,506
Total	\$7,526,193	\$5,391,540	\$2,134,653

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

General Fund – The City’s General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2011	2010	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Property Taxes	\$229,764	\$260,524	(\$30,760)
Municipal Income Tax	3,447,358	3,069,323	378,035
Other Local Taxes	28,322	22,595	5,727
Intergovernmental Revenue	561,667	594,062	(32,395)
Charges for Services	87,650	112,138	(24,488)
Licenses and Permits	93,000	108,843	(15,843)
Investment Earnings	13,574	8,345	5,229
Special Assessments	91,002	67,523	23,479
Fines & Forfeitures	142,576	160,764	(18,188)
Donations	650	3,467	(2,817)
All Other Revenue	190,738	68,299	122,439
Total	<u>\$4,886,301</u>	<u>\$4,475,883</u>	<u>\$410,418</u>

General Fund revenues in 2011 increased 9.2% compared to revenues in fiscal year 2010. The most significant factors contributing to this increase was an increase of \$378,035 in municipal income tax collected during 2011.

	2011	2010	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$2,278,251	\$2,391,029	(\$112,778)
Public Health and Welfare Services	8,682	8,833	(151)
Leisure Time Activities	55,894	51,496	4,398
Community Environment	95,607	87,402	8,205
Transportation	193,091	239,081	(45,990)
General Government	1,260,391	1,411,917	(151,526)
Total	<u>\$3,891,916</u>	<u>\$4,189,758</u>	<u>(\$297,842)</u>

General Fund expenditures decreased by \$297,842 or 7.1% from the prior year mostly due to the large decreases in security of persons and property and general government.

The General Obligation Debt Retirement Fund balance increased by \$82,787 in 2011 due to the decrease in principal and interest payments compared to 2010.

The Capital Improvement Fund balance increased by \$925,068 to \$3,047,965 in 2011. This increase was due to increased municipal income tax collections and a decrease in expenditures in 2011.

The Capital Replacement Fund balance decreased by \$67,130 to \$871,622 in 2011. This decrease was due to an increase in capital expenditures during 2011.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, final budget basis revenue of \$5.2 million changed over the original budget estimates of \$4.7 million. There were no significant variances between the final budget and actual results for the General Fund. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the City had \$8,629,961 net of accumulated depreciation invested in land, improvements, infrastructure, buildings and machinery and equipment. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$407,945	\$407,945	\$0
Construction in Progress	0	15,594	(15,594)
Land Improvements	33,100	33,100	0
Buildings and Improvements	3,963,944	3,963,944	0
Machinery and Equipment	1,102,144	1,024,494	77,650
Vehicles	2,559,290	2,594,758	(35,468)
Infrastructure	4,735,579	4,667,835	67,744
Less: Accumulated Depreciation	(4,172,041)	(3,821,348)	(350,693)
Totals	<u>\$8,629,961</u>	<u>\$8,886,322</u>	<u>(\$256,361)</u>

The primary increase occurred in infrastructure. This increase is the result of the additions of new roads to the City.

As of December 31, 2011, the City had contractual commitments of \$852,206. This is related to the Wales Road railroad overpass project. Additional information on the City's capital assets can be found in Note 10.

Debt

The following table summarizes the City's debt outstanding as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General Obligation Bonds	\$2,475,000	\$2,560,000
Ohio Public Works Commission	70,415	79,805
Compensated Absences	422,965	412,794
Totals	<u>\$2,968,380</u>	<u>\$3,052,599</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Northwood lies, is limited to 11.5 mills. At December 31, 2011, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

The City's original budget for 2011 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be 5.0% less than the actual receipts for 2011. This difference was due mainly to actual collections being higher than original estimates of income tax receipts and investment earnings.

General Fund expenditures were originally budgeted at 9.2% more than 2011 actual expenditures. Department requests were reduced from original submissions and only those items that management and City Council determined necessary were appropriated.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 419-693-9328 or writing to City of Northwood Finance Department, 6000 Wales Road, Northwood, Ohio 43619.

CITY OF NORTHWOOD, OHIO

Statement of Net Assets
December 31, 2011

	Governmental Activities
Assets:	
Cash and Cash Equivalents	\$ 2,991,998
Investments	4,003,866
Receivables:	
Taxes	954,840
Accounts	388,383
Intergovernmental	414,845
Interest	901
Special Assessments	129,008
Inventory of Supplies at Cost	58,368
Prepaid Items	44,715
Capital Assets:	
Capital Assets Not Being Depreciated	407,945
Capital Assets Being Depreciated, Net	8,222,016
Total Assets	17,616,885
Liabilities:	
Accounts Payable	38,329
Accrued Wages and Benefits	261,146
Intergovernmental Payable	3,017
Claims Payable	309
Unearned Revenue	287,722
Accrued Interest Payable	15,629
Long-Term Liabilities:	
Due Within One Year	259,049
Due in More Than One Year	2,709,331
Total Liabilities	3,574,532
Net Assets:	
Invested in Capital Assets, Net of Related Debt	8,284,546
Restricted For:	
Capital Projects	3,975,177
Debt Service	542,156
Street Construction, Maintenance and Repair	693,591
Water/Sewer Maintenance and Repair	573,360
Other Purposes	205,596
Unrestricted (Deficit)	(232,073)
Total Net Assets	\$ 14,042,353

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Statement of Activities
For the Year Ended December 31, 2011**

	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services and	Grants and	Grants and	Changes in
	Sales	Contributions	Contributions	Governmental	Net Assets
				Activities	
Governmental Activities:					
Security of Persons and Property	\$ 2,372,014	\$ 235,697	\$ 29,610	\$ 0	\$ (2,106,707)
Public Health and Welfare Services	8,682	0	0	0	(8,682)
Leisure Time Activities	87,105	135,640	0	0	48,535
Community Environment	107,373	34,602	5,265	4,779	(62,727)
Basic Utility Services	214,271	289,722	0	0	75,451
Transportation	598,193	5,246	340,373	0	(252,574)
General Government	1,381,014	422,418	0	0	(958,596)
Interest and Fiscal Charges	112,882	0	0	0	(112,882)
Total Governmental Activities	\$ 4,881,534	\$ 1,123,325	\$ 375,248	\$ 4,779	(3,378,182)
General Revenues					
Property Taxes					427,146
Municipal Income Taxes					4,359,623
Other Local Taxes					44,816
Grants and Entitlements not Restricted to Specific Programs					474,873
Investment Earnings					15,983
Miscellaneous					59,965
Total General Revenues					5,382,406
Change in Net Assets					2,004,224
Net Assets Beginning of Year					12,038,129
Net Assets End of Year					\$ 14,042,353

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Balance Sheet
Governmental Funds
December 31, 2011**

	General	General Obligation Debt Retirement	Capital Improvement	Capital Replacement
Assets:				
Cash and Cash Equivalents	\$ 352,975	\$ 466,997	\$ 687,297	\$ 195,810
Investments	1,143,341	0	2,226,265	634,260
Receivables:				
Taxes	707,479	67,329	123,396	49,358
Accounts	346,473	0	30,523	0
Intergovernmental	233,233	37,555	0	0
Interest	901	0	0	0
Special Assessments	75,775	53,233	0	0
Inventory of Supplies, at Cost	5,248	0	0	0
Prepaid Items	44,715	0	0	0
Total Assets	\$ 2,910,140	\$ 625,114	\$ 3,067,481	\$ 879,428
Liabilities:				
Accounts Payable	\$ 38,206	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	257,323	0	0	0
Intergovernmental Payable	3,017	0	0	0
Claims Payable	309	0	0	0
Deferred Revenue	871,601	158,117	19,516	7,806
Total Liabilities	1,170,456	158,117	19,516	7,806
Fund Balances:				
Nonspendable	49,963	0	0	0
Restricted	0	466,997	0	0
Committed	0	0	3,047,965	871,622
Unassigned	1,689,721	0	0	0
Total Fund Balances	1,739,684	466,997	3,047,965	871,622
Total Liabilities and Fund Balances	\$ 2,910,140	\$ 625,114	\$ 3,067,481	\$ 879,428

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,288,919	\$ 2,991,998
0	4,003,866
7,278	954,840
11,387	388,383
144,057	414,845
0	901
0	129,008
53,120	58,368
0	44,715
<u>\$ 1,504,761</u>	<u>\$ 8,986,924</u>
\$ 123	\$ 38,329
3,823	261,146
0	3,017
0	309
<u>100,890</u>	<u>1,157,930</u>
<u>104,836</u>	<u>1,460,731</u>
53,120	103,083
773,592	1,240,589
573,360	4,492,947
(147)	1,689,574
<u>1,399,925</u>	<u>7,526,193</u>
<u>\$ 1,504,761</u>	<u>\$ 8,986,924</u>

***Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2011***

Total Governmental Fund Balances	\$ 7,526,193
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	8,629,961
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	870,208
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(2,984,009)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$ 14,042,353</u>

See accompanying notes to the basic financial statements



CITY OF NORTHWOOD, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011**

	General	General Obligation Debt Retirement	Capital Improvement	Capital Replacement
Revenues:				
Property Taxes	\$ 229,764	\$ 180,662	\$ 0	\$ 0
Municipal Income Tax	3,447,358	0	868,094	41,552
Other Local Taxes	28,322	0	0	0
Intergovernmental Revenues	561,667	4,695	0	0
Charges for Services	87,650	0	0	0
Licenses and Permits	93,000	0	0	0
Investment Earnings	13,574	0	0	0
Special Assessments	91,002	0	5,246	0
Fines and Forfeitures	142,576	0	173,212	0
Donations	650	0	2,458	0
All Other Revenue	190,738	0	2,279	0
Total Revenue	4,886,301	185,357	1,051,289	41,552
Expenditures:				
Current:				
Security of Persons and Property	2,278,251	0	0	0
Public Health and Welfare Services	8,682	0	0	0
Leisure Time Activities	55,894	0	0	0
Community Environment	95,607	0	0	0
Basic Utility Services	0	0	0	0
Transportation	193,091	0	0	0
General Government	1,260,391	0	0	0
Capital Outlay	0	0	21,221	118,682
Debt Service:				
Principal Retirement	0	94,390	0	0
Interest & Fiscal Charges	0	113,180	0	0
Total Expenditures	3,891,916	207,570	21,221	118,682
Excess (Deficiency) of Revenues Over Expenditures	994,385	(22,213)	1,030,068	(77,130)

CITY OF NORTHWOOD, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 410,426
0	4,357,004
16,494	44,816
340,130	906,492
289,722	377,372
4,433	97,433
1,509	15,083
0	96,248
17,556	333,344
0	3,108
0	193,017
<u>669,844</u>	<u>6,834,343</u>
2,140	2,280,391
0	8,682
0	55,894
10,640	106,247
193,065	193,065
260,708	453,799
18,774	1,279,165
0	139,903
0	94,390
0	113,180
<u>485,327</u>	<u>4,724,716</u>
184,517	2,109,627

(Continued)

CITY OF NORTHWOOD, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011**

	General	General Obligation Debt Retirement	Capital Improvement	Capital Replacement
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	10,000
Transfers In	0	105,000	0	0
Transfers Out	0	0	(105,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>105,000</u>	<u>(105,000)</u>	<u>10,000</u>
Net Change in Fund Balances	994,385	82,787	925,068	(67,130)
Fund Balances at Beginning of Year	746,262	384,210	2,122,897	938,752
Increase (Decrease) in Inventory Reserve	(963)	0	0	0
Fund Balances End of Year	<u>\$ 1,739,684</u>	<u>\$ 466,997</u>	<u>\$ 3,047,965</u>	<u>\$ 871,622</u>

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
0	10,000
0	105,000
<u>0</u>	<u>(105,000)</u>
<u>0</u>	<u>10,000</u>
184,517	2,119,627
1,199,419	5,391,540
<u>15,989</u>	<u>15,026</u>
<u>\$ 1,399,925</u>	<u>\$ 7,526,193</u>

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to
The Statement of Activities
For the Year Ended December 31, 2011***

Net Change in Fund Balances - Total Governmental Funds \$ 2,119,627

***Amounts reported for governmental activities in the statement of
activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (255,636)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (725)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 41,415

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 94,390

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 298

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 4,855

Change in Net Assets of Governmental Activities \$ 2,004,224

See accompanying notes to the basic financial statements

CITY OF NORTHWOOD, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 292,000	\$ 244,000	\$ 229,764	\$ (14,236)
Municipal Income Tax	3,000,000	3,500,000	3,464,440	(35,560)
Other Local Taxes	30,000	30,000	28,699	(1,301)
Intergovernmental Revenue	607,000	655,000	602,928	(52,072)
Charges for Services	125,000	123,000	87,770	(35,230)
Licenses and Permits	138,000	138,000	91,158	(46,842)
Special Assessments	100,000	100,000	91,002	(8,998)
Investment Earnings	10,000	12,000	13,574	1,574
Fines and Forfeitures	176,000	176,000	142,576	(33,424)
Donations	7,000	7,000	650	(6,350)
All Other Revenues	221,000	221,000	190,946	(30,054)
Total Revenues	<u>4,706,000</u>	<u>5,206,000</u>	<u>4,943,507</u>	<u>(262,493)</u>
Expenditures:				
Current:				
Security of Persons and Property	2,448,000	2,448,000	2,266,822	181,178
Public Health and Welfare Services	10,000	10,000	8,682	1,318
Leisure Time Activities	63,000	63,000	55,581	7,419
Community Environment	97,200	97,200	95,296	1,904
Transportation	224,000	224,000	196,427	27,573
General Government	1,422,800	1,422,800	1,248,629	174,171
Total Expenditures	<u>4,265,000</u>	<u>4,265,000</u>	<u>3,871,437</u>	<u>393,563</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	441,000	941,000	1,072,070	131,070
Fund Balance at Beginning of Year	424,246	424,246	424,246	0
Fund Balance at End of Year	<u>\$ 865,246</u>	<u>\$ 1,365,246</u>	<u>\$ 1,496,316</u>	<u>\$ 131,070</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Northwood, Ohio (the "City") is a charter municipal corporation operating under the charter and the laws of the State of Ohio. Northwood became a City on January 1, 1982. The City operates under a council/mayor form of government. Legislative power is vested in a seven-member council, including the President, each elected to four-year terms. The Mayor is elected to a four-year term and is the chief executive officer of the City. The Administrator is appointed by the Mayor with Council approval and handles the operational activities of the City's departments. All other City officials are appointed by the Mayor with Council approval.

The accompanying basic financial statements of the City present the financial position of the various fund types and the results of operations of the various fund types. The financial statements are presented as of December 31, 2011 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police protection, fire protection, ambulance transport, parks and recreation and street maintenance and repair, as well as a staff to provide administrative support (i.e., payroll processing, accounts payable and revenue collection) to the service providers.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

The governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

General Obligation Debt Retirement Fund - This fund is used to account for the accumulation of resources for and the payment of, principal and interest on general obligation debt.

Capital Improvement Fund - This fund is used to account for 20% of the City's income tax collections which is used for capital projects financing or related capital expenditures attributable to various capital improvements.

Capital Replacement Fund - This fund is used to account for resources designated for planned replacement of major capital items for various departments within the City.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on a full accrual basis of accounting. The City has one agency fund. This fund is used to account for monies received by the City in situations where the City's role is purely custodial in nature. The only agency fund is the Mayor's Court Fund, which accounts for monies that flow through the mayor's court office.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The City has no activities considered business-type activities.

Interfund receivables and payables between governmental funds have been eliminated in the government-wide Statement of Net Assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental activities total column; however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because it is generally not measurable until received.

The accrual basis of accounting is utilized for reporting purposes for the government-wide financial statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes measurable as of December 31, 2011, but which are not intended to finance 2011 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 7.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is by the object level within each fund. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the object level within each fund without the approval of City Council. Budgetary modifications above the object level by fund may only be made by ordinance of the City Council.

1. Tax Budget

The City Finance Director submits an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the first and final amended official certificate of estimated resources issued during 2011.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, object level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--General Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported in the fund balances for governmental funds in the accompanying basic financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and major special revenue fund:

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$994,385
Increase (Decrease):	
Accrued Revenues at December 31, 2011 received during 2012	(492,260)
Accrued Revenues at December 31, 2010 received during 2011	549,466
Accrued Expenditures at December 31, 2011 paid during 2012	298,855
Accrued Expenditures at December 31, 2010 paid during 2011	(282,248)
2010 Prepaids for 2011	48,587
2011 Prepaids for 2012	(44,715)
Budget Basis	<u>\$1,072,070</u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 6, "Pooled Cash, Cash Equivalents and Investments."

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and local ordinances. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$13,574, which includes \$10,671 assigned from other City funds. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 6, "Pooled Cash, Cash Equivalents and Investments."

H. Inventory

Inventories are stated at cost (first-in, first-out). The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$15,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements. Infrastructure acquired prior to the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*", has not been reported. Only additions to infrastructure since the implementation of GASB Statement No. 34, "*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*", have been reported.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

2. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Buildings & Improvements	15 - 40
Machinery, Equipment, Furniture and Fixtures	5-10
Vehicles	5
Infrastructure	50

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund
Compensated Absences	General Fund

L. Compensated Absences

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances (Continued)

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

O. Pensions

The provision for pension cost is recorded when the related payroll is accrued and the obligation is incurred.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Other long-term assets not available to pay for current-period expenditures:

Delinquent Income Tax Revenue	\$97,581
Delinquent Property Tax Revenue	37,208
Shared Revenues	297,057
Interest Revenues	900
Charges for Services	308,454
Special Assessment Revenue	129,008
	<hr/>
	\$870,208

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$2,475,000)
Ohio Public Works Commission Loan	(70,415)
Accrued Interest on Long-Term Debt	(15,629)
Compensated Absences Payable	(422,965)
	<hr/>
	(\$2,984,009)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which depreciation exceeded capital outlay in the current period:

Capital Outlay	\$193,159
Depreciation Expense	<u>(448,795)</u>
	(\$255,636)

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$2,619
Increase in Delinquent Property Tax	16,720
Decrease in Shared Revenue	(53,871)
Increase in Interest Revenue	900
Increase in Charges for Services	83,195
Decrease in Special Assessment Revenue	<u>(8,148)</u>
	\$41,415

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$10,171)
Increase in supplies inventory	<u>15,026</u>
	\$4,855

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficit - The fund deficit at December 31, 2011 of \$147 in the Northwood Waste/Environmental Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficit does not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 4 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	General Obligation Debt Retirement Fund	Capital Improvement Fund	Capital Replacement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	\$5,248	\$0	\$0	\$0	\$53,120	\$58,368
Prepaid Items	44,715	0	0	0	0	44,715
Total Nonspendable	<u>49,963</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,120</u>	<u>103,083</u>
Restricted:						
General Obligation Debt Service Payments	0	466,997	0	0	0	466,997
Street Construction and Maintenance	0	0	0	0	551,635	551,635
Motor Vehicle License Tax	0	0	0	0	15,558	15,558
State Highway Improvements	0	0	0	0	55,666	55,666
Drug Fines	0	0	0	0	4,096	4,096
Law Enforcement	0	0	0	0	8,493	8,493
Enforcement and Education	0	0	0	0	5,231	5,231
Computerized Research	0	0	0	0	22,614	22,614
Recreation Parks	0	0	0	0	28,268	28,268
Keep Northwood Beautiful	0	0	0	0	82,031	82,031
Total Restricted	<u>0</u>	<u>466,997</u>	<u>0</u>	<u>0</u>	<u>773,592</u>	<u>1,240,589</u>
Committed:						
Capital Improvements	0	0	3,047,965	0	0	3,047,965
Capital Replacement	0	0	0	871,622	0	871,622
Storm Water Management	0	0	0	0	573,360	573,360
Total Committed	<u>0</u>	<u>0</u>	<u>3,047,965</u>	<u>871,622</u>	<u>573,360</u>	<u>4,492,947</u>
Unassigned	1,689,721	0	0	0	(147)	1,689,574
Total Fund Balances	<u>\$1,739,684</u>	<u>\$466,997</u>	<u>\$3,047,965</u>	<u>\$871,622</u>	<u>\$1,399,925</u>	<u>\$7,526,193</u>

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE

For 2011 the City implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”.

Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions. The implementation of this Statement has no impact on the City’s financial statements or disclosures.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 6 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of a majority of individual funds are combined to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." Ohio law requires the classification of funds held by the City into three categories.

Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "cash equivalent" status for immediate use by the City. Such funds must be maintained either as cash in the City treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 6 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks. All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Collateral permitted by Chapter 135 of the ORC is limited to obligations of the United States and its agencies, bonds of any state, and bonds and other obligations of any country, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Such collateral, as permitted by Chapter 135 of the ORC is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at a Federal Reserve Bank in the name of the City.

At year end the carrying amount of the City's deposits was \$6,995,164 and the bank balance was \$6,692,045. In addition, the City had \$700 petty cash on hand. Federal depository insurance covered \$4,253,866 of the bank balance and \$2,438,179 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$2,438,179</u>
Total Balance	<u><u>\$2,438,179</u></u>

B. Investments

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City adheres to the Ohio Revised Code's five year policy.

Credit Risk – The City's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 6 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. The City had no investments at year end.

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2011 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of January 1, 2010. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. This percentage was reduced to 6.25% in 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City was fully reimbursed for the lost revenue.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 7 – TAXES (Continued)

A. Property Taxes (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Northwood. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2011 was \$1.60 per \$1,000 of assessed value. The assessed value upon which the 2011 tax receipts were based was \$142,268,630. This amount constitutes \$139,275,570 in real property assessed value and \$2,993,060 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .16% (1.60 mills) of assessed value.

B. Income Tax

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2011 consisted of taxes, special assessments, accounts receivable and intergovernmental receivables.

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2011*

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2011:

	<u>Transfers In:</u> General Obligation Debt Retirement Fund
<u>Transfers Out:</u> Capital Improvement Fund	<u>\$105,000</u> <u>\$105,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

This space intentionally left blank.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 10 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$407,945	\$0	\$0	\$407,945
Construction in Progress	15,594	0	(15,594)	0
	423,539	0	(15,594)	407,945
<i>Capital assets being depreciated:</i>				
Land Improvements	33,100	0	0	33,100
Buildings and Improvements	3,963,944	0	0	3,963,944
Machinery and Equipment	1,024,494	77,650	0	1,102,144
Vehicles	2,594,758	63,359	(98,827)	2,559,290
Infrastructure	4,667,835	67,744	0	4,735,579
	12,284,131	208,753	(98,827)	12,394,057
Total Cost	\$12,707,670	\$208,753	(\$114,421)	\$12,802,002

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Land Improvements	(\$33,100)	\$0	\$0	(\$33,100)
Buildings and Improvements	(1,403,061)	(82,898)	0	(1,485,959)
Machinery and Equipment	(571,431)	(81,045)	0	(652,476)
Vehicles	(1,356,231)	(165,505)	98,102	(1,423,634)
Infrastructure	(457,525)	(119,347)	0	(576,872)
Total Depreciation	(\$3,821,348)	(\$448,795) *	\$98,102	(\$4,172,041)
<i>Net Value:</i>	\$8,886,322			\$8,629,961

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$136,812
Leisure Time Activities	31,211
Community Environment	1,450
Basic Utility Services	21,206
Transportation	166,960
General Government	91,156
Total Depreciation Expense	\$448,795

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (“OPERS”)

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, “*Accounting for Pensions by State and Local Government Employers.*”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s required contributions for pension obligations to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$137,418, \$152,612 and \$186,540, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”)

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2011, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2011, 2010, and 2009 were \$205,473, \$214,186 and \$236,269 for police and \$5,450, \$15,259 and \$15,639 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$39,262, \$49,896 and \$108,260, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”)

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2011, 2010, and 2009 were \$71,125, \$74,141 and \$81,785 for police and \$1,533, \$4,292 and \$4,398 for firefighters, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 13 - COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

The costs of vacation and sick leave benefits are recorded as they are earned. Employees earn vacation leave at varying rates based upon length of service. Sick leave is earned at various rates as defined by City policy and union contracts. Employees are paid for 100 percent of earned, unused vacation leave upon termination. Any employee with more than ten years of full-time service with the City who elects to retire is entitled to receive one-fourth of the value of their accumulated unused sick leave up to a maximum of thirty to forty-five days.

At December 31, 2011, the City's accumulated, unpaid compensated absences amounted to \$422,965, which has been recorded as a liability of the Governmental Activities.

This space intentionally left blank.

CITY OF NORTHWOOD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2011 is as follows:

	Issue Date	Original Issue Amount	Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011	Amounts Due Within One Year
Governmental Activities:							
General Obligation Bonds:							
4.20% Fire Station Improvement	2005	\$800,000	\$360,000	\$0	(\$85,000)	\$275,000	\$90,000
8.00% TIF Improvement	2007	2,200,000	2,200,000	0	0	2,200,000	25,000
Total General Obligation Bonds			2,560,000	0	(85,000)	2,475,000	115,000
Ohio Public Works Commission Loan:							
0.00% Wales Road Pavement & Storm Drainage	1999	187,790	79,805	0	(9,390)	70,415	9,390
Compensated Absences			412,794	422,965	(412,794)	422,965	134,659
Total Governmental Activities Long-Term Debt			\$3,052,599	\$422,965	(\$507,184)	\$2,968,380	\$259,049

During 2007, the City issued TIF bonds to finance certain public improvements within the City limits of Northwood. This was done to help pay for infrastructure associated with the construction of a building paid for by Menard's, Inc.

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2011, follow:

Years	General Obligation Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest
2012	\$115,000	\$188,032	\$9,390	\$0
2013	115,000	181,770	9,389	0
2014	125,000	175,990	9,389	0
2015	30,000	169,600	9,389	0
2016	35,000	167,658	9,389	0
2017-2021	215,000	790,824	23,469	0
2022-2026	325,000	688,378	0	0
2027-2031	470,000	537,115	0	0
2032-2036	685,000	317,943	0	0
2037-2038	360,000	43,600	0	0
Totals	\$2,475,000	\$3,260,910	\$70,415	\$0

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 15 - CONSTRUCTION COMMITMENTS

As of December 31, 2011 the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
2011 Street Resurfacing	\$5,956	2012
Wales Road Railroad Overpass	846,250	2013
Total	<u>\$852,206</u>	

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City purchases insurance coverage to provide employee health benefits and pays unemployment claims to the State of Ohio as incurred.

The City contracted with Wells Fargo from January 1, 2011 through December, 2011 for various insurance coverages, as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
Auto Fleet Liability/Physical Damage	\$5,000,000	\$250/500
Law Enforcement Liability	\$5,000,000	\$5,000
General Liability	\$5,000,000	\$1,000
Stop Gap Liability	\$5,000,000	\$1,000
Real and Personal Property	\$6,750,361	\$1,000
Emergency Medical Services Liability	\$5,000,000	\$5,000
Inland Marine Equipment	\$1,446,009	\$1,000
Boiler and Machinery Property Damage	\$5,000,000	\$1,000
Demolition/Increased Cost-Construction	\$500,000	\$1,000
Public Officials Liability	\$5,000,000	\$5,000
Valuable Papers/EDP/Account Receivable	\$250,000	\$1,000
Extra Expense/Building Ordinance or Law	\$500,000	\$1,000
Employee Benefit Liability	\$5,000,000	\$1,000

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 16 - RISK MANAGEMENT (Continued)

The City provides a self-funded dental insurance program for its employees which is funded through the general fund. GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amount in fiscal 2010 and 2011 were:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Year End</u>
2010	\$164	\$41,450	(\$39,741)	\$1,873
2011	1,873	35,040	(36,604)	309

Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 17 - CONTINGENCIES

The City is a party to various legal proceeding, which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect on the financial condition of the City.

The City has received several federal and state grants for specific purposes, which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS AND FIDUCIARY
FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Street Construction, Maintenance and Repair Fund

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of dedicated streets.

Motor Vehicle License Tax Fund

To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repair.

State Highway Improvement Fund

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for street maintenance and repair of state highways within the City.

Northwood Waste/Environmental Fund

To account for the portion of disposal fees designated by City Ordinance to be used for monitoring and related expenses associated with a privately owned and operated solid waste disposal site located within the City.

Drug Fine Fund

To account for proceeds from mandatory drug fines disbursed for law enforcement purposes.

Special Law Enforcement Fund

To account for proceeds received from the sale of property confiscated/forfeited during criminal related arrests. Expenditures are to be used solely for law enforcement purposes.

Enforcement and Education Fund

To account for financial resources used to educate and treat persons with alcohol related problems and to enhance law enforcement activities as a deterrent to the operation of motor vehicles while under the influence of alcohol.

Computerized Research Fund

To account for the acquisition, improvement, replacement and repair of the computerized research system of the Mayor's Court.

(Continued)

Special Revenue Funds

Water Fund

To account for water related fees and surcharges used for maintenance and repair of waterlines within the City.

Keep Northwood Beautiful Fund

To account for donations used to promote Northwood Clean-Up Day and for a recycling program.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Recreation Parks Combined Fund

To account for funds received from tax on new residential and mobile homes to be used for the development, maintenance and operation of public owned recreational facilities.

CITY OF NORTHWOOD, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 1,260,651	\$ 28,268	\$ 1,288,919
Receivables:			
Taxes	7,278	0	7,278
Accounts	11,387	0	11,387
Intergovernmental	144,057	0	144,057
Inventory of Supplies, at Cost	53,120	0	53,120
Total Assets	<u>\$ 1,476,493</u>	<u>\$ 28,268</u>	<u>\$ 1,504,761</u>
Liabilities:			
Accounts Payable	\$ 123	\$ 0	\$ 123
Accrued Wages and Benefits Payable	3,823	0	3,823
Deferred Revenue	100,890	0	100,890
Total Liabilities	<u>104,836</u>	<u>0</u>	<u>104,836</u>
Fund Balances:			
Nonspendable	53,120	0	53,120
Restricted	745,324	28,268	773,592
Committed	573,360	0	573,360
Unassigned	(147)	0	(147)
Total Fund Balances	<u>1,371,657</u>	<u>28,268</u>	<u>1,399,925</u>
Total Liabilities and Fund Balances	<u>\$ 1,476,493</u>	<u>\$ 28,268</u>	<u>\$ 1,504,761</u>

CITY OF NORTHWOOD, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2011***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:			
Other Local Taxes	\$ 15,994	\$ 500	\$ 16,494
Intergovernmental Revenues	337,630	2,500	340,130
Charges for Services	289,722	0	289,722
Licenses and Permits	4,433	0	4,433
Investment Earnings	1,509	0	1,509
Fines and Forfeitures	17,556	0	17,556
Total Revenue	<u>666,844</u>	<u>3,000</u>	<u>669,844</u>
Expenditures:			
Current:			
Security of Persons and Property	2,140	0	2,140
Community Environment	10,640	0	10,640
Basic Utility Services	193,065	0	193,065
Transportation	260,708	0	260,708
General Government	18,774	0	18,774
Total Expenditures	<u>485,327</u>	<u>0</u>	<u>485,327</u>
Excess (Deficiency) of Revenues Over Expenditures	181,517	3,000	184,517
Fund Balances at Beginning of Year	1,174,151	25,268	1,199,419
Increase in Inventory Reserve	15,989	0	15,989
Fund Balances End of Year	<u>\$ 1,371,657</u>	<u>\$ 28,268</u>	<u>\$ 1,399,925</u>

CITY OF NORTHWOOD, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011**

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste / Environmental
Assets:				
Cash and Cash Equivalents	\$ 509,877	\$ 13,132	\$ 52,337	\$ 128
Receivables:				
Taxes	0	7,278	0	0
Accounts	0	0	0	294
Intergovernmental	133,254	0	10,803	0
Inventory of Supplies, at Cost	53,120	0	0	0
Total Assets	\$ 696,251	\$ 20,410	\$ 63,140	\$ 422
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	2,660	0	272	569
Deferred Revenue	88,836	4,852	7,202	0
Total Liabilities	91,496	4,852	7,474	569
Fund Balances:				
Nonspendable	53,120	0	0	0
Restricted	551,635	15,558	55,666	0
Committed	0	0	0	0
Unassigned	0	0	0	(147)
Total Fund Balances (Deficit)	604,755	15,558	55,666	(147)
Total Liabilities and Fund Balances	\$ 696,251	\$ 20,410	\$ 63,140	\$ 422

CITY OF NORTHWOOD, OHIO

<u>Drug Fine</u>	<u>Special Law Enforcement</u>	<u>Enforcement and Education</u>	<u>Computerized Research</u>	<u>Water</u>	<u>Keep Northwood Beautiful</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 4,096	\$ 8,493	\$ 5,231	\$ 22,737	\$ 562,589	\$ 82,031	\$ 1,260,651
0	0	0	0	0	0	7,278
0	0	0	0	11,093	0	11,387
0	0	0	0	0	0	144,057
0	0	0	0	0	0	53,120
<u>\$ 4,096</u>	<u>\$ 8,493</u>	<u>\$ 5,231</u>	<u>\$ 22,737</u>	<u>\$ 573,682</u>	<u>\$ 82,031</u>	<u>\$ 1,476,493</u>
\$ 0	\$ 0	\$ 0	\$ 123	\$ 0	\$ 0	\$ 123
0	0	0	0	322	0	3,823
0	0	0	0	0	0	100,890
0	0	0	123	322	0	104,836
0	0	0	0	0	0	53,120
4,096	8,493	5,231	22,614	0	82,031	745,324
0	0	0	0	573,360	0	573,360
0	0	0	0	0	0	(147)
<u>4,096</u>	<u>8,493</u>	<u>5,231</u>	<u>22,614</u>	<u>573,360</u>	<u>82,031</u>	<u>1,371,657</u>
<u>\$ 4,096</u>	<u>\$ 8,493</u>	<u>\$ 5,231</u>	<u>\$ 22,737</u>	<u>\$ 573,682</u>	<u>\$ 82,031</u>	<u>\$ 1,476,493</u>

CITY OF NORTHWOOD, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

	Street Construction, Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste / Environmental
Revenues:				
Other Local Taxes	\$ 0	\$ 15,994	\$ 0	\$ 0
Intergovernmental Revenues	307,419	0	24,946	0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	4,433
Investment Earnings	905	151	151	151
Fines and Forfeitures	0	0	0	0
Total Revenue	<u>308,324</u>	<u>16,145</u>	<u>25,097</u>	<u>4,584</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Community Environment	0	0	0	10,640
Basic Utility Services	0	0	0	0
Transportation	233,384	15,882	11,442	0
General Government	0	0	0	0
Total Expenditures	<u>233,384</u>	<u>15,882</u>	<u>11,442</u>	<u>10,640</u>
Excess (Deficiency) of Revenues Over Expenditures	74,940	263	13,655	(6,056)
Fund Balances at Beginning of Year	513,826	15,295	42,011	5,909
Increase in Inventory Reserve	15,989	0	0	0
Fund Balances (Deficit) End of Year	<u>\$ 604,755</u>	<u>\$ 15,558</u>	<u>\$ 55,666</u>	<u>\$ (147)</u>

CITY OF NORTHWOOD, OHIO

Drug Fine	Special Law Enforcement	Enforcement and Education	Computerized Research	Water	Keep Northwood Beautiful	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,994
0	0	0	0	0	5,265	337,630
0	0	0	0	289,722	0	289,722
0	0	0	0	0	0	4,433
0	151	0	0	0	0	1,509
625	997	975	14,959	0	0	17,556
625	1,148	975	14,959	289,722	5,265	666,844
0	2,140	0	0	0	0	2,140
0	0	0	0	0	0	10,640
0	0	0	0	193,065	0	193,065
0	0	0	0	0	0	260,708
0	0	1,220	17,554	0	0	18,774
0	2,140	1,220	17,554	193,065	0	485,327
625	(992)	(245)	(2,595)	96,657	5,265	181,517
3,471	9,485	5,476	25,209	476,703	76,766	1,174,151
0	0	0	0	0	0	15,989
\$ 4,096	\$ 8,493	\$ 5,231	\$ 22,614	\$ 573,360	\$ 82,031	\$ 1,371,657

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 292,000	\$ 244,000	\$ 229,764	\$ (14,236)
Municipal Income Taxes	3,000,000	3,500,000	3,464,440	(35,560)
Other Local Taxes	30,000	30,000	28,699	(1,301)
Intergovernmental Revenues	607,000	655,000	602,928	(52,072)
Charges for Services	125,000	123,000	87,770	(35,230)
Licenses and Permits	138,000	138,000	91,158	(46,842)
Investment Earnings	10,000	12,000	13,574	1,574
Special Assessments	100,000	100,000	91,002	(8,998)
Fines and Forfeitures	176,000	176,000	142,576	(33,424)
Donations	7,000	7,000	650	(6,350)
All Other Revenues	221,000	221,000	190,946	(30,054)
Total Revenues	<u>4,706,000</u>	<u>5,206,000</u>	<u>4,943,507</u>	<u>(262,493)</u>
Expenditures:				
Security of Persons and Property:				
Police Department:				
Personal Services	1,618,000	1,603,000	1,468,430	134,570
Materials and Supplies	75,000	90,000	74,595	15,405
Contractual Services	43,000	43,000	36,489	6,511
Other Expenditures	4,000	4,000	200	3,800
Total Police Department	<u>1,740,000</u>	<u>1,740,000</u>	<u>1,579,714</u>	<u>160,286</u>
Fire Department:				
Personal Services	304,600	300,600	298,160	2,440
Materials and Supplies	52,900	57,400	55,888	1,512
Contractual Services	30,500	30,000	24,920	5,080
Total Fire Department	<u>388,000</u>	<u>388,000</u>	<u>378,968</u>	<u>9,032</u>
Civil Defense:				
Contractual Services	3,000	3,000	2,736	264

(Continued)

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Police and Fire Communications:				
Personal Services	298,400	298,000	291,378	6,622
Materials and Supplies	2,800	3,800	2,373	1,427
Contractual Services	6,800	6,200	4,503	1,697
Total Police and Fire Communications	308,000	308,000	298,254	9,746
Street Lighting:				
Contractual Services	4,000	4,000	3,701	299
Railroad Lighting:				
Contractual Services	5,000	5,000	3,449	1,551
Total Security of Persons and Property	2,448,000	2,448,000	2,266,822	181,178
Public Health and Welfare Services:				
County Board of Health:				
Contractual Services	10,000	10,000	8,682	1,318
Total Public Health and Welfare Services	10,000	10,000	8,682	1,318
Leisure Time Activities:				
Parks and Playgrounds:				
Materials and Supplies	5,000	4,500	3,304	1,196
Contractual Services	27,000	25,100	21,473	3,627
Capital Outlay	1,000	3,400	3,272	128
Total Parks and Playgrounds	33,000	33,000	28,049	4,951
Recreation:				
Contractual Services	2,000	2,000	0	2,000
Baseball Programs:				
Personal Services	7,200	7,300	7,127	173
Materials and Supplies	11,100	10,200	9,963	237
Contractual Services	9,500	10,500	10,442	58
Other Expenditures	200	0	0	0
Total Baseball Programs	28,000	28,000	27,532	468
Total Leisure Time Activities	63,000	63,000	55,581	7,419

(Continued)

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Planning and Zoning:				
Personal Services	53,200	52,900	51,857	1,043
Materials and Supplies	2,400	2,700	2,336	364
Contractual Services	400	400	368	32
Total Planning and Zoning	<u>56,000</u>	<u>56,000</u>	<u>54,561</u>	<u>1,439</u>
Weed Control and Tree Care:				
Personal Services	25,000	27,625	27,623	2
Materials and Supplies	700	185	107	78
Contractual Services	6,800	5,190	4,965	225
Capital Outlay	500	0	0	0
Total Weed Control and Tree Care	<u>33,000</u>	<u>33,000</u>	<u>32,695</u>	<u>305</u>
Economic Development:				
Materials and Supplies	8,200	8,200	8,040	160
Total Community Environment	<u>97,200</u>	<u>97,200</u>	<u>95,296</u>	<u>1,904</u>
Transportation:				
Street Maintenance and Repair:				
Personal Services	195,400	189,400	165,544	23,856
Materials and Supplies	27,000	33,000	29,730	3,270
Contractual Services	1,600	1,600	1,153	447
Total Transportation	<u>224,000</u>	<u>224,000</u>	<u>196,427</u>	<u>27,573</u>
General Government:				
Mayor:				
Personal Services	14,200	14,300	14,102	198
Materials and Supplies	1,200	1,000	268	732
Contractual Services	600	700	676	24
Total Mayor	<u>16,000</u>	<u>16,000</u>	<u>15,046</u>	<u>954</u>

(Continued)

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Finance Director:				
Personal Services	257,300	260,300	249,424	10,876
Materials and Supplies	3,000	7,000	6,593	407
Contractual Services	14,700	15,700	15,195	505
Total Finance Director	<u>275,000</u>	<u>283,000</u>	<u>271,212</u>	<u>11,788</u>
City Administrator:				
Personal Services	92,900	92,400	86,137	6,263
Materials and Supplies	1,700	2,200	1,793	407
Contractual Services	400	400	368	32
Total City Administrator	<u>95,000</u>	<u>95,000</u>	<u>88,298</u>	<u>6,702</u>
Legal Administration:				
Personal Services	10,600	11,800	11,604	196
Materials and Supplies	1,400	2,100	2,042	58
Contractual Services	37,000	35,100	35,035	65
Total Legal Administration	<u>49,000</u>	<u>49,000</u>	<u>48,681</u>	<u>319</u>
City Council:				
Personal Services	58,000	58,000	57,374	626
Materials and Supplies	1,000	1,000	119	881
Total City Council	<u>59,000</u>	<u>59,000</u>	<u>57,493</u>	<u>1,507</u>
City Clerk:				
Personal Services	63,300	64,900	63,421	1,479
Materials and Supplies	500	1,100	933	167
Contractual Services	3,200	1,000	873	127
Total City Clerk	<u>67,000</u>	<u>67,000</u>	<u>65,227</u>	<u>1,773</u>
Mayor's Court:				
Personal Services	169,200	169,200	163,678	5,522
Materials and Supplies	22,100	22,100	6,649	15,451
Contractual Services	16,700	16,700	12,965	3,735
Total Mayor's Court	<u>208,000</u>	<u>208,000</u>	<u>183,292</u>	<u>24,708</u>

(Continued)

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major General Fund
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Buildings and Grounds:				
Personal Services	85,100	89,100	87,840	1,260
Materials and Supplies	8,200	8,200	6,597	1,603
Contractual Services	19,200	15,200	14,826	374
Other Expenditures	500	500	417	83
Total Buildings and Grounds	113,000	113,000	109,680	3,320
General Miscellaneous:				
Contractual Services	19,200	19,200	16,804	2,396
Special Assessments:				
Personal Services	500	1,000	283	717
Contractual Services	67,800	68,300	59,644	8,656
Capital Outlay	3,700	2,700	0	2,700
Total Special Assessments	72,000	72,000	59,927	12,073
General Administrative:				
Personal Services	62,000	39,000	5,197	33,803
Materials and Supplies	7,000	15,000	13,600	1,400
Contractual Services	240,100	250,100	218,898	31,202
Other Expenditures	140,500	137,500	95,274	42,226
Total General Administrative	449,600	441,600	332,969	108,631
Total General Government	1,422,800	1,422,800	1,248,629	174,171
Total Expenditures	4,265,000	4,265,000	3,871,437	393,563
Excess (Deficiency) of Revenues Over (Under) Expenditures	441,000	941,000	1,072,070	131,070
Fund Balance at Beginning of Year	424,246	424,246	424,246	0
Fund Balance at End of Year	\$ 865,246	\$ 1,365,246	\$ 1,496,316	\$ 131,070

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Debt Service Fund
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
GENERAL OBLIGATION DEBT RETIREMENT FUND				
Revenues:				
Property Taxes	\$ 390,000	\$ 390,000	\$ 180,662	\$ (209,338)
Intergovernmental Revenues	5,000	5,000	4,695	(305)
Total Revenues	<u>395,000</u>	<u>395,000</u>	<u>185,357</u>	<u>(209,643)</u>
Expenditures:				
Debt Service:				
Principal Retirement	95,000	95,000	94,390	610
Interest and Fiscal Charges	<u>219,244</u>	<u>219,244</u>	<u>113,180</u>	<u>106,064</u>
Total Expenditures	<u>314,244</u>	<u>314,244</u>	<u>207,570</u>	<u>106,674</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	80,756	80,756	(22,213)	(102,969)
Other Financing Sources (Uses):				
Transfers In	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>0</u>
Net Change in Fund Balance	185,756	185,756	82,787	(102,969)
Fund Balance at Beginning of Year	<u>384,210</u>	<u>384,210</u>	<u>384,210</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 569,966</u>	<u>\$ 569,966</u>	<u>\$ 466,997</u>	<u>\$ (102,969)</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Capital Projects Fund
For the Year Ended December 31, 2011**

CAPITAL IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 750,000	\$ 900,000	\$ 861,976	\$ (38,024)
Special Assessments	21,000	21,000	5,246	(15,754)
Fines and Forfeitures	60,000	200,000	160,013	(39,987)
Donations	10,000	10,000	2,458	(7,542)
All Other Revenues	20,000	20,000	2,279	(17,721)
Total Revenues	<u>861,000</u>	<u>1,151,000</u>	<u>1,031,972</u>	<u>(119,028)</u>
Expenditures:				
Capital Outlay:				
Transportation	1,119,015	1,119,015	39,322	1,079,693
Total Expenditures	<u>1,119,015</u>	<u>1,119,015</u>	<u>39,322</u>	<u>1,079,693</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(258,015)	31,985	992,650	960,665
Other Financing Sources (Uses):				
Transfers Out	(106,000)	(106,000)	(105,000)	1,000
Total Other Financing Sources (Uses)	<u>(106,000)</u>	<u>(106,000)</u>	<u>(105,000)</u>	<u>1,000</u>
Net Change In Fund Balance	(364,015)	(74,015)	887,650	961,665
Fund Balance at Beginning of Year	2,007,811	2,007,811	2,007,811	0
Fund Balance at End of Year	<u>\$ 1,643,796</u>	<u>\$ 1,933,796</u>	<u>\$ 2,895,461</u>	<u>\$ 961,665</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Capital Projects Fund
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	200,000	200,000	118,682	81,318
Total Expenditures	200,000	200,000	118,682	81,318
Excess (Deficiency) of Revenues Over (Under) Expenditures	(200,000)	(200,000)	(118,682)	81,318
Other Financing Sources (Uses):				
Sale of Capital Assets	10,000	10,000	10,000	0
Total Other Financing Sources (Uses)	10,000	10,000	10,000	0
Net Change in Fund Balance	(190,000)	(190,000)	(108,682)	81,318
Fund Balance at Beginning of Year	938,752	938,752	938,752	0
Fund Balance at End of Year	\$ 748,752	\$ 748,752	\$ 830,070	\$ 81,318

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND				
Revenues:				
Intergovernmental Revenues	\$ 330,000	\$ 330,000	\$ 311,097	\$ (18,903)
Investment Earnings	1,000	1,000	905	(95)
Total Revenues	<u>331,000</u>	<u>331,000</u>	<u>312,002</u>	<u>(18,998)</u>
Expenditures:				
Transportation:				
Street Maintenance and Repair:				
Personal Services	107,200	101,200	99,903	1,297
Materials and Supplies	2,800	8,800	8,586	214
Total Street Maintenance and Repair	<u>110,000</u>	<u>110,000</u>	<u>108,489</u>	<u>1,511</u>
Snow and Ice Removal:				
Personal Services	13,000	12,600	11,870	730
Materials and Supplies	84,000	84,400	84,104	296
Contractual Services	16,100	16,100	15,876	224
Total Snow and Ice Removal	<u>113,100</u>	<u>113,100</u>	<u>111,850</u>	<u>1,250</u>
Traffic Signals and Signs:				
Personal Services	6,900	7,100	7,060	40
Materials and Supplies	2,000	2,200	2,117	83
Contractual Services	8,000	7,600	6,460	1,140
Total Traffic Signals and Signs	<u>16,900</u>	<u>16,900</u>	<u>15,637</u>	<u>1,263</u>
Total Expenditures	<u>240,000</u>	<u>240,000</u>	<u>235,976</u>	<u>4,024</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	91,000	91,000	76,026	(14,974)
Fund Balance at Beginning of Year	433,851	433,851	433,851	0
Fund Balance at End of Year	<u>\$ 524,851</u>	<u>\$ 524,851</u>	<u>\$ 509,877</u>	<u>\$ (14,974)</u>

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 18,000	\$ 18,000	\$ 16,010	\$ (1,990)
Investment Earnings	1,000	1,000	151	(849)
Total Revenues	<u>19,000</u>	<u>19,000</u>	<u>16,161</u>	<u>(2,839)</u>
Expenditures:				
Transportation:				
Contractual Services	18,000	18,000	15,882	2,118
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>15,882</u>	<u>2,118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	279	(721)
Fund Balance at Beginning of Year	12,853	12,853	12,853	0
Fund Balance at End of Year	<u>\$ 13,853</u>	<u>\$ 13,853</u>	<u>\$ 13,132</u>	<u>\$ (721)</u>

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 29,000	\$ 29,000	\$ 25,245	\$ (3,755)
Investment Earnings	1,000	1,000	151	(849)
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>25,396</u>	<u>(4,604)</u>
Expenditures:				
Transportation:				
Street Maintenance and Repair:				
Personal Services	12,000	12,000	10,883	1,117
Snow and Ice Removal:				
Materials and Supplies	7,000	7,000	0	7,000
Traffic Signals and Signs:				
Contractual Services	1,000	1,000	561	439
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>11,444</u>	<u>8,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	10,000	13,952	3,952
Fund Balance at Beginning of Year	<u>38,385</u>	<u>38,385</u>	<u>38,385</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 48,385</u>	<u>\$ 48,385</u>	<u>\$ 52,337</u>	<u>\$ 3,952</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 16,000	\$ 16,000	\$ 4,498	\$ (11,502)
Investment Earnings	1,000	1,000	151	(849)
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>4,649</u>	<u>(12,351)</u>
Expenditures:				
Community Environment:				
Personal Services	15,000	15,000	10,196	4,804
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>10,196</u>	<u>4,804</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	2,000	(5,547)	(7,547)
Fund Balance at Beginning of Year	5,675	5,675	5,675	0
Fund Balance at End of Year	<u>\$ 7,675</u>	<u>\$ 7,675</u>	<u>\$ 128</u>	<u>\$ (7,547)</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	DRUG FINE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 625	\$ (1,375)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>625</u>	<u>(1,375)</u>
Expenditures:				
Security of Persons and Property:				
Capital Outlay	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	625	(375)
Fund Balance at Beginning of Year	<u>3,471</u>	<u>3,471</u>	<u>3,471</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,471</u>	<u>\$ 4,471</u>	<u>\$ 4,096</u>	<u>\$ (375)</u>

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 151	\$ (849)
Fines and Forfeitures	4,000	4,000	997	(3,003)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>1,148</u>	<u>(3,852)</u>
Expenditures:				
Security of Persons and Property:				
Materials and Supplies	1,000	1,000	0	1,000
Capital Outlay	3,000	3,000	2,140	860
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>2,140</u>	<u>1,860</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	(992)	(1,992)
Fund Balance at Beginning of Year	9,485	9,485	9,485	0
Fund Balance at End of Year	<u>\$ 10,485</u>	<u>\$ 10,485</u>	<u>\$ 8,493</u>	<u>\$ (1,992)</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 975	\$ (1,025)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>975</u>	<u>(1,025)</u>
Expenditures:				
General Government:				
Materials and Supplies	<u>2,000</u>	<u>2,000</u>	<u>1,220</u>	<u>780</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,220</u>	<u>780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(245)	(245)
Fund Balance at Beginning of Year	<u>5,476</u>	<u>5,476</u>	<u>5,476</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,476</u>	<u>\$ 5,476</u>	<u>\$ 5,231</u>	<u>\$ (245)</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 21,000	\$ 21,000	\$ 14,959	\$ (6,041)
Total Revenues	<u>21,000</u>	<u>21,000</u>	<u>14,959</u>	<u>(6,041)</u>
Expenditures:				
General Government:				
Capital Outlay	<u>18,000</u>	<u>18,000</u>	<u>17,868</u>	<u>132</u>
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>17,868</u>	<u>132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,000	3,000	(2,909)	(5,909)
Fund Balance at Beginning of Year	<u>25,646</u>	<u>25,646</u>	<u>25,646</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 28,646</u>	<u>\$ 28,646</u>	<u>\$ 22,737</u>	<u>\$ (5,909)</u>

CITY OF NORTHWOOD, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011**

	WATER FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 300,000	\$ 320,000	\$ 292,638	\$ (27,362)
Total Revenues	<u>300,000</u>	<u>320,000</u>	<u>292,638</u>	<u>(27,362)</u>
Expenditures:				
Basic Utility Services:				
Personal Services	152,735	152,635	139,790	12,845
Contractual Services	10,000	10,100	10,057	43
Capital Outlay	<u>235,000</u>	<u>235,000</u>	<u>69,822</u>	<u>165,178</u>
Total Expenditures	<u>397,735</u>	<u>397,735</u>	<u>219,669</u>	<u>178,066</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(97,735)	(77,735)	72,969	150,704
Fund Balance at Beginning of Year	<u>478,434</u>	<u>478,434</u>	<u>478,434</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 380,699</u>	<u>\$ 400,699</u>	<u>\$ 551,403</u>	<u>\$ 150,704</u>

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 6,000	\$ 6,000	\$ 5,265	\$ (735)
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>5,265</u>	<u>(735)</u>
Expenditures:				
Community Environment:				
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,000)	(14,000)	5,265	19,265
Fund Balance at Beginning of Year	<u>76,766</u>	<u>76,766</u>	<u>76,766</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 62,766</u>	<u>\$ 62,766</u>	<u>\$ 82,031</u>	<u>\$ 19,265</u>

CITY OF NORTHWOOD, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 2,000	\$ 2,000	\$ 500	\$ (1,500)
Intergovernmental Revenues	3,000	3,000	2,500	(500)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>3,000</u>	<u>(2,000)</u>
Expenditures:				
Capital Outlay	25,000	25,000	0	25,000
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(20,000)	3,000	23,000
Fund Balance at Beginning of Year	25,268	25,268	25,268	0
Fund Balance at End of Year	<u>\$ 5,268</u>	<u>\$ 5,268</u>	<u>\$ 28,268</u>	<u>\$ 23,000</u>

Fiduciary Fund

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Fund

Mayor's Court Fund

To account for the collection and distribution of court fines and forfeitures.

CITY OF NORTHWOOD, OHIO

***Statement Of Changes In Assets And Liabilities
Agency Fund
For the Year Ended December 31, 2011***

	Balance December 31, 2010	Additions	Deductions	Balance December 31, 2011
<u>Mayor's Court Fund</u>				
Cash and Cash Equivalents	\$1,121	\$223,829	(\$224,950)	\$0
Total Assets	<u>\$1,121</u>	<u>\$223,829</u>	<u>(\$224,950)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$1,121	\$223,829	(\$224,950)	\$0
Total Liabilities	<u>\$1,121</u>	<u>\$223,829</u>	<u>(\$224,950)</u>	<u>\$0</u>

STATISTICAL SECTION



Unity thru Diversification

STATISTICAL TABLES

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health.

Contents

Financial Trends	S 2 – S 9
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 10 – S 13
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the property tax and the income tax.	
Debt Capacity	S 14 – S 21
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 22 – S 25
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 26 – S 31
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.	

City of Northwood

*Net Assets by Component
Last Eight Years
(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$2,709,009	\$3,280,125	\$4,761,018	\$5,587,177
Restricted	2,561,935	3,530,758	3,558,021	3,867,539
Unrestricted	1,091,942	1,513,704	1,504,770	(294,696)
Total Governmental Activities Net Assets	<u>\$6,362,886</u>	<u>\$8,324,587</u>	<u>\$9,823,809</u>	<u>\$9,160,020</u>

Source: Finance Director's Office

City of Northwood

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$6,116,752	\$8,091,560	\$8,446,516	\$8,284,546
4,308,532	4,027,308	4,863,846	5,989,880
<u>(988,847)</u>	<u>(1,704,094)</u>	<u>(1,272,233)</u>	<u>(232,073)</u>
<u>\$9,436,437</u>	<u>\$10,414,774</u>	<u>\$12,038,129</u>	<u>\$14,042,353</u>

City of Northwood

Changes in Net Assets Last Eight Years (accrual basis of accounting)

	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Security of Persons and Property	\$2,687,303	\$2,945,787	\$2,774,120	\$2,891,340
Public Health and Welfare Services	7,919	6,976	7,256	7,869
Leisure Time Activities	83,270	88,266	81,343	98,108
Community Environment	454,832	335,915	271,984	582,567
Basic Utility Services	628,619	60,161	344,234	416,410
Transportation	481,056	678,071	559,877	3,152,393
General Government	1,456,201	1,448,482	1,526,552	1,765,444
Interest and Fiscal Charges	71,983	161,557	43,463	73,790
<i>Total Primary Government Expenses</i>	<u>\$5,871,183</u>	<u>\$5,725,215</u>	<u>\$5,608,829</u>	<u>\$8,987,921</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$254,143	\$172,994	\$102,273	\$312,025
Leisure Time Activities	8,622	14,705	9,290	7,980
Community Environment	24,189	31,198	21,355	91,830
Basic Utility Services	378,804	467,475	423,974	359,903
Transportation	43,905	0	13,628	32,915
General Government	507,680	635,778	477,342	382,156
Operating Grants and Contributions	564,483	438,046	483,324	810,546
Capital Grants and Contributions	215,488	117,445	263,996	96,445
<i>Total Governmental Activities Program Revenues</i>	<u>1,997,314</u>	<u>1,877,641</u>	<u>1,795,182</u>	<u>2,093,800</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes	313,017	322,209	289,354	349,006
Municipal Income Taxes	4,062,903	4,062,435	4,222,764	4,378,660
Other Local Taxes	76,183	76,855	73,800	61,285
Grants and Entitlements not Restricted to Specific Programs	349,931	1,132,148	471,649	1,156,122
Investment Earnings	33,322	131,126	180,924	217,168
Miscellaneous	163,296	84,502	74,378	68,091
<i>Total Primary Government</i>	<u>4,998,652</u>	<u>5,809,275</u>	<u>5,312,869</u>	<u>6,230,332</u>
Special Item: Transfer of Debt	0	0	0	0
Change in Net Assets	<u>\$1,124,783</u>	<u>\$1,961,701</u>	<u>\$1,499,222</u>	<u>(\$663,789)</u>

Source: Finance Director's Office

City of Northwood

2008	2009	2010	2011
\$2,926,916	\$2,933,171	\$2,503,028	\$2,372,014
8,164	8,975	8,833	8,682
82,278	68,744	82,707	87,105
201,995	345,967	381,282	107,373
200,738	530,276	172,679	214,271
873,865	652,731	376,340	598,193
2,250,336	1,648,872	1,468,895	1,381,014
77,672	36,024	181,053	112,882
<u>\$6,621,964</u>	<u>\$6,224,760</u>	<u>\$5,174,817</u>	<u>\$4,881,534</u>

\$189,662	\$226,894	\$220,362	\$235,697
2,995	4,755	6,105	135,640
17,262	15,663	16,815	34,602
295,004	243,580	174,697	289,722
24,103	35,578	15,656	5,246
330,888	359,009	369,572	422,418
380,473	630,584	770,000	375,248
34,912	241,714	185,416	4,779
<u>1,275,299</u>	<u>1,757,777</u>	<u>1,758,623</u>	<u>1,503,352</u>

360,753	331,711	476,377	427,146
4,195,332	3,667,625	3,945,769	4,359,623
48,851	47,714	39,035	44,816
785,185	501,639	552,730	474,873
138,404	17,024	9,273	15,983
94,557	0	16,365	59,965
<u>5,623,082</u>	<u>4,565,713</u>	<u>5,039,549</u>	<u>5,382,406</u>
<u>0</u>	<u>879,607</u>	<u>0</u>	<u>0</u>
<u>\$276,417</u>	<u>\$978,337</u>	<u>\$1,623,355</u>	<u>\$2,004,224</u>

City of Northwood

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Unassigned	0	0	0	0
Reserved	78,250	72,369	67,303	79,110
Unreserved	464,882	466,752	590,583	989,091
<i>Total General Fund</i>	<u>543,132</u>	<u>539,121</u>	<u>657,886</u>	<u>1,068,201</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Unassigned	0	0	0	0
Reserved	74,116	64,771	137,056	397,302
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	669,820	883,911	461,813	944,798
Debt Service Funds	0	0	0	0
Capital Projects Funds	292,325	990,530	1,339,196	1,638,569
<i>Total All Other Governmental Funds</i>	<u>1,036,261</u>	<u>1,939,212</u>	<u>1,938,065</u>	<u>2,980,669</u>
<i>Total Governmental Funds</i>	<u><u>\$1,579,393</u></u>	<u><u>\$2,478,333</u></u>	<u><u>\$2,595,951</u></u>	<u><u>\$4,048,870</u></u>

Source: Finance Director's Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Northwood

2006	2007	2008	2009	2010	2011
\$0	\$0	\$0	\$0	\$0	\$49,963
0	0	0	0	0	1,689,721
79,646	71,392	71,728	32,617	54,798	0
1,238,679	1,659,957	915,010	426,584	691,464	0
<u>1,318,325</u>	<u>1,731,349</u>	<u>986,738</u>	<u>459,201</u>	<u>746,262</u>	<u>1,739,684</u>
0	0	0	0	0	53,120
0	0	0	0	0	1,240,589
0	0	0	0	0	4,492,947
0	0	0	0	0	(147)
266,399	215,849	217,603	442,972	38,184	0
1,070,624	1,112,965	1,162,943	807,993	1,135,967	0
26,487	125,182	211,210	297,464	384,210	0
1,810,665	2,043,330	2,369,245	2,206,596	3,086,917	0
<u>3,174,175</u>	<u>3,497,326</u>	<u>3,961,001</u>	<u>3,755,025</u>	<u>4,645,278</u>	<u>5,786,509</u>
<u>\$4,492,500</u>	<u>\$5,228,675</u>	<u>\$4,947,739</u>	<u>\$4,214,226</u>	<u>\$5,391,540</u>	<u>\$7,526,193</u>

City of Northwood

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2002	2003	2004	2005
Revenues:				
Taxes	\$3,760,756	\$4,358,846	\$4,314,284	\$4,470,044
Intergovernmental Revenues	1,050,188	1,069,965	1,257,237	1,609,116
Charges for Services	143,954	315,978	356,852	389,794
Licenses, Permits and Fees	426,867	320,173	442,158	350,593
Investment Earnings	51,373	29,889	36,055	109,416
Special Assessments	83,753	78,894	100,731	116,337
Fines and Forfeitures	202,845	160,275	183,732	480,941
Donations	4,644	2,550	12,260	16,287
All Other Revenue	95,870	54,185	125,768	84,135
Total Revenue	5,820,250	6,390,755	6,829,077	7,626,663
Expenditures:				
Current:				
Security of Persons and Property	2,217,835	2,387,311	2,471,232	2,680,788
Public Health and Welfare Services	7,937	7,923	7,919	6,976
Leisure Time Activities	79,701	77,602	76,855	75,929
Community Environment	162,908	163,911	446,489	325,469
Basic Utility Services	48,460	81,488	628,619	51,834
Transportation	429,463	487,007	454,210	511,382
General Government	1,257,868	1,281,256	1,368,328	1,333,162
Capital Outlay	1,045,270	847,258	1,102,567	1,777,387
Debt Service:				
Principal Retirement	198,747	82,866	86,888	111,556
Interest and Fiscal Charges	100,787	80,752	71,983	100,724
Total Expenditures	5,548,976	5,497,374	6,715,090	6,975,207
Excess (Deficiency) of Revenues Over Expenditures	271,274	893,381	113,987	651,456

City of Northwood

2006	2007	2008	2009	2010	2011
\$4,752,120	\$4,760,809	\$4,584,503	\$4,099,357	\$4,475,046	\$4,812,246
1,435,315	2,115,238	1,279,354	1,377,468	1,303,269	906,492
425,805	467,096	366,060	347,120	281,710	377,372
206,052	213,636	159,152	140,602	118,472	97,433
213,501	217,168	114,996	40,432	9,273	15,083
113,540	112,938	78,805	90,020	83,179	96,248
347,983	215,554	184,004	231,562	231,306	333,344
2,925	142,250	9,329	46,572	9,941	3,108
72,294	89,977	75,859	87,423	73,478	193,017
<u>7,569,535</u>	<u>8,334,666</u>	<u>6,852,062</u>	<u>6,460,556</u>	<u>6,585,674</u>	<u>6,834,343</u>
2,669,816	2,754,757	2,799,260	2,763,288	2,393,940	2,280,391
7,256	7,869	8,164	8,975	8,833	8,682
72,183	87,164	71,334	65,645	51,496	55,894
264,879	574,272	198,281	343,722	380,054	106,247
338,972	405,668	188,488	521,738	134,189	193,065
466,844	519,115	530,824	519,477	456,878	453,799
1,463,430	1,679,704	2,144,392	1,558,290	1,425,422	1,279,165
1,633,065	3,568,027	998,686	1,338,924	287,514	139,903
108,426	120,405	122,498	84,390	89,390	94,390
92,658	83,363	77,934	21,620	181,333	113,180
<u>7,117,529</u>	<u>9,800,344</u>	<u>7,139,861</u>	<u>7,226,069</u>	<u>5,409,049</u>	<u>4,724,716</u>
452,006	(1,465,678)	(287,799)	(765,513)	1,176,625	2,109,627

(Continued)

City of Northwood

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Other Financing Sources (Uses):				
Sale of Capital Assets	5,185	8,000	9,100	0
General Obligation Bonds Issued	0	0	0	800,000
Transfers In	411,410	324,000	229,000	289,000
Transfers Out	(411,410)	(324,000)	(229,000)	(289,000)
Total Other Financing Sources (Uses)	<u>5,185</u>	<u>8,000</u>	<u>9,100</u>	<u>800,000</u>
Net Change in Fund Balance	<u>\$276,459</u>	<u>\$901,381</u>	<u>\$123,087</u>	<u>\$1,451,456</u>
Debt Service as a Percentage of Noncapital Expenditures	5.66%	3.16%	2.83%	4.14%

Source: Finance Director's Office

City of Northwood

2006	2007	2008	2009	2010	2011
0	500	5,210	2,200	6,119	10,000
0	2,200,000	0	0	0	0
364,000	294,000	197,000	102,000	104,000	105,000
(364,000)	(294,000)	(197,000)	(102,000)	(104,000)	(105,000)
0	2,200,500	5,210	2,200	6,119	10,000
\$452,006	\$734,822	(\$282,589)	(\$763,313)	\$1,182,744	\$2,119,627
3.71%	2.34%	3.16%	1.83%	5.61%	4.58%

City of Northwood

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%	1.50%
Total Tax Collected	\$3,571,190	\$4,046,253	\$4,127,618	\$4,304,522	\$4,478,459
Income Tax Receipts					
Withholding Accounts	2,941,091	3,169,189	3,148,326	3,271,490	3,398,217
Percentage	82.4%	78.3%	76.3%	76.0%	75.9%
Business Accounts	358,442	602,134	694,875	764,568	808,377
Percentage	10.0%	14.9%	16.8%	17.8%	18.1%
Residential Accounts	271,658	274,931	284,416	268,463	271,865
Percentage	7.6%	6.8%	6.9%	6.2%	6.0%

Source: City Income Tax Department

City of Northwood

2007	2008	2009	2010	2011
1.50%	1.50%	1.50%	1.50%	1.50%
\$4,433,918	\$4,292,624	\$3,736,474	\$3,851,790	\$4,343,123
3,540,483	3,480,120	3,020,380	3,240,345	3,653,962
79.9%	81.1%	80.9%	84.1%	84.1%
626,095	423,309	382,160	370,316	428,083
14.1%	9.9%	10.2%	9.6%	9.9%
267,340	389,195	333,934	241,129	261,078
6.0%	9.0%	8.9%	6.3%	6.0%



City of Northwood

Income Tax Collections Current Year and Five Years Ago

Calendar Year 2011				
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
Top Ten	10	0.50%	\$3,572,471	3.93%
All Others	2,005	99.50%	87,368,360	96.07%
Total	<u>2,015</u>	<u>100.00%</u>	<u>\$90,940,831</u>	<u>100.00%</u>

Local Taxes Paid by Residents

Taxes Paid to Northwood	\$581,490
Taxes Credited to Other Municipalities	782,622
	<u>\$1,364,112</u>

Calendar Year 2006				
	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
Top Ten	10	0.62%	\$3,251,434	4.46%
All Others	1,601	99.38%	69,664,510	95.54%
Total	<u>1,611</u>	<u>100.00%</u>	<u>\$72,915,943</u>	<u>100.00%</u>

Local Taxes Paid by Residents

Taxes Paid to Northwood	\$444,075
Taxes Credited to Other Municipalities	649,664
	<u>\$1,093,739</u>

Source: City Income Tax Department

Information is not available in this format prior to 2006.

City of Northwood

Ratio of Outstanding Debt By Type Last Ten Years

	2002	2003	2004	2005
Governmental Activities ⁽¹⁾				
General Obligation Bonds Payable	\$0	\$0	\$0	\$730,000
General Obligation Bonds Payable (TIF Supported)	0	0	0	0
OPWC Loan Payable	154,925	145,535	136,145	126,755
OWDA Loans Payable	1,079,062	1,050,332	1,019,932	987,766
Capital Leases	91,844	47,098	0	0
Total Primary Government	<u>\$1,325,831</u>	<u>\$1,242,965</u>	<u>\$1,156,077</u>	<u>\$1,844,521</u>
Population ⁽²⁾				
City of Northwood	5,484	5,484	5,484	5,493
Outstanding Debt Per Capita	\$242	\$227	\$211	\$336
Income ⁽³⁾				
Personal (in thousands)	151,836	159,031	161,635	166,811
Percentage of Personal Income	0.87%	0.78%	0.72%	1.11%

Sources:

- (1) Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Northwood

2006	2007	2008	2009	2010	2011
\$665,000	\$590,000	\$515,000	\$440,000	\$360,000	\$275,000
0	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
117,365	107,975	98,585	89,195	79,805	70,415
953,730	917,715	879,607	0	0	0
0	0	0	0	0	0
<u>\$1,736,095</u>	<u>\$3,815,690</u>	<u>\$3,693,192</u>	<u>\$2,729,195</u>	<u>\$2,639,805</u>	<u>\$2,545,415</u>
5,493	5,493	5,493	5,493	5,265	5,265
\$316	\$695	\$672	\$497	\$501	\$483
179,319	188,289	197,215	187,443	182,085	182,085
0.97%	2.03%	1.87%	1.46%	1.45%	1.40%

City of Northwood

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2002	2003	2004	2005
Population (1)	5,484	5,484	5,484	5,493
Assessed Value (2)	\$139,227,495	\$138,941,800	\$141,109,588	\$153,781,028
General Bonded Debt (3)				
General Obligation Bonds	\$0	\$0	\$0	\$730,000
Resources Available to Pay Principal (4)	\$48,818	\$43,481	\$71,677	\$56,239
Net General Bonded Debt	\$0	\$0	\$0	\$673,761
Ratio of Net Bonded Debt to Assessed Value	0.00%	0.00%	0.00%	0.44%
Net Bonded Debt per Capita	\$0.00	\$0.00	\$0.00	\$122.66

Source:

(1) U.S. Bureau of Census of Population

(2) Wood County Auditor

(3) Includes all general obligation bonded debt supported by property taxes.

(4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

City of Northwood

2006	2007	2008	2009	2010	2011
5,493	5,493	5,493	5,493	5,265	5,265
\$149,509,617	\$139,923,694	\$143,367,100	\$144,898,810	\$142,268,630	\$130,722,140
\$665,000	\$2,790,000	\$2,715,000	\$2,640,000	\$2,560,000	\$2,475,000
\$26,487	\$125,182	\$211,210	\$297,464	\$384,210	\$466,997
\$638,513	\$2,664,818	\$2,503,790	\$2,342,536	\$2,175,790	\$2,008,003
0.43%	1.90%	1.75%	1.62%	1.53%	1.54%
\$116.24	\$485.13	\$455.81	\$426.46	\$413.26	\$381.39



City of Northwood

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2011*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Northwood</u>	<u>Amount Applicable to the City of Northwood</u>
Direct:			
City of Northwood	\$2,475,000	100.00%	\$2,475,000
Overlapping:			
Northwood School District	374,700	100.00%	374,700
Wood County	2,752,374	5.00%	<u>137,619</u>
		Subtotal	<u>512,319</u>
		Total	<u><u>\$2,987,319</u></u>

Source: Wood County

Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

City of Northwood

Debt Limitations Last Ten Years

Collection Year	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total Debt				
Net Assessed Valuation	\$139,227,495	\$138,941,800	\$141,109,588	\$153,781,028
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	14,618,887	14,588,889	14,816,507	16,147,008
City Debt Outstanding	600,000	400,000	300,000	930,000
Less: Applicable Debt Service Fund Amounts (2)	(48,818)	(43,481)	(71,677)	(56,239)
Net Indebtedness Subject to Limitation	<u>551,182</u>	<u>356,519</u>	<u>228,323</u>	<u>873,761</u>
Overall Legal Debt Margin	<u>\$14,067,705</u>	<u>\$14,232,370</u>	<u>\$14,588,184</u>	<u>\$15,273,247</u>
Unvoted Debt				
Net Assessed Valuation	\$139,227,495	\$138,941,800	\$141,109,588	\$153,781,028
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	7,657,512	7,641,799	7,761,027	8,457,957
City Debt Outstanding	600,000	400,000	300,000	930,000
Less: Applicable Debt Service Fund Amounts (2)	(48,818)	(43,481)	(71,677)	(56,239)
Net Indebtedness Subject to Limitation	<u>551,182</u>	<u>356,519</u>	<u>228,323</u>	<u>873,761</u>
Overall Legal Debt Margin	<u>\$7,106,330</u>	<u>\$7,285,280</u>	<u>\$7,532,704</u>	<u>\$7,584,196</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: Finance Director's Office

City of Northwood

2006	2007	2008	2009	2010	2011
\$149,509,617	\$139,923,694	\$143,367,100	\$144,898,810	\$142,268,630	\$130,722,140
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
15,698,510	14,691,988	15,053,546	15,214,375	14,938,206	13,725,825
665,000	2,790,000	2,715,000	2,640,000	2,560,000	2,475,000
(26,487)	(125,182)	(211,210)	(297,464)	(384,210)	(466,997)
638,513	2,664,818	2,503,790	2,342,536	2,175,790	2,008,003
\$15,059,997	\$12,027,170	\$12,549,756	\$12,871,839	\$12,762,416	\$11,717,822
\$149,509,617	\$139,923,694	\$143,367,100	\$144,898,810	\$142,268,630	\$130,722,140
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
8,223,029	7,695,803	7,885,191	7,969,435	7,824,775	7,189,718
665,000	2,790,000	2,715,000	2,640,000	2,560,000	2,475,000
(26,487)	(125,182)	(211,210)	(297,464)	(384,210)	(466,997)
638,513	2,664,818	2,503,790	2,342,536	2,175,790	2,008,003
\$7,584,516	\$5,030,985	\$5,381,401	\$5,626,899	\$5,648,985	\$5,181,715

City of Northwood

Demographic and Economic Statistics Last Ten Years

Calendar Year	2002	2003	2004	2005	2006
Population (1)					
City of Northwood	5,484	5,484	5,484	5,493	5,493
Wood County	121,065	121,065	121,065	123,929	123,929
Income (2) (a)					
Total Personal (in thousands)	151,836	159,031	161,635	166,811	179,319
Per Capita	27,687	28,999	29,474	30,368	32,645
Unemployment Rate (3)					
Federal	4.8%	5.8%	6.0%	5.5%	5.0%
State	4.3%	5.7%	6.1%	6.0%	5.9%
Wood County	4.8%	5.4%	5.6%	5.6%	5.2%
Civilian Work Force Estimates (3)					
State	5,828,000	5,915,000	5,875,300	5,900,400	5,971,500
Wood County	67,600	68,000	66,800	67,000	68,400

Sources:

(1) Ohio Department of Job and Family Services - Estimate

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2010 for the presentation of 2011 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

City of Northwood

2007	2008	2009	2010	2011
5,493	5,493	5,493	5,265	5,265
123,929	123,929	123,929	125,380	125,380
188,289	197,215	187,443	182,085	182,085
34,278	35,903	34,124	34,584	34,584
4.6%	5.8%	9.3%	9.6%	8.9%
5.6%	6.5%	10.3%	10.1%	8.6%
5.4%	6.9%	11.2%	10.1%	8.3%
5,976,500	5,986,400	5,970,000	5,897,600	5,806,000
68,600	68,600	68,600	65,000	65,000



City of Northwood

Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>Nature of Business</u>	<u>2011</u>	
		<u>Number of Employees</u>	<u>Rank</u>
Norplas Industries	Automotive Parts	795	1
Cardinal Staffing	Employment Service	292	2
North American Science Association	Medical Equipment Testing	250	3
Hoover Universal	Automotive Parts	220	4
Interstate Brands	Bakery Distribution Center	202	5
TNS Custom Research	Research	161	6
Pilkington	Glass Manufacturing	139	7
Treu House of Munch	Beverage Distributor	114	8
Thyssenkrupp Logistics	Trucking	111	9
Northwood Board of Education	Education	108	10
Total		<u>2,392</u>	

<u>Employer</u>	<u>Nature of Business</u>	<u>2002</u>	
		<u>Number of Employees</u>	<u>Rank</u>
NFO Worldwide, Inc.	Market Research	947	1
Norplas Industries	Automotive Parts	658	2
Andersons, Inc.	Retail	313	3
Northwood Board of Education	Education	260	4
Owens Community College	Education	241	5
Advance Engineering Co.	Engineering	225	6
Sears Roebuck & Company	Retail	214	7
Johnson Controls, Inc.	Manufacturing	211	8
Hirzel Canning Co.	Cannery	207	9
Malcolm Meat Company	Manufacturing	174	10
Total		<u>3,450</u>	

Source: City Income Tax Department

City of Northwood

Full Time Equivalent Employees by Function Last Ten Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities						
General Government						
Finance	5.00	5.00	5.00	5.00	5.00	5.00
Legal/Court	3.00	3.00	3.50	3.50	3.50	3.50
Administration	2.00	2.00	2.00	2.00	2.00	2.00
Maintenance	2.50	2.50	2.50	2.50	2.50	2.50
Security of Persons and Property						
Police	23.00	23.00	23.00	24.00	24.00	24.00
Dispatch	6.00	6.00	6.00	6.00	6.00	6.00
Fire	2.00	2.00	2.00	2.00	2.00	2.00
Fire - Volunteers	41.00	45.00	50.00	53.00	45.00	46.00
Transportation						
Street	8.00	8.00	8.00	8.00	8.00	7.00
Leisure Time Activities						
Recreation/Seniors	0.50	0.50	0.50	0.50	0.50	0.50
Community Environment						
Service	1.50	1.50	1.50	1.50	1.50	1.50
<i>Total Employees</i>	<u>94.50</u>	<u>98.50</u>	<u>104.00</u>	<u>108.00</u>	<u>100.00</u>	<u>100.00</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: Finance Director's Office

City of Northwood

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
5.00	4.00	3.00	4.00
3.50	2.50	2.50	2.50
2.00	1.00	1.00	1.00
2.50	2.50	2.00	1.50
24.00	23.00	17.50	17.00
6.00	5.00	4.50	4.50
2.00	1.00	1.00	1.00
46.00	43.00	39.00	51.00
7.00	6.00	5.00	5.00
0.50	0.50	0.50	0.50
<u>1.50</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
<u>100.00</u>	<u>89.50</u>	<u>77.00</u>	<u>89.00</u>

City of Northwood

Operating Indicators by Function Last Ten Years

	2002	2003	2004	2005	2006	2007
Governmental Activities						
General Government						
Court						
Number of Criminal Cases	375	375	359	286	379	310
Number of Traffic Cases	2,501	1,969	1,932	1,832	1,853	1,559
Number of Open Cases	n/a	n/a	166	221	302	133
Permits						
Residential Zoning Permits	363	242	265	289	270	275
Commercial Zoning Permits	92	63	73	92	57	123
Industrial Zoning Permits	22	10	32	20	31	17
Central Business District						
Security of Persons and Property						
Police						
Criminal/Juvenile Arrests	816	728	642	519	571	444
Traffic Citations Issued	2,562	1,907	1,672	1,527	1,728	1,530
Parking Tickets Written	194	265	286	229	122	103
Number of Calls Answered	10,440	10,172	10,633	10,601	10,094	8,925
Fire						
Number of Calls Answered	911	922	849	804	751	834
Number of Inspections	260	266	200	122	111	166

Source: Finance Director's Office

n/a = not available

City of Northwood

2008	2009	2010	2011
296	215	176	207
1,457	2,067	2,219	1,667
162	140	206	124
253	217	223	153
93	22	29	17
17	11	22	5
			41
454	406	404	383
1,398	2,101	2,254	1,630
158	72	38	71
8,938	9,311	8,982	8,173
822	711	732	767
262	n/a	n/a	10

City of Northwood

Capital Asset Statistics by Function Last Ten Years

	2002	2003	2004	2005	2006
Governmental Activities					
General Government					
Public Land and Buildings					
Land (acres)	118	118	118	118	118
Buildings	5	5	5	6	6
Security of Persons and Property					
Police					
Stations	1	1	1	1	1
Vehicles	12	12	12	12	12
Fire					
Stations	1	1	1	1	1
Vehicles	12	12	12	12	12
Transportation					
Streets					
Streets (lane miles)	41	41	41	41	41
Intersections with Traffic Signals	16	16	16	16	16
Vehicles	9	9	9	9	9
Leisure Time Activities					
Recreation					
Park Areas (acres)	78	78	78	78	78
Shelter Houses	2	2	2	2	2
Parks	3	3	3	3	3
Playgrounds	2	2	2	2	2
Tennis Courts	4	4	4	4	4
Baseball/Softball Diamonds	2	2	2	2	2
Soccer Fields	0	0	0	2	2

Source: Finance Director's Office

City of Northwood

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
118	118	118	118	118
6	6	6	6	6
1	1	1	1	1
16	16	14	14	14
2	2	2	2	2
14	13	14	14	14
41	41	41	47	47
16	16	16	16	16
10	10	10	10	10
83	83	83	83	83
2	2	2	2	2
4	4	4	4	4
2	2	2	2	2
4	4	4	4	4
2	2	4	4	4
2	2	2	2	2





Dave Yost • Auditor of State

CITY OF NORTHWOOD

WOOD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 27, 2012**