

CITY OF NORTHWOOD, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

Honorable Mayor, Finance Director,
and Members of City Council
City of Northwood
6000 Wales Road
Northwood, Ohio 43619

We have reviewed the Independent Auditor's Report of the City of Northwood, Wood County, prepared by James G. Zupka, C.P.A., Inc., for the audit period January 1, 2003 through December 31, 2003. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 7, 2004

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CITY OF NORTHWOOD, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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Garfield Hts., Ohio 44125

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Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Honorable Mayor, Finance Director, and
Members of Council
City of Northwood, Ohio

We have audited the general purpose financial statements of the City of Northwood, Ohio (the City), as of and for the year ended December 31, 2003, and have issued our report thereon dated May 28, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the City of Northwood, Ohio, in a separate letter dated May 28, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to the management of the City of Northwood, Ohio in a separate letter dated May 28, 2004.

This report is intended for the information and use of the audit committee, members of City Council, and management and is not intended to be and should not be used by anyone other than these specified parties.

May 28, 2004

James G. Zupka
Certified Public Accountant

CITY OF NORTHWOOD, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

The prior audit report, as of December 31, 2002, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

THE CITY OF NORTHWOOD, OHIO

WOOD COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003

THE CITY OF NORTHWOOD, OHIO

WOOD COUNTY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2003

Prepared by:
Department of Finance

Toby A. Schroyer
Director

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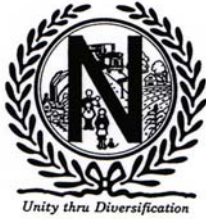
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INTRODUCTORY SECTION

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City of Northwood, Ohio

6000 Wales Road

Northwood, Ohio 43619

Phone (419) 693-9328

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May 28, 2004

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

I am pleased to present the sixth Comprehensive Annual Financial Report for the City of Northwood, Ohio for the fiscal year ended December 31, 2003. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Northwood (the "City") to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness of the presentation, including all disclosures, rests with the City. I believe the enclosed data, as presented, is accurate in all material respects and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

This Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of three major sections:

The Introductory Section includes this letter of transmittal, which presents the City's organization, operational structure and accomplishments; a list of principal officials; and an organizational chart.

The Financial Section contains the City's general purpose financial statements and explanatory notes thereto; the combining and individual fund and account group financial statements and schedules; and the Independent Auditor's Report.

The Statistical Section presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

The Reporting Entity

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government. The following services are provided by the City as authorized by its Charter: police and fire protection, emergency medical services, parks and recreation, planning and zoning, street maintenance and other governmental services. The City currently purchases water and wastewater treatment services from the City of Toledo and the Northwestern Water & Sewer District.

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 by an adz and 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.

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 21 sworn full-time positions. Current staffing includes the Chief, a Captain, 5 sergeants, 14 patrol officers, a secretary, a part-time animal control officer, and 2 seasonal crossing guards. The City receives partial grant funding for GREAT, DARE, and Third Grade Safety Belt programs.

The department includes dispatching services for both police and fire and is staffed by 6 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 D.A.R.E. (Drug Abuse Resistance Education), G.R.E.A.T. (Gang Resistance Education and Training), a Block Watch program, Wood County Youth Violence Prevention, Ohio Public Safety Department's Third Grade Safety Belt Program, A.L.E.I.A. (Area Law Enforcement Investigators Association), M.A.G.L.O.C.L.E.N. (Mid Atlantic Great Lakes Organized Crime Law Enforcement Network) and Bike Patrol.

Fire:

The City maintains a paid on-call fire and emergency medical services operation. The Fire Chief is a full-time position with two part-time district chiefs appointed by City Council. The department provides fire suppression, fire prevention and inspection, and EMS services to the City of Northwood and its residents. Their equipment includes 3 ambulance units, 3 class-A pumpers, 2 mini pumpers, a paramedic unit, a 50ft. telesquirt, and 2 cruiser-type vehicles. Northwood has a Class 5 ISO rating.

Parks and Recreation:

The City owns three 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 shelterhouse, tennis courts, picnic facilities and playground equipment. Central Park, located on Wales Road, features a shelterhouse, picnic facilities, a baseball diamond, tennis courts and playground equipment. The City also has a Community Room within the Municipal Complex. Residents can rent the shelters and Community Room for various functions.

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 Residents Summer Swim Program and Senior Aquanastics Program.

Public Works:

The Public Works Department maintains the 41 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 by the City of Northwood. The water is delivered through the distribution system owned and maintained by the City of Northwood. Wastewater treatment is provided by the City of Toledo on a contractual basis for this portion of the City. 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.

Basis of Accounting

Except for that used for budgetary purposes, the basis of accounting utilized by the City is in conformity with generally accepted accounting principles (GAAP) applicable to governmental units and is consistent with GASB Codified Section 1600, "Basis of Accounting." All governmental funds are accounted for using current financial resources (current assets and current liabilities) measurement focus. The modified accrual basis of accounting is utilized for governmental funds. Revenues are recognized when they are susceptible to accrual, both measurable and available. Expenditures are recognized when the related liability is incurred, except for interest on long-term debt which is recorded when due.

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available) and encumbrances are recorded as expenditures rather than as reservation of fund balances. A reconciliation of the results of these two methods appears in Note 1. During 2003, all accounting policies were applied consistently with those of 2002. Accounting policies are further explained in Note 1.

Economic Outlook

Located virtually at the crossroads of North America's most accessible highways, Northwood is at the center of it all. From Canada to Florida, I-75 connects the north and south. Interstate 80/90 bisects I-75 five miles south of Northwood, providing direct links between Northwest Ohio and the east and west coasts.

The cities of Northwood and Rossford, along with developers, the Wood County Economic Development Commission, the Toledo Area Growth Partnership, and others have a cooperative development effort to market approximately 200 acres of property located adjacent to Interstate 75. The project site, known as Access Pointe, offers opportunities for both light and heavy industrial and office park developments.

The Local 50 Plumbers and Steamfitters apprentice school was opened to students and their union hall, credit union and health and welfare center is open on Caple Boulevard near Oregon Road. Gutek Pipe and Supply, a wholesale industrial pipe distributor, opened their new facility on Crane Way in Access Pointe. Turner Vault Company constructed a new manufacturing facility on Tracy Road and North American Science Associates (NAMSA) constructed a new facility for expansion purposes on Wales Road.

The City of Northwood has a J.E.D.Z. (Joint Economic Development Zone) agreement with the City of Oregon and the City of Rossford.

The city increased in size by 66 acres due to the annexation of property owned by the Heider family, which previously was within the boundaries of the Township of Lake. This property is located on the south side of Woodville Road across from the Woodville Mall. This area is an ideal location for residential or commercial development.

Unemployment Rates

According to the Ohio Bureau of Employment Services, the 2003 annual average unemployment rate for Wood County was 5.1%, which was significantly lower than the state and national unemployment rates of 6.0% and 6.0% respectively.

Employee Relations

The City has 50 full-time and 55 part-time employees. A statewide public employee collective bargaining law applies to public employee relations and collective bargaining. There are three bargaining units representing 38 full-time employees. The A.F.S.C.M.E. (American Federation of State, County and Municipal Employees) Local 755 Ohio represents 13 full-time employees. The O.P.B.A. (Ohio Patrolmen's Benevolent Association) represents 14 patrol officers and 6 police dispatchers. The I.U.P.A. (International Union of Police Associations) Local 77 represents 5 sergeants.

The City negotiated in 2003 with A.F.S.C.M.E. for a 3-year term ending on March 31, 2006. The contract with O.P.B.A. was negotiated in 2002 for a 3-year term ending December 31, 2005. The City reached agreement with I.U.P.A. in 2001 for a 3-year term ending December 31, 2003.

MAJOR CITY INITIATIVES

During 2003, 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 State Issue II funds and other federal, state and local grant funds. In 2003 the City received the following Police related grants; G.R.E.A.T, DARE, Safety Belt, Traffic Enforcement, and Police Vest. The City also received grants from Wood County Solid Waste, Wood County Recycling, Landfill Sponsorship, Wood County Park District, Nature Works, Assistance to Firefighters Grant, and an E.M.S Fire Grant during 2003.

During 2003, the City completed Woodville Road and Route 579 resurfacing, Curtice Road, and the intersection of Woodville Road and Lemoyne Road Improvements. Curbs and sidewalks were also constructed along Woodville Road.

Continuing and Future Projects

The City has been awarded an Issue II Grant to pay for one-half the cost of replacing the traffic lights at the Woodville and Wheeling Road intersection. The City's cost is estimated at \$95,000. Soccer Fields and a parking lot will be constructed at Brentwood Park. Oregon Road will also be repaved next year.

Anticipated purchases in 2004 include 3 police vehicles, a snow plow truck, and a fire truck. The Mayor's Court office and Police Station will also be renovated in 2004.

FINANCIAL INFORMATION

Accounting Controls

The City's budgetary accounting system was designed to provide reasonable assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and members of the finance office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Controls

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. The Mayor, with the assistance of the Finance & Revenue Director, is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds for the succeeding fiscal year by the first council meeting in July. The budget is required to be adopted by the legislative body by July 15 and to be submitted to the County Budget Commission by July 20 of each year. The Mayor, with the assistance of the Finance & Revenue Director, is required by Charter to submit to Council, on or before December 15 of each fiscal year, an appropriation ordinance, based on the tax budget, for the next succeeding fiscal year. Council is required to adopt the appropriation ordinance (the budget) in its original form or with those revisions as it may find proper, within thirty days of the beginning of the fiscal year covered by such ordinance.

The City maintains budgetary control on a non-GAAP basis by fund and within each fund by department at major object levels, which include personal services, contractual services, supplies and materials, other expenditures, capital outlay, debt service and operating transfers. For management purposes, the major object level is further defined with budgeted amounts not to exceed the aggregate appropriated by Council.

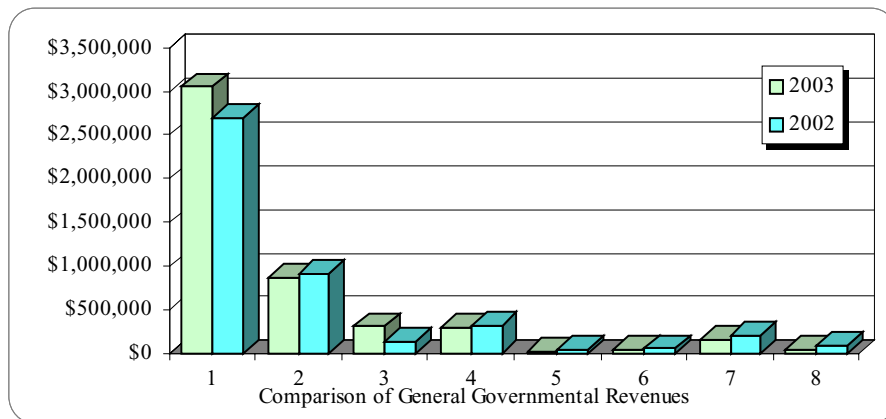
Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Finance & Revenue Director for approval, preparation of a purchase order and certification, after approval by the appropriate Department Director. The purchase order is reviewed for the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances, which would exceed the available appropriation, are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year.

The City's accounting system provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance & Revenue Director and other city officials to ascertain the status of each department's appropriations at any time during the year.

General Governmental Revenues

Revenues for general governmental functions (including all governmental fund types except capital projects funds) totaled \$4,833,277, representing an increase of \$341,238 over 2002. The following schedule presents a summary of general governmental revenues for the years ended December 31, 2002 and 2003, the percentage of total revenues for each year and the amount and percentage of increase/(decrease) in relation to 2002 revenue.

Revenue Source	2003	Percent of Total	2002	Increase (Decrease) over 2002	Percent of Increase (Decrease)
1. Taxes	\$3,054,687	63.3%	\$2,702,131	\$352,556	13.0%
2. Intergovernmental Revenues	876,882	18.1%	912,097	(35,215)	(3.9%)
3. Charges for Services	315,978	6.5%	143,954	172,024	119.5%
4. Licenses and Permits	298,873	6.2%	326,616	(27,743)	(8.5%)
5. Investment Earnings	29,889	0.6%	51,373	(21,484)	(41.8%)
6. Special Assessments	46,893	1.0%	64,699	(17,806)	(27.5%)
7. Fines and Forfeitures	160,275	3.3%	202,845	(42,570)	(21.0%)
8. All Other Revenues	49,800	1.0%	88,324	(38,524)	(43.6%)
Total	\$4,833,277	100.0%	\$4,492,039	\$341,238	

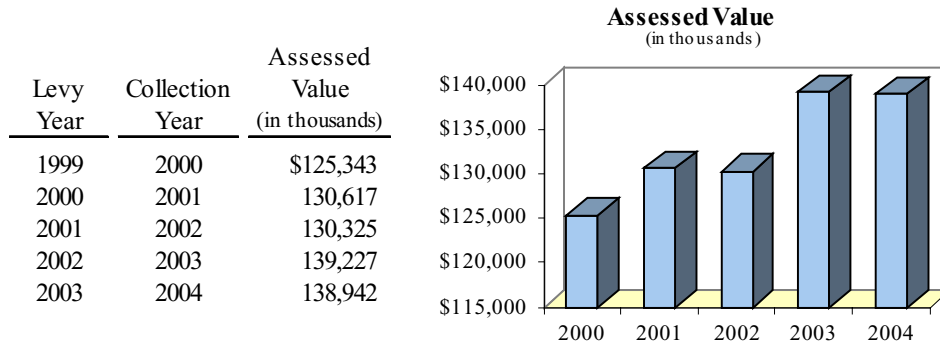


Revenue Narrative

The City's income tax continues to be its primary source of revenue. The tax applies to all wages, salaries, commissions and other compensation paid by employers and/or the net proceeds from the operation of a business, profession or other enterprise activity. The initial tax rate of 1.0%, established in July 1966, was increased to 1.5% in 1978. The current allocation of income tax funds, which became effective July 1, 1996, is 70% General Fund, 20% Capital Improvements Fund and 10% Capital Replacement Fund. Income tax rates of cities within the State of Ohio are limited to a maximum of 1% unless specifically approved by a majority of the resident voters of the City. New economic development projects, new/expanded businesses, and general increases in salaries have caused income tax collections to increase 8.2% during 2002 and another 13% during 2003.

Property taxes are levied and collected by the Wood County Treasurer and remitted periodically to the City by the County Auditor. The property tax rate for the City is 1.60 mills, which represents \$1.60 per \$1,000 of taxable valuation. The tax rate is applied to the assessed value of the property located within the City. Assessed value is approximately 35% of appraised value. Increases in the property tax rate can only occur with the approval of the City's voters. Revenues from property taxes are used for general fund operations.

Total assessed values in the City over the past five years are shown below:



Investment earnings were reallocated based on a percentage enacted by a 1999 ordinance as follows: 90% General Fund, 5% Street Maintenance and Repair Fund, 1% Northwood Waste/ Environmental Fund, 1% Motor Vehicle License Tax Fund, 1% State Highway Fund, 1% Sanitary Sewer Operation, Maintenance and Repair Fund and 1% Special Law Enforcement Fund. Investment earnings decreased during 2003 primarily due to a declining economy and lower interest rates.

Intergovernmental revenues consist primarily of state levied shared taxes consisting of local government assistance provided by the State of Ohio through reimbursement for real and personal property tax reductions, gasoline tax, state-levied motor vehicle license tax, inheritance tax, permissive motor vehicle license tax and local government and revenue assistance allocations. These revenues are collected by the State or County and partially redistributed to the City or other political subdivisions. This revenue category also includes grant funds received from either County, State or Federal sources. Intergovernmental revenues decreased \$35,215 compared to 2002. This decrease can be attributed to cuts at the State level.

Charges for services showed an increase of \$172,024 in 2003. This increase is due to an entire year of collections for the City’s newly enacted Storm Water Management Fees.

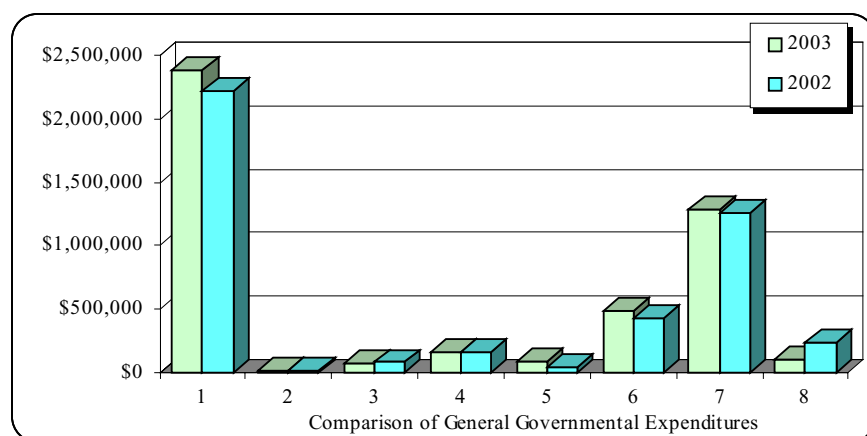
The City had a 21% decrease in revenue from fines and forfeitures paid to our Mayor’s Court. These collections are variable depending on Police traffic tickets, etc.

All other revenue is a miscellaneous category, which includes a variety of less significant revenue. This category decreased \$38,524 from 2002 to 2003.

General Governmental Expenditures

Expenditures for general governmental purposes, including general, special revenue and debt service funds totaled \$4,590,286 in 2003, an increase of \$156,116 over 2002. Expenditures for the major functions of the City and the percentage of total for 2002 and 2003, and the amount and percentage increase/(decrease) over 2002 are shown in the following table:

Function	2003	Percent of Total	2002	Increase (Decrease) over 2002	Percent of Increase (Decrease)
1. Security of Persons and Property	\$2,387,311	52.01%	\$2,217,835	\$169,476	7.64%
2. Public Health and Welfare	7,923	0.17%	7,937	(14)	(0.18%)
3. Leisure Time Activities	77,602	1.69%	79,701	(2,099)	(2.63%)
4. Community Environment	163,911	3.57%	162,908	1,003	0.62%
5. Basic Utility Services	81,488	1.78%	48,460	33,028	68.16%
6. Transportation	487,007	10.61%	429,463	57,544	13.40%
7. General Government	1,281,256	27.91%	1,257,868	23,388	1.86%
8. Debt Service	103,788	2.26%	229,998	(126,210)	(54.87%)
Total	\$4,590,286	100.00%	\$4,434,170	\$156,116	



Expenditure Narrative

Security of persons and property includes primarily the cost of operations of the Police and Fire Departments, including dispatching. The increase of \$169,476 in security of persons and property is primarily due to wage increases.

Basic utility services expenditures increased to \$81,488 in 2003 from \$48,460 in 2002. This is due to increases in electricity rates and pump repairs.

Debt service expenditures decreased by \$126,210 in 2003 due to the City's Municipal Building Bonds being paid off in 2002.

Debt Administration

The debt service funds accumulate resources for the payment of principal, interest and associated administrative costs on the City's general obligation long-term debt. Resources are derived from property taxes (real and personal), income taxes, TIF payments and operating transfers. The total bonded debt of the City at December 31, 2003 was \$0. At December 31, 2003, the City had no long-term special assessment related debt. During the year the City retired \$0 in general obligation debt. General obligation bonds are retired from income tax collections.

The City had an outstanding note liability of \$400,000 at December 31, 2003. During the year the City issued \$400,000 in notes and retired \$600,000. The City's general obligation notes are prepared by Squire, Sanders and Dempsey and purchased under private sale with J.J.B. Hilliard, W.L. Lyons, Inc. The rate on the 2003 \$400,000 note issuance was 1.75%.

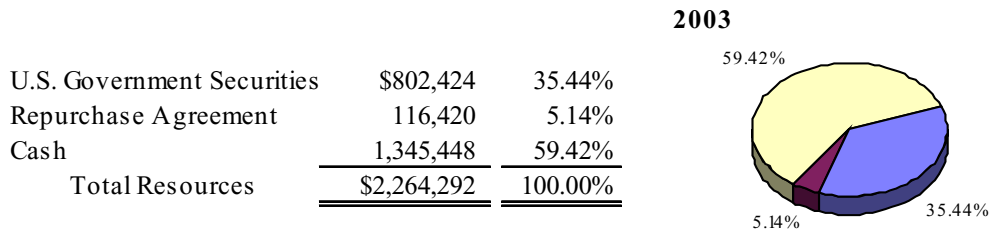
CASH MANAGEMENT

Cash management is an integral component of the City's overall financial plan. The City attempts to earn a market rate of return consistent with providing the liquidity needed to pay obligations on a timely basis. Cash flow forecasting and the use of short-term investments, such as repurchase agreements, allows the City to earn interest on all funds. The City bid its banking services contract in December 1999, leaving its operating accounts at Sky Bank, but with favorable compensating balance reductions, effective January 1, 2000.

The City's investments comply with Section 135.14 of the Ohio Revised Code, and the maximum maturity is limited to five years. Most investments mature within the current fiscal year. Interest earnings are allocated to funds based on the requirements of the Ohio Constitution, state statutes and local ordinances. As required by law, all deposits and repurchase agreements are covered by eligible collateral, while investment securities (treasuries and agency/instrumentality issues) are specifically permitted by the Ohio Revised Code and the City's investment policy.

Authorized investments are described in detail in Note 3 of the footnotes to the general-purpose financial statements included within the financial section of this comprehensive annual financial report. The City currently has all excess collected balances not needed to cover daily check clearings transferred into a repurchase investment account at Sky Bank, Toledo, Ohio. All funds held in the repurchase investment account are collateralized with eligible securities as defined by Chapter 135 of Ohio Revised Code, held by the trust department at Sky Bank.

The City's cash resources were invested as follows at December 31, 2003:



The amount of interest earned on investments for fiscal year 2003 was \$29,889. Interest earnings are credited to the Street Construction, Maintenance and Repair Fund, Motor Vehicle License Tax Fund, State Highway Improvement Fund, Northwood Waste and Environmental Fund, Special Law Enforcement Fund and the Sanitary Sewer Operation, Maintenance and Repairs Fund based on City ordinance. All other interest earnings are credited to the City's General Fund.

At December 31, 2003 the City had bank balances of \$1,505,606. Federal depository insurance covered \$100,000 of the bank balance and the rest of the deposits were classified as Category 3. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). 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. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority.

The primary objectives of the City's investment program, in order of priority, are as follows:

1. Safety – The safety of principal balances is the City's foremost objective and all investments are undertaken in a manner to insure the preservation of capital.
2. Liquidity – All investments should be sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Since all possible cash demands cannot be anticipated, the investment portfolio should consist of securities with active resale markets.
3. Yield – Return on investment is of least importance compared to the safety and liquidity objectives described above. Investments are limited to low risk securities with the expectation of earning market value.

RISK MANAGEMENT

The City maintains comprehensive insurance coverage with private carriers for real property, building contents, fleet, and general liability coverage. The City also carries police professional and public official's liability insurance. The City provides a self-funded dental insurance program for its employees, which is funded through the general fund. See Note 14 to the general-purpose financial statements for additional information.

The proactive approach that the administration employs in addressing its ongoing operations is reflected in the composition of the City's insurance protection package and its very favorable loss experience.

The City reduces exposure to risk through several initiatives. They include insurance coverages for vehicles, general liability, inland marine, building and contents and computer insurance, public officials and law enforcement liability coverages and boiler and machinery coverage.

The City contracted with Dawson Companies from January 1, 2003 through December 31, 2003 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
Municipal Attorney/Law Director	\$1,000,000	\$5,000
General Liability	\$5,000,000	\$1,000
Prior Acts Coverage	\$5,000,000	\$5,000
Real & Personal Property	\$5,043,155	\$1,000
Emergency Medical Services Liability	\$5,000,000	\$5,000
Inland Marine Equipment	\$1,701,335	\$1,000
Boiler & Machinery Property Damage	\$5,043,155	\$1,000
Demolition/Increased Cost-Construction	\$500,000	\$1,000
Law Enforcement Liability	\$5,000,000	\$5,000
Public Officials Liability	\$5,000,000	\$5,000
Valuable Papers	\$100,000	\$1,000
Hardware (EDP)	\$90,000	\$500
Software (EDP)	\$15,095	\$500
Extra Expense (EDP)	\$15,000	\$500
Business Income and Extra Expense	\$175,000	\$1,000
Employee Benefit Liability	\$1,000,000	\$1,000
Crime Coverage:		
Blanket Bond	\$50,000	\$500
Forgery Alterations	\$5,000	\$500
Monies & Securities	\$25,000	\$500
Computer Fraud	\$25,000	\$500

OTHER INFORMATION

Independent Audit

Included in this report is the unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2003, by James Zupka, CPA. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

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 fifth 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 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
PRINCIPAL OFFICIALS

ELECTED OFFICIALS AS OF DECEMBER 31, 2003

Name	Office	Term Expires
Mark A. Stoner	Mayor	12/31/03
David A. Gallaher	City Council, President	12/31/05
Connie S. Hughes	City Council	12/31/05
James D. Barton	City Council	12/31/05
Mike Myers	City Council	12/31/05
Charles M. Kozina	City Council	12/31/03
Richard B. Radocy	City Council	12/31/03
Tim Reardon	City Council	12/31/03

ADMINISTRATORS AS OF DECEMBER 31, 2003

Name	Office	Term Expires	Surety
Brian Ballenger	Director of Law	09/30/03	
Pat Bacon	City Administrator	Indefinite	\$50,000 Bond
Gerald Herman	Chief of Police	Indefinite	
Thomas Pack	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	
Heather Saylor	Zoning Inspector	Indefinite	
Laura Schroeder	Clerk of Mayor's Courts	Indefinite	
Jeffrey Keller	Court Magistrate	Indefinite	

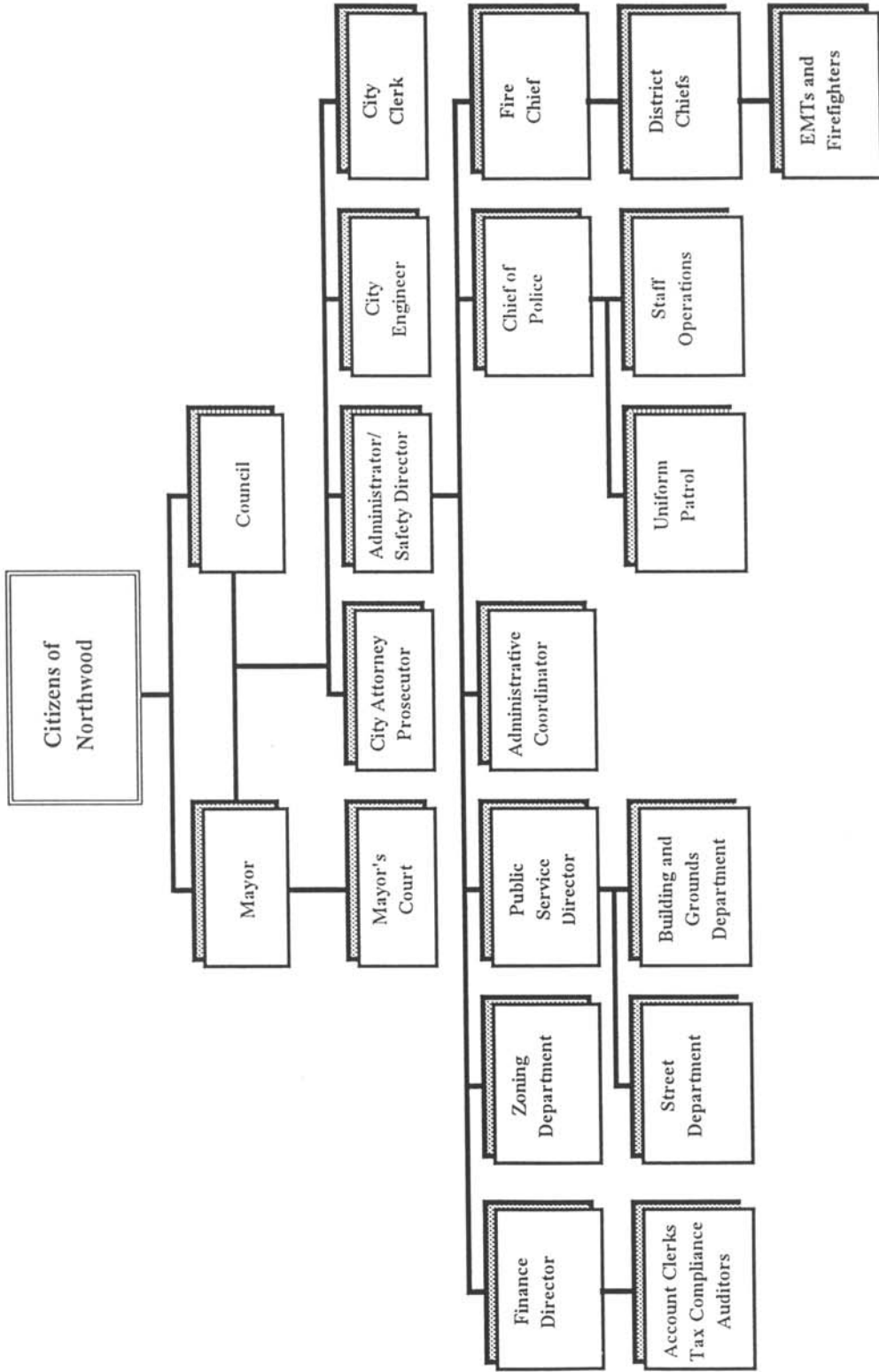
Applies to All Elected Officials

Public officials \$5 million/occurrence, \$7 million aggregate general liability.
Term July 9, 2003 to July 9, 2004.

City Address:

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

Organizational Chart



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, 2002

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.



Edward Haney

President

Jeffrey R. Emmer

Executive Director



FINANCIAL SECTION

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JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants
5240 East 98th Street
Garfield Heights, Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475-6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor, City Manager,
and Members of City Council
City of Northwood, Ohio

The Honorable Betty Montgomery
Auditor of State
State of Ohio

We have audited the accompanying general purpose financial statements of the City of Northwood, Ohio, as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Northwood, Ohio's management. Our responsibility is to express an opinion on these general purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

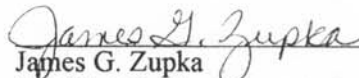
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Northwood, Ohio, as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 2004 on our consideration of the City of Northwood, Ohio's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the City of Northwood, Ohio taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the statistical data included in the statistical section of this report and, therefore, express no opinion thereon.

May 28, 2004


James G. Zupka
Certified Public Accountant



GENERAL PURPOSE FINANCIAL STATEMENTS

THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2003 AND THE RESULTS OF OPERATIONS FOR THE YEAR THEN ENDED.



**THE CITY OF NORTHWOOD, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003**

	Governmental Fund Types			Fiduciary Fund Type		Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Agency Fund	General Fixed Assets	Long-Term Obligations		
<u>Assets and Other Debits:</u>									
Assets:									
Cash and Cash Equivalents	\$115,899	\$624,721	\$43,481	\$672,751	\$0	\$0	\$0	\$1,456,852	
Investments	102,676	135,924	0	563,824	0	0	0	802,424	
Receivables (net of allowance for doubtful accounts):									
Taxes	694,497	6,507	81,312	200,837	0	0	0	983,153	
Accounts	106,853	127,643	0	21,300	0	0	0	255,796	
Special Assessments	55,135	0	109,931	50,126	0	0	0	215,192	
Interest	12,241	1,359	0	0	0	0	0	13,600	
Intergovernmental Receivables	442,629	95,025	75,115	232,171	0	0	0	844,940	
Inventory of Supplies at Cost	7,243	21,105	0	0	0	0	0	28,348	
Interfund Loans Receivable	12,124	0	0	0	0	0	0	12,124	
Prepaid Items	52,282	0	0	0	0	0	0	52,282	
Restricted Assets:									
Cash with Fiscal Agent	0	0	0	2,000	3,016	0	0	5,016	
Fixed Assets	0	0	0	0	0	5,471,287	0	5,471,287	
Other Debits:									
Amount Available in Debt Service Fund	0	0	0	0	0	0	43,481	43,481	
Amount to be Provided for General Long-Term Obligations	0	0	0	0	0	0	1,412,706	1,412,706	
Total Assets and Other Debits	\$1,601,579	\$1,012,284	\$309,839	\$1,743,009	\$3,016	\$5,471,287	\$1,456,187	\$11,597,201	

(Continued)

THE CITY OF NORTHWOOD, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2003

	Governmental Fund Types			Fiduciary Fund Type		Account Groups		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Agency Fund	General Fixed Assets	General Long-Term Obligations	
<u>Liabilities, Equity and Other Credits:</u>								
Liabilities:								
Accounts Payable	\$38,844	\$18,554	\$0	\$35,179	\$0	\$0	\$0	\$92,577
Accrued Wages and Benefits	266,606	7,543	0	0	0	0	0	274,149
Intergovernmental Payables	4,433	0	0	0	0	0	0	4,433
Due to Others	0	0	0	0	3,016	0	0	3,016
Retainage Payable	0	0	0	2,000	0	0	0	2,000
Interfund Loans Payable	0	12,124	0	0	0	0	0	12,124
Accrued Interest Payable	0	0	0	2,055	0	0	0	2,055
Deferred Revenue	722,383	69,047	266,358	303,803	0	0	0	1,361,591
Claims Payable	2,124	0	0	0	0	0	0	2,124
Compensated Absences Payable	28,068	0	0	0	0	0	213,222	241,290
Contracts Payable	0	0	0	9,257	0	0	0	9,257
Capital Lease	0	0	0	0	0	0	47,098	47,098
Special Assessment Notes Payable	0	0	0	400,000	0	0	0	400,000
Ohio Public Works Commission Loan	0	0	0	0	0	0	145,535	145,535
Ohio Water Development Authority Loans	0	0	0	0	0	0	1,050,332	1,050,332
Total Liabilities	1,062,458	107,268	266,358	752,294	3,016	0	1,456,187	3,647,581
Equity and Other Credits:								
Investment in General Fixed Assets	0	0	0	0	0	5,471,287	0	5,471,287
Fund Balances:								
Reserve for encumbrances	720	0	0	185	0	0	0	905
Reserve for Interfund Loans Receivable	12,124	0	0	0	0	0	0	12,124
Reserved for Supplies Inventory	7,243	21,105	0	0	0	0	0	28,348
Reserved for Prepaid Items	52,282	0	0	0	0	0	0	52,282
Reserved for Debt Service	0	0	43,481	0	0	0	0	43,481
Unreserved:								
Undesignated	466,752	883,911	0	990,530	0	0	0	2,341,193
Total Equity and Other Credits	539,121	905,016	43,481	990,715	0	5,471,287	0	7,949,620
Total Liabilities, Equity and Other Credits	\$1,601,579	\$1,012,284	\$309,839	\$1,743,009	\$3,016	\$5,471,287	\$1,456,187	\$11,597,201

The notes to the general purpose financial statements are an integral part of this statement.



THE CITY OF NORTHWOOD, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<i>Governmental Fund Types</i>				Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	
Revenues:					
Taxes	\$3,036,271	\$16,660	\$1,756	\$1,304,159	\$4,358,846
Intergovernmental Revenues	616,839	255,348	4,695	193,083	1,069,965
Charges for Services	619	315,359	0	0	315,978
Licenses, Permits and Fees	271,075	27,798	0	21,300	320,173
Investment Earnings	25,184	4,705	0	0	29,889
Special Assessments	46,893	0	0	32,001	78,894
Fines and Forfeitures	144,392	15,883	0	0	160,275
Donations	2,550	0	0	0	2,550
All Other Revenues	47,250	0	0	6,935	54,185
Total Revenues	4,191,073	635,753	6,451	1,557,478	6,390,755
Expenditures:					
Current:					
Security of Persons and Property	2,375,691	11,620	0	0	2,387,311
Public Health and Welfare Services	7,923	0	0	0	7,923
Leisure Time Activities	77,602	0	0	0	77,602
Community Environment	119,433	44,478	0	0	163,911
Basic Utility Services	31,182	50,306	0	0	81,488
Transportation	182,182	304,825	0	0	487,007
General Government	1,268,668	12,588	0	0	1,281,256
Capital Outlay	0	0	0	847,258	847,258
Debt Service:					
Principal Retirements	0	0	38,120	44,746	82,866
Interest and Fiscal Charges	0	0	65,668	15,084	80,752
Total Expenditures	4,062,681	423,817	103,788	907,088	5,497,374
Excess (Deficiency) of Revenues Over (Under) Expenditures	128,392	211,936	(97,337)	650,390	893,381
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	8,000	0	0	0	8,000
Operating Transfers In	0	92,000	92,000	140,000	324,000
Operating Transfers Out	(140,000)	(92,000)	0	(92,000)	(324,000)
Total Other Financing Sources (Uses)	(132,000)	0	92,000	48,000	8,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,608)	211,936	(5,337)	698,390	901,381
Fund Balance Beginning of Year	543,132	695,118	48,818	292,325	1,579,393
Decrease in Inventory Reserve	(403)	(2,038)	0	0	(2,441)
Fund Balance End of Year	\$539,121	\$905,016	\$43,481	\$990,715	\$2,478,333

The notes to the general purpose financial statements are an integral part of this statement.

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THE CITY OF NORTHWOOD, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$2,935,100	\$2,909,634	(\$25,466)	\$20,000	\$16,727	(\$3,273)
Intergovernmental Revenues	649,000	616,127	(32,873)	309,000	252,927	(56,073)
Charges for Services	17,900	10,276	(7,624)	320,000	283,405	(36,595)
Licenses, Permits and Fees	285,300	268,664	(16,636)	36,000	27,583	(8,417)
Investment Earnings	43,200	42,396	(804)	9,000	4,705	(4,295)
Special Assessments	49,600	46,893	(2,707)	0	0	0
Fines and Forfeitures	162,000	144,392	(17,608)	43,000	15,883	(27,117)
Donations	5,000	2,550	(2,450)	0	0	0
All Other Revenues	72,700	55,035	(17,665)	0	0	0
Total Revenues	<u>4,219,800</u>	<u>4,095,967</u>	<u>(123,833)</u>	<u>737,000</u>	<u>601,230</u>	<u>(135,770)</u>
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	2,303,628	2,287,669	15,959	37,000	11,626	25,374
Public Health and Welfare Services	8,500	7,923	577	0	0	0
Leisure Time Activities	82,200	77,863	4,337	0	0	0
Community Environment	124,400	119,490	4,910	34,000	27,474	6,526
Basic Utility Services	35,500	31,182	4,318	211,000	44,788	166,212
Transportation	183,800	178,470	5,330	321,150	307,133	14,017
General Government	1,338,931	1,291,030	47,901	21,695	14,589	7,106
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>4,076,959</u>	<u>3,993,627</u>	<u>83,332</u>	<u>624,845</u>	<u>405,610</u>	<u>219,235</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	142,841	102,340	(40,501)	112,155	195,620	83,465
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	8,000	8,000	0	0	0	0
Proceeds from Special Assessment Notes	0	0	0	0	0	0
Operating Transfers In	0	0	0	92,000	92,000	0
Operating Transfers Out	(140,000)	(140,000)	0	(92,000)	(92,000)	0
Advances Out	(12,124)	(12,124)	0	0	0	0
Total Other Financing Sources (Uses)	<u>(144,124)</u>	<u>(144,124)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,283)	(41,784)	(40,501)	112,155	195,620	83,465
Fund Balance at Beginning of Year	252,608	252,608	0	559,971	559,971	0
Prior Year Encumbrances	4,264	4,264	0	695	695	0
Fund Balance at End of Year	<u>\$255,589</u>	<u>\$215,088</u>	<u>(\$40,501)</u>	<u>\$672,821</u>	<u>\$756,286</u>	<u>\$83,465</u>

The notes to the general purpose financial statements are an integral part of this statement.

THE CITY OF NORTHWOOD, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$68,000	\$61,029	(\$6,971)	\$1,281,500	\$1,190,818	(\$90,682)	\$4,304,600	\$4,178,208	(\$126,392)
5,000	4,695	(305)	216,000	191,500	(24,500)	1,179,000	1,065,249	(113,751)
0	0	0	0	0	0	337,900	293,681	(44,219)
0	0	0	0	0	0	321,300	296,247	(25,053)
0	0	0	0	0	0	52,200	47,101	(5,099)
18,000	15,727	(2,273)	16,500	16,274	(226)	84,100	78,894	(5,206)
0	0	0	0	0	0	205,000	160,275	(44,725)
0	0	0	0	0	0	5,000	2,550	(2,450)
0	0	0	7,000	6,935	(65)	79,700	61,970	(17,730)
91,000	81,451	(9,549)	1,521,000	1,405,527	(115,473)	6,568,800	6,184,175	(384,625)
0	0	0	0	0	0	2,340,628	2,299,295	41,333
0	0	0	0	0	0	8,500	7,923	577
0	0	0	0	0	0	82,200	77,863	4,337
0	0	0	0	0	0	158,400	146,964	11,436
0	0	0	0	0	0	246,500	75,970	170,530
0	0	0	0	0	0	504,950	485,603	19,347
0	0	0	0	0	0	1,360,626	1,305,619	55,007
0	0	0	1,644,030	1,093,206	550,824	1,644,030	1,093,206	550,824
638,200	638,120	80	0	0	0	638,200	638,120	80
81,700	80,668	1,032	0	0	0	81,700	80,668	1,032
719,900	718,788	1,112	1,644,030	1,093,206	550,824	7,065,734	6,211,231	854,503
(628,900)	(637,337)	(8,437)	(123,030)	312,321	435,351	(496,934)	(27,056)	469,878
0	0	0	0	0	0	8,000	8,000	0
400,000	400,000	0	0	0	0	400,000	400,000	0
232,000	232,000	0	0	0	0	324,000	324,000	0
0	0	0	(92,000)	(92,000)	0	(324,000)	(324,000)	0
0	0	0	0	0	0	(12,124)	(12,124)	0
632,000	632,000	0	(92,000)	(92,000)	0	395,876	395,876	0
3,100	(5,337)	(8,437)	(215,030)	220,321	435,351	(101,058)	368,820	469,878
48,818	48,818	0	807,149	807,149	0	1,668,546	1,668,546	0
0	0	0	178,611	178,611	0	183,570	183,570	0
\$51,918	\$43,481	(\$8,437)	\$770,730	\$1,206,081	\$435,351	\$1,751,058	\$2,220,936	\$469,878

THE CITY OF NORTHWOOD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2003

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 general purpose financial statements of the City present the financial position of the various fund types and account groups and the results of operations of the various fund types. The financial statements are presented as of December 31, 2003 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 general purpose 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, account groups, 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 and account groups, 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 general purpose financial statements. The following fund types and account groups are used by the City:

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 governmental fund types:

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.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal and interest.

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

Fiduciary Fund

Agency Fund - This fund is used to account for assets held by a government as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains an agency fund. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Account Groups- To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all general fixed assets of the City.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term obligations of the City.

C. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and 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.

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, 2003, but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 4.

D. 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 fund at the major object level (personal services, materials and supplies, contractual services, capital outlay, and transfers) by department. Budgetary control is maintained by not permitting expenditures to exceed appropriations at the major object level for each department within each fund without the approval of City Council. Budgetary modifications above the major object level by fund may only be made by ordinance of the City Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 final amended official certificate of estimated resources issued during 2003.

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, department and object level, and may be modified during the year by ordinance of the City Council. During 2003, several supplemental appropriations were necessary to budget for unanticipated expenditures. 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--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to 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 as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	(\$3,608)	\$211,936	(\$5,337)	\$698,390
Increase (Decrease):				
Accrued Revenues at December 31, 2003 received during 2004	(603,520)	(161,487)	75,000	(332,131)
Accrued Revenues at December 31, 2002 received during 2003	496,290	126,964	0	255,180
Accrued Expenditures at December 31, 2003 paid during 2004	340,075	38,221	0	179,991
Accrued Expenditures at December 31, 2002 paid during 2003	(288,280)	(17,810)	0	(350,009)
2002 Prepays for 2003	70,604	2,155	0	0
2003 Prepays for 2004	(52,282)	0	0	0
Perspective Difference:				
Note Proceeds	0	0	400,000	0
Note Retirements	0	0	(600,000)	0
Interest and Fiscal Charges	0	0	(15,000)	15,000
Transfers In	0	0	140,000	(140,000)
Special Assessments	0	0	0	(15,727)
Tax Revenue	0	0	0	(59,273)
Cash With Fiscal Agent	0	0	0	(606)
Outstanding Encumbrances	(1,063)	(4,359)	0	(30,494)
Budget Basis	<u>(\$41,784)</u>	<u>\$195,620</u>	<u>(\$5,337)</u>	<u>\$220,321</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and repurchase agreements. The repurchase agreements are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less. 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 3, "Pooled Cash, Cash Equivalents and Investments."

F. 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 2003 amounted to \$25,184, which includes \$22,772 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 3, "Pooled Cash, Cash Equivalents and Investments."

G. 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.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use. Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets. The City has elected not to record depreciation or capitalize interest in the General Fixed Assets Account Group.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations

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

Obligation	Fund
General Obligation Bond	General Bond Retirement Fund
Ohio Water Development Authority Loans	General Bond Retirement Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund
Capital Lease	Capital Replacement Fund
Compensated Absences	General Fund

J. 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.

For governmental funds, the portion of unpaid compensated absences that 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." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

K. Pensions

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

L. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions (Continued)

- Residual equity transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers in 2003.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

M. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventory, prepaid items, debt service and encumbered amounts that have not been accrued at year end.

N. Total Columns on Combined Financial Statements - Overview

Total columns on the "Combined Financial Statements - Overview" are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits: The fund deficit at December 31, 2003 of \$18,286 in the CHIP CDBG Fund (special revenue fund), was created by the recognition of expenditures on the modified accrual basis which are greater than expenditures on a budgetary basis. The fund deficit at December 31, 2003 of \$402,055 in the Alcoa Project Fund (capital projects fund) is the result of recognizing notes payable as a liability under the modified accrual basis. Deficits do not exist under the budgetary basis of accounting. The general fund provides operating transfers when cash is required, not when accruals occur.

NOTE 3 - 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).

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). 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. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3 "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end the carrying amount of the City's deposits was \$1,344,748 and the bank balance was \$1,505,606. The Federal Deposit Insurance Corporation (FDIC) covered \$100,000 of the bank balance. All remaining deposits were classified as Category 3. In addition, the City had \$700 petty cash on hand.

NOTE 3 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2003 are summarized below:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Fair Value</u>
U.S. Government Securities	\$800,000	\$802,424
Repurchase Agreement	116,420	116,420
Total Investments	<u>\$916,420</u>	<u>\$918,844</u>

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Repurchase agreements are treated as cash and cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note is based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$1,461,868	\$802,424
Investments:		
Repurchase Agreement	<u>(116,420)</u>	<u>116,420</u>
Per GASB Statement No. 3	<u>\$1,345,448</u>	<u>\$918,844</u>

* Includes Cash with Fiscal Agent and Petty Cash.

NOTE 4 - 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 2003 were levied after October 1, 2002 on assessed values as of January 1, 2001, 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 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

NOTE 4 – TAXES (Continued)

A. Property Taxes (Continued)

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

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.

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, 2003 was \$1.60 per \$1,000 of assessed value. The assessed value upon which the 2003 tax receipts were based was \$138,941,800. This amount constitutes \$106,417,290 in real property assessed value, \$4,810,890 in public utility assessed value and \$27,713,620 in tangible personal property 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 5 - RECEIVABLES

Receivables at December 31, 2003 consisted of taxes, special assessments, accounts receivable and intergovernmental receivables.

NOTE 6 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2003:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$140,000
Special Revenue Fund:		
Water Fund	92,000	92,000
Debt Service Fund		
Water Debt Service Fund	92,000	0
Capital Projects Funds:		
Capital Improvement Municipal Tax Fund	0	92,000
Alcoa Project Fund	140,000	0
Total Capital Projects Funds	<u>140,000</u>	<u>92,000</u>
Totals	<u>\$324,000</u>	<u>\$324,000</u>

NOTE 7 - FIXED ASSETS

General Fixed Assets Summary by category of changes in general fixed assets:

Category	December 31, 2002	Additions	Deletions	December 31, 2003
Land and Improvements	\$589,044	\$0	\$0	\$589,044
Buildings and Improvements	2,152,725	0	0	2,152,725
Machinery, Equipment, Furniture and Fixtures	640,681	66,701	0	707,382
Vehicles	1,909,106	246,027	(132,997)	2,022,136
Totals	<u>\$5,291,556</u>	<u>\$312,728</u>	<u>(\$132,997)</u>	<u>\$5,471,287</u>

NOTE 8 – 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 (the “Ohio PERS”)

The following information was provided by the Ohio PERS 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 the Ohio PERS: 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. 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.

The Ohio PERS 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. 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 the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. Total required employer contributions for all plans (TP, MD and CO) are equal to 100% of employer charges and must be extracted from employer’s records. The City’s contributions to the Ohio PERS for the years ending December 31, 2003, 2002 and 2001 were \$154,298, \$145,808 and \$139,752, respectively, which were equal to the required contributions for each year.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$56,937.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

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

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund 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 Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. 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.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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. The City's contributions to the OP&F Fund for the years ending December 31, 2003, 2002 and 2001 were \$195,547, \$181,971 and \$176,832 for police and \$12,412, \$12,097 and \$11,661 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$77,717 representing 7.75% of covered payroll for police and \$4,008 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

NOTE 9 - COMPENSATED ABSENCES

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.

As of December 31, 2003, the long-term liability for unpaid compensated absences was \$213,222 for all funds of the City. The current portion of the liability is recorded within the appropriate fund and the long-term portion of the liability is reported in the General Long-Term Obligations Account Group. The current portion of the liability for fiscal year 2003 is \$28,068.

NOTE 10 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

	Maturity Date	Balance December 31, 2002	Issued (Retired)	Balance December 31, 2003	
Special Assessment Notes:					
2.50%	Street Improvements	2003	\$600,000	(\$600,000)	\$0
1.25%	Street Improvements	2004	0	400,000	400,000
Totals			<u>\$600,000</u>	<u>(\$200,000)</u>	<u>\$400,000</u>

NOTE 11 - LONG-TERM OBLIGATIONS

Activity in the General Long-Term Obligations Account Group in 2003 was as follows:

	Issue Date	Balance December 31, 2002	Issued (Retired)	Balance December 31, 2003	
General Long-Term Debt:					
Ohio Public Works Commission Loan:					
0.00%	Wales Road Pavement & Storm Drainage	1999	\$154,925	(\$9,390)	\$145,535
Ohio Water Development Authority (OWDA) Loans:					
5.88%	Oregon Road Water Line	1997	753,304	(19,909)	733,395
5.66%	Oregon Road Trunk				
	Water Main Phase II	1998	325,758	(8,821)	316,937
Total OWDA Loans			<u>1,079,062</u>	<u>(28,730)</u>	<u>1,050,332</u>
Total General Long-Term Debt			<u>1,233,987</u>	<u>(38,120)</u>	<u>1,195,867</u>
Other Long-Term Obligations:					
Compensated Absences			204,237	8,985	213,222
Capital Lease			<u>91,844</u>	<u>(44,746)</u>	<u>47,098</u>
Total Other Long-Term Obligations			<u>296,081</u>	<u>(35,761)</u>	<u>260,320</u>
Total General Long-Term Debt and Other Long-Term Obligations			<u>\$1,530,068</u>	<u>(\$73,881)</u>	<u>\$1,456,187</u>

NOTE 11 - LONG-TERM OBLIGATIONS (Continued)

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2003, follow:

Years	OWDA Loans		OPWC Loan		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$30,400	\$61,062	\$9,389	\$0	\$47,098	\$1,842
2005	32,167	59,295	9,389	0	0	0
2006	34,036	57,426	9,389	0	0	0
2007	36,015	55,447	9,389	0	0	0
2008	38,108	53,354	9,389	0	0	0
2009-2013	226,462	230,848	46,947	0	0	0
2014-2018	300,399	156,911	46,947	0	0	0
2019-2023	352,745	58,834	4,696	0	0	0
Totals	<u>\$1,050,332</u>	<u>\$733,177</u>	<u>\$145,535</u>	<u>\$0</u>	<u>\$47,098</u>	<u>\$1,842</u>

NOTE 12 - CAPITALIZED LEASE

The City leases a vactor unit under a capital lease. The cost of the equipment obtained under the capital lease for the vactor unit is included in the General Fixed Assets Account Group and the related liability included in the General Long-Term Obligations Account Group.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2003:

Year Ending December 31,	General Long-Term Obligations Account Group
2004	\$48,940
Minimum Lease Payments	48,940
Less amount representing interest at the City's incremental borrowing rate of interest	(1,842)
Present value of minimum lease payments	<u>\$47,098</u>

NOTE 13 - CONSTRUCTION COMMITMENTS

As of December 31, 2003 the City had the following commitments with respect to capital projects:

Project	Remaining Construction Commitment	Expected Date of Completion
Woodville & Lemoyne Roads Intersection	\$41,532	2004
Woodville & Wheeling Roads Intersection	89,068	2004
Woodville Road Sidewalk Improvement	800	2004
Total	<u>\$131,400</u>	

NOTE 14 - 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.

During 2003 the City contracted with several different insurance providers for various insurance coverages, as follows:

Type of Coverage	Coverage	Deductible
Auto Fleet Liability/Physical Damage	\$5,000,000	\$250/500
Municipal Attorney/Law Director	\$1,000,000	\$5,000
General Liability	\$5,000,000	\$1,000
Prior Acts Coverage	\$5,000,000	\$5,000
Real and Personal Property	\$5,043,155	\$1,000
Emergency Medical Services Liability	\$5,000,000	\$5,000
Inland Marine Equipment	\$1,701,335	\$1,000
Boiler and Machinery Property Damage	\$5,043,155	\$1,000
Demolition/Increased Cost-Construction	\$500,000	\$1,000
Law Enforcement Liability	\$5,000,000	\$5,000
Public Officials Liability	\$5,000,000	\$5,000
Valuable Papers	\$100,000	\$1,000
Hardware (EDP)	\$90,000	\$500
Software (EDP)	\$15,095	\$500
Extra Expense (EDP)	\$15,000	\$500
Business Income and Extra Expense	\$175,000	\$1,000
Employee Benefit Liability	\$1,000,000	\$1,000
Crime Coverage:		
Blanket Bond	\$50,000	\$500
Forgery Alterations	\$5,000	\$500
Monies & Securities	\$25,000	\$500
Computer Fraud	\$25,000	\$500

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," 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 2003 were:

Fiscal Year	Beginning of Current Year Claims and Year Liability	Changes in Estimates	Claims Payments	Balance at Year End
2002	\$0	\$18,552	(\$17,874)	\$678
2003	678	20,580	(19,134)	2,124

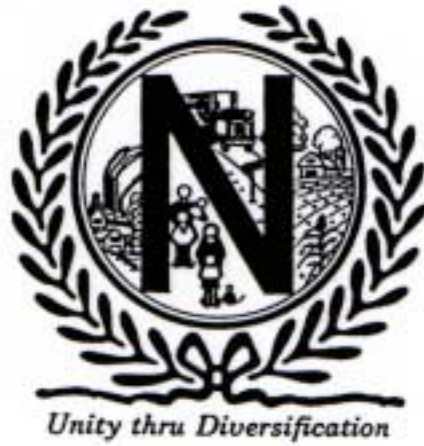
Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

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 15 - CONTINGENCIES

The City is a party to various legal proceedings 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 AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE GENERAL FUND, SPECIAL REVENUE FUNDS, CAPITAL PROJECTS
FUNDS, FIDUCIARY FUNDS AND THE GENERAL FIXED ASSETS ACCOUNT
GROUP.*

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GENERAL FUND

The General Fund is used to account for government resources not accounted for in any other fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter and/or the general laws of Ohio.

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,935,100	\$2,909,634	(\$25,466)
Intergovernmental Revenues	649,000	616,127	(32,873)
Charges for Services	17,900	10,276	(7,624)
Licenses, Permits and Fees	285,300	268,664	(16,636)
Investment Earnings	43,200	42,396	(804)
Special Assessments	49,600	46,893	(2,707)
Fines and Forfeitures	162,000	144,392	(17,608)
Donations	5,000	2,550	(2,450)
All Other Revenues	72,700	55,035	(17,665)
Total Revenues	4,219,800	4,095,967	(123,833)
<u>Expenditures:</u>			
Security of Persons and Property:			
Police Department:			
Personal Services	1,452,728	1,449,728	3,000
Contractual Services	31,224	30,048	1,176
Materials and Supplies	70,453	68,389	2,064
Capital Outlay	2,430	2,398	32
Total Police Department	1,556,835	1,550,563	6,272
Fire Department:			
Personal Services	336,850	335,714	1,136
Contractual Services	23,800	22,897	903
Materials and Supplies	79,894	78,863	1,031
Capital Outlay	600	542	58
Total Fire Department	441,144	438,016	3,128
Civil Defense:			
Contractual Services	1,400	1,368	32
Total Civil Defense	1,400	1,368	32
Police and Fire Communications:			
Personal Services	287,100	283,173	3,927
Contractual Services	7,400	6,508	892
Materials and Supplies	1,850	1,128	722
Total Police and Fire Communications	296,350	290,809	5,541
Street Lighting:			
Contractual Services	4,000	3,459	541
Total Street Lighting	4,000	3,459	541

(Continued)

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Railroad Lighting:			
Contractual Services	3,900	3,454	446
Total Railroad Lighting	3,900	3,454	446
Total Security of Persons and Property	2,303,628	2,287,669	15,959
Public Health and Welfare Services:			
County Board of Health:			
Contractual Services	8,500	7,923	577
Total Public Health and Welfare Services	8,500	7,923	577
Leisure Time Activities:			
Parks and Playgrounds:			
Personal Services	13,600	12,462	1,138
Contractual Services	14,850	13,821	1,029
Materials and Supplies	8,000	6,695	1,305
Capital Outlay	1,150	1,143	7
Total Parks and Playgrounds	37,600	34,121	3,479
Recreation:			
Contractual Services	17,800	17,655	145
Materials and Supplies	1,600	1,196	404
Total Recreation	19,400	18,851	549
Baseball Programs:			
Personal Services	6,265	6,090	175
Contractual Services	7,560	7,540	20
Materials and Supplies	7,975	7,871	104
Total Baseball Programs	21,800	21,501	299
Special Events:			
Materials and Supplies	3,400	3,390	10
Total Special Events	3,400	3,390	10
Total Leisure Time Activities	82,200	77,863	4,337
Community Environment:			
Planning and Zoning:			
Personal Services	57,500	57,045	455
Contractual Services	2,300	2,015	285
Materials and Supplies	3,700	2,698	1,002
Total Planning and Zoning	63,500	61,758	1,742
Weed Control and Tree Care:			
Personal Services	22,600	22,340	260
Contractual Services	7,100	6,943	157
Materials and Supplies	2,100	1,380	720
Capital Outlay	9,500	8,420	1,080
Total Weed Control and Tree Care	41,300	39,083	2,217

(Continued)

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Economic Development:			
Materials and Supplies	9,700	9,546	154
Total Economic Development	9,700	9,546	154
Insect Control:			
Personal Services	1,500	1,030	470
Contractual Services	100	7	93
Materials and Supplies	8,300	8,066	234
Total Insect Control	9,900	9,103	797
Total Community Environment	124,400	119,490	4,910
Basic Utility Services:			
Storm Sewers and Drains:			
Personal Services	15,000	14,273	727
Contractual Services	12,000	10,778	1,222
Materials and Supplies	5,000	3,448	1,552
Total Storm Sewers and Drains	32,000	28,499	3,501
Hydrant Maintenance:			
Personal Services	2,500	1,712	788
Materials and Supplies	1,000	971	29
Total Hydrant Maintenance	3,500	2,683	817
Total Basic Utility Services	35,500	31,182	4,318
Transportation:			
Street Maintenance and Repair:			
Personal Services	154,700	152,501	2,199
Contractual Services	5,100	4,492	608
Materials and Supplies	16,800	16,340	460
Capital Outlay	200	118	82
Total Street Maintenance and Repair	176,800	173,451	3,349
Sidewalks and Crossings:			
Personal Services	1,500	811	689
Contractual Services	500	500	0
Total Sidewalks and Crossings	2,000	1,311	689
Storm Emergency:			
Personal Services	1,500	1,151	349
Total Storm Emergency	1,500	1,151	349
Traffic Signals and Signs:			
Personal Services	2,500	1,559	941
Materials and Supplies	1,000	998	2
Total Traffic Signals and Signs	3,500	2,557	943
Total Transportation	183,800	178,470	5,330

(Continued)

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
General Government:			
Mayor:			
Personal Services	13,550	13,116	434
Contractual Services	1,900	1,116	784
Materials and Supplies	2,000	1,530	470
Capital Outlay	550	468	82
Total Mayor	<u>18,000</u>	<u>16,230</u>	1,770
Finance Director:			
Personal Services	237,700	233,660	4,040
Contractual Services	14,200	13,149	1,051
Materials and Supplies	7,100	5,540	1,560
Capital Outlay	1,500	564	936
Total Finance Director	<u>260,500</u>	<u>252,913</u>	7,587
City Administrator:			
Personal Services	112,450	111,943	507
Contractual Services	1,700	1,316	384
Materials and Supplies	3,320	2,829	491
Capital Outlay	550	420	130
Total City Administrator	<u>118,020</u>	<u>116,508</u>	1,512
Legal Administration:			
Personal Services	9,150	8,841	309
Contractual Services	39,550	37,614	1,936
Materials and Supplies	3,735	2,648	1,087
Total Legal Administration	<u>52,435</u>	<u>49,103</u>	3,332
City Cars:			
Materials and Supplies	1,000	249	751
Total City Cars	<u>1,000</u>	<u>249</u>	751
City Council:			
Personal Services	49,850	49,624	226
Contractual Services	1,500	432	1,068
Materials and Supplies	5,450	2,931	2,519
Capital Outlay	1,600	45	1,555
Total City Council	<u>58,400</u>	<u>53,032</u>	5,368
City Clerk:			
Personal Services	49,350	47,178	2,172
Contractual Services	10,750	9,898	852
Materials and Supplies	900	385	515
Capital Outlay	400	190	210
Total City Clerk	<u>61,400</u>	<u>57,651</u>	3,749

(Continued)

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Mayor's Court:			
Personal Services	143,950	142,944	1,006
Contractual Services	48,490	47,928	562
Materials and Supplies	17,710	15,214	2,496
Capital Outlay	950	923	27
Total Mayor's Court	211,100	207,009	4,091
Civil Service Commission:			
Personal Services	1,500	1,462	38
Contractual Services	1,300	1,216	84
Materials and Supplies	200	104	96
Total Civil Service Commission	3,000	2,782	218
Buildings and Grounds:			
Personal Services	94,000	91,410	2,590
Contractual Services	37,814	33,472	4,342
Materials and Supplies	15,766	12,614	3,152
Other Expenditures	1,850	1,827	23
Capital Outlay	1,000	735	265
Total Buildings and Grounds	150,430	140,058	10,372
General Miscellaneous:			
Contractual Services	36,100	35,863	237
Total General Miscellaneous	36,100	35,863	237
Special Assessments:			
Personal Services	3,750	3,356	394
Contractual Services	62,520	55,100	7,420
Materials and Supplies	100	0	100
Capital Outlay	4,700	4,660	40
Total Special Assessments	71,070	63,116	7,954
General Administrative:			
Personal Services	15,100	14,812	288
Contractual Services	272,276	271,854	422
Materials and Supplies	7,900	7,705	195
Capital Outlay	2,200	2,145	55
Total General Administrative	297,476	296,516	960
Total General Government	1,338,931	1,291,030	47,901
Total Expenditures	4,076,959	3,993,627	83,332

(Continued)

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2003

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	142,841	102,340	(40,500)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	8,000	8,000	0
Advances Out	(12,124)	(12,124)	0
Operating Transfers Out	(140,000)	(140,000)	0
Total Other Financing Sources (Uses)	(144,124)	(144,124)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,283)	(41,784)	(40,500)
Fund Balance at Beginning of Year	252,608	252,608	0
Prior Year Encumbrances	4,264	4,264	0
Fund Balance at End of Year	<u>\$255,589</u>	<u>\$215,088</u>	<u>(\$40,500)</u>

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 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.

(Continued)

Computerized Research Fund

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

Community Housing Improvement Program (CHIP) - CDBG Fund

To account for financial resources used by the City to undertake home/building repair, planning and implementation cost, the fair housing program and general administration costs for residents of the City.

Water Fund

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

Sanitary Sewer Operation, Maintenance and Repair Fund

To account for user charges collected by the City of Toledo for Northwood to be used for maintenance and repair of sanitary sewers.

Keep Northwood Beautiful Fund

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

THE CITY OF NORTHWOOD, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2003

	Street Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste/ Environmental	Drug Fine
<u>Assets:</u>					
Cash and Cash Equivalents	\$19,648	\$12,577	\$25,920	\$42,334	\$8,662
Investments	16,995	0	0	0	0
Receivables (net of allowances for doubtful accounts)					
Taxes	0	6,507	0	0	0
Accounts	0	0	0	2,179	0
Interest	679	136	136	136	0
Intergovernmental Receivables	87,898	0	7,127	0	0
Inventory of Supplies at Cost	21,105	0	0	0	0
Total Assets	<u>\$146,325</u>	<u>\$19,220</u>	<u>\$33,183</u>	<u>\$44,649</u>	<u>\$8,662</u>
<u>Liabilities and Fund Equity:</u>					
Liabilities:					
Accounts Payable	\$0	\$0	\$2,960	\$0	\$0
Accrued Wages and Benefits	6,598	0	256	605	0
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	59,278	4,474	4,887	136	0
Total Liabilities	<u>65,876</u>	<u>4,474</u>	<u>8,103</u>	<u>741</u>	<u>0</u>
Fund Equity:					
Reserved for Supplies Inventory	21,105	0	0	0	0
Unreserved	59,344	14,746	25,080	43,908	8,662
Total Fund Equity	<u>80,449</u>	<u>14,746</u>	<u>25,080</u>	<u>43,908</u>	<u>8,662</u>
Total Liabilities and Fund Equity	<u>\$146,325</u>	<u>\$19,220</u>	<u>\$33,183</u>	<u>\$44,649</u>	<u>\$8,662</u>

THE CITY OF NORTHWOOD, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2003

Special Law Enforcement	Enforcement and Education	Computerized Research	CHIP CDBG	Water	Sanitary Sewer Operation, Maintenance and Repair	Keep Northwood Beautiful	Totals
\$13,630	\$8,725	\$59,376	\$0	\$265,777	\$123,861	\$44,211	\$624,721
11,790	0	0	0	0	107,139	0	135,924
0	0	0	0	0	0	0	6,507
0	0	0	0	119,782	5,682	0	127,643
136	0	0	0	0	136	0	1,359
0	0	0	0	0	0	0	95,025
0	0	0	0	0	0	0	21,105
<u>\$25,556</u>	<u>\$8,725</u>	<u>\$59,376</u>	<u>\$0</u>	<u>\$385,559</u>	<u>\$236,818</u>	<u>\$44,211</u>	<u>\$1,012,284</u>
\$359	\$0	\$2,688	\$6,162	\$0	\$6,385	\$0	\$18,554
0	0	0	0	49	35	0	7,543
0	0	0	12,124	0	0	0	12,124
136	0	0	0	0	136	0	69,047
<u>495</u>	<u>0</u>	<u>2,688</u>	<u>18,286</u>	<u>49</u>	<u>6,556</u>	<u>0</u>	<u>107,268</u>
0	0	0	0	0	0	0	21,105
<u>25,061</u>	<u>8,725</u>	<u>56,688</u>	<u>(18,286)</u>	<u>385,510</u>	<u>230,262</u>	<u>44,211</u>	<u>883,911</u>
<u>25,061</u>	<u>8,725</u>	<u>56,688</u>	<u>(18,286)</u>	<u>385,510</u>	<u>230,262</u>	<u>44,211</u>	<u>905,016</u>
<u>\$25,556</u>	<u>\$8,725</u>	<u>\$59,376</u>	<u>\$0</u>	<u>\$385,559</u>	<u>\$236,818</u>	<u>\$44,211</u>	<u>\$1,012,284</u>

THE CITY OF NORTHWOOD, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Street Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste/ Environmental	Drug Fine
Revenues:					
Taxes	\$0	\$16,660	\$0	\$0	\$0
Intergovernmental Revenues	231,136	0	18,741	0	0
Charges for Services	0	0	0	0	0
Licenses, Permits and Fees	0	0	0	27,798	0
Investment Earnings	2,353	470	470	471	0
Fines and Forfeitures	0	0	0	0	132
Total Revenues	233,489	17,130	19,211	28,269	132
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	1,738
Community Environment	0	0	0	26,192	0
Basic Utility Services	0	0	0	0	0
Transportation	272,360	12,794	19,671	0	0
General Government	0	0	0	0	0
Total Expenditures	272,360	12,794	19,671	26,192	1,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,871)	4,336	(460)	2,077	(1,606)
Other Financing Sources (Uses):					
Operating Transfers In	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(38,871)	4,336	(460)	2,077	(1,606)
Fund Balance at Beginning of Year	121,358	10,410	25,540	41,831	10,268
Decrease in Inventory Reserve	(2,038)	0	0	0	0
Fund Balance at End of Year	\$80,449	\$14,746	\$25,080	\$43,908	\$8,662

THE CITY OF NORTHWOOD, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

Special Law Enforcement	Enforcement and Education	Computerized Research	CHIP CDBG	Water	Sanitary Sewer Operation, Maintenance and Repair	Keep Northwood Beautiful	Totals
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,660
0	0	0	0	0	0	5,471	255,348
0	0	0	0	291,320	24,039	0	315,359
0	0	0	0	0	0	0	27,798
470	0	0	0	0	471	0	4,705
741	1,947	13,063	0	0	0	0	15,883
1,211	1,947	13,063	0	291,320	24,510	5,471	635,753
9,882	0	0	0	0	0	0	11,620
0	0	0	18,286	0	0	0	44,478
0	0	0	0	42,149	8,157	0	50,306
0	0	0	0	0	0	0	304,825
0	738	11,850	0	0	0	0	12,588
9,882	738	11,850	18,286	42,149	8,157	0	423,817
(8,671)	1,209	1,213	(18,286)	249,171	16,353	5,471	211,936
0	0	0	0	92,000	0	0	92,000
0	0	0	0	(92,000)	0	0	(92,000)
0	0	0	0	0	0	0	0
(8,671)	1,209	1,213	(18,286)	249,171	16,353	5,471	211,936
33,732	7,516	55,475	0	136,339	213,909	38,740	695,118
0	0	0	0	0	0	0	(2,038)
<u>\$25,061</u>	<u>\$8,725</u>	<u>\$56,688</u>	<u>(\$18,286)</u>	<u>\$385,510</u>	<u>\$230,262</u>	<u>\$44,211</u>	<u>\$905,016</u>

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

STREET MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$280,000	\$228,897	(\$51,103)
Investment Earnings	4,000	2,353	(1,647)
Total Revenues	284,000	231,250	(52,750)
<u>Expenditures:</u>			
Transportation:			
Street Maintenance and Repair:			
Personal Services	163,900	162,637	1,263
Contractual Services	4,000	3,870	130
Materials and Supplies	9,100	7,847	1,253
Capital Outlay	1,500	1,500	0
Total Street Maintenance and Repair	178,500	175,854	2,646
Snow and Ice Removal:			
Personal Services	14,000	12,979	1,021
Contractual Services	4,750	4,712	38
Materials and Supplies	49,300	49,062	238
Total Snow and Ice Removal	68,050	66,753	1,297
Traffic Signals and Signs:			
Personal Services	7,200	6,836	364
Contractual Services	9,400	8,964	436
Materials and Supplies	5,600	4,897	703
Capital Outlay	1,400	1,378	22
Total Traffic Signals and Signs	23,600	22,075	1,525
Guardrails:			
Personal Services	1,000	544	456
Total Guardrails	1,000	544	456
Road Striping:			
Personal Services	5,000	4,786	214
Contractual Services	100	89	11
Materials and Supplies	4,450	2,849	1,601
Capital Outlay	450	0	450
Total Road Striping	10,000	7,724	2,276
Total Expenditures	281,150	272,950	8,200
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	2,850	(41,700)	(44,550)
Fund Balance at Beginning of Year	78,343	78,343	0
Fund Balance at End of Year	\$81,193	\$36,643	(\$44,550)

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

MOTOR VEHICLE LICENSE TAX FUND

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Taxes	\$20,000	\$16,727	(\$3,273)
Investment Earnings	1,000	470	(530)
Total Revenues	<u>21,000</u>	<u>17,197</u>	<u>(3,803)</u>
<u>Expenditures:</u>			
Transportation:			
Contractual Services	15,000	11,562	3,438
Materials and Supplies	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Expenditures	<u>20,000</u>	<u>16,562</u>	<u>3,438</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	1,000	635	(365)
Fund Balance at Beginning of Year	<u>11,942</u>	<u>11,942</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$12,942</u></u>	<u><u>\$12,577</u></u>	<u><u>(\$365)</u></u>

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

STATE HIGHWAY IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$23,000	\$18,559	(\$4,441)
Investment Earnings	1,000	470	(530)
Total Revenues	24,000	19,029	(4,971)
<u>Expenditures:</u>			
Transportation:			
Street Maintenance and Repair:			
Personal Services	9,200	8,728	472
Total Street Maintenance and Repair	9,200	8,728	472
Snow and Ice Removal:			
Materials and Supplies	2,400	2,190	210
Total Snow and Ice Removal	2,400	2,190	210
Traffic Signals and Signs:			
Contractual Services	8,400	6,703	1,697
Total Traffic Signals and Signs	8,400	6,703	1,697
Total Expenditures	20,000	17,621	2,379
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,000	1,408	(2,592)
Fund Balance at Beginning of Year	24,512	24,512	0
Fund Balance at End of Year	\$28,512	\$25,920	(\$2,592)

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

NORTHWOOD WASTE/ENVIRONMENTAL FUND

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Licenses, Permits and Fees	\$36,000	\$27,583	(\$8,417)
Investment Earnings	1,000	471	(529)
Total Revenues	<u>37,000</u>	<u>28,054</u>	<u>(8,946)</u>
<u>Expenditures:</u>			
Community Environment:			
Personal Services	24,500	22,985	1,515
Materials and Supplies	2,500	2,493	7
Capital Outlay	<u>2,000</u>	<u>1,996</u>	<u>4</u>
Total Expenditures	<u>29,000</u>	<u>27,474</u>	<u>1,526</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	8,000	580	(7,420)
Fund Balance at Beginning of Year	<u>41,754</u>	<u>41,754</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$49,754</u></u>	<u><u>\$42,334</u></u>	<u><u>(\$7,420)</u></u>

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

DRUG FINE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$8,000	\$132	(\$7,868)
Total Revenues	8,000	132	(7,868)
<u>Expenditures:</u>			
Security of Persons and Property:			
Materials and Supplies	2,000	94	1,906
Capital Outlay	6,000	1,644	4,356
Total Expenditures	8,000	1,738	6,262
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	0	(1,606)	(1,606)
Fund Balance at Beginning of Year	10,268	10,268	0
Fund Balance at End of Year	\$10,268	\$8,662	(\$1,606)

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

SPECIAL LAW ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$1,000	\$470	(\$530)
Fines and Forfeitures	15,000	741	(14,259)
Total Revenues	16,000	1,211	(14,789)
<u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	1,000	658	342
Materials and Supplies	500	495	5
Capital Outlay	27,500	8,735	18,765
Total Expenditures	29,000	9,888	19,112
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,000)	(8,677)	4,323
Fund Balance at Beginning of Year	33,732	33,732	0
Fund Balance at End of Year	\$20,732	\$25,055	\$4,323

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

ENFORCEMENT AND EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$3,000	\$1,947	(\$1,053)
Total Revenues	3,000	1,947	(1,053)
<u>Expenditures:</u>			
General Government:			
Materials and Supplies	1,000	738	262
Total Expenditures	1,000	738	262
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	1,209	(791)
Fund Balance at Beginning of Year	7,516	7,516	0
Fund Balance at End of Year	\$9,516	\$8,725	(\$791)

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

COMPUTERIZED RESEARCH FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$17,000	\$13,063	(\$3,937)
Total Revenues	<u>17,000</u>	<u>13,063</u>	<u>(3,937)</u>
<u>Expenditures:</u>			
General Government:			
Contractual Services	3,000	0	3,000
Materials and Supplies	2,000	0	2,000
Capital Outlay	<u>15,695</u>	<u>13,851</u>	<u>1,844</u>
Total Expenditures	<u>20,695</u>	<u>13,851</u>	<u>6,844</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(3,695)	(788)	2,907
Prior Year Encumbrances	695	695	0
Fund Balance at Beginning of Year	<u>55,475</u>	<u>55,475</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$52,475</u></u>	<u><u>\$55,382</u></u>	<u><u>\$2,907</u></u>

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

CHIP - CDBG FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$0	\$0	\$0
Total Revenues	0	0	0
<u>Expenditures:</u>			
Community Environment:			
Contractual Services	12,124	12,124	0
Total Expenditures	12,124	12,124	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,124)	(12,124)	0
<u>Other Financing Sources (Uses):</u>			
Advances In	12,124	12,124	0
Total Other Financing Sources (Uses)	12,124	12,124	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

WATER FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$289,000	\$259,454	(\$29,546)
Total Revenues	289,000	259,454	(29,546)
<u>Expenditures:</u>			
Basic Utility Services:			
Personal Services	9,500	2,075	7,425
Contractual Services	25,000	21,408	3,592
Materials and Supplies	4,000	0	4,000
Capital Outlay	149,500	18,617	130,883
Total Expenditures	188,000	42,100	145,900
Excess (Deficiency) of Revenues Over (Under) Expenditures	101,000	217,354	116,354
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	92,000	92,000	0
Operating Transfers Out	(92,000)	(92,000)	0
Total Other Financing Sources (Uses)	0	0	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	101,000	217,354	116,354
Fund Balance at Beginning of Year	48,423	48,423	0
Fund Balance at End of Year	\$149,423	\$265,777	\$116,354

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

SANITARY SEWER OPERATION, MAINTENANCE AND REPAIR FUND

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Charges for Services	\$31,000	\$23,951	(\$7,049)
Investment Earnings	1,000	471	(529)
Total Revenues	<u>32,000</u>	<u>24,422</u>	<u>(7,578)</u>
<u>Expenditures:</u>			
Basic Utility Services:			
Personal Services	3,500	1,660	1,840
Contractual Services	5,500	1,028	4,472
Materials and Supplies	4,000	0	4,000
Capital Outlay	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Expenditures	<u>23,000</u>	<u>2,688</u>	<u>20,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,000	21,734	12,734
Fund Balance at Beginning of Year	<u>209,266</u>	<u>209,266</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$218,266</u></u>	<u><u>\$231,000</u></u>	<u><u>\$12,734</u></u>

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

KEEP NORTHWOOD BEAUTIFUL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$6,000	\$5,471	(\$529)
Total Revenues	<u>6,000</u>	<u>5,471</u>	<u>(529)</u>
<u>Expenditures:</u>			
Community Environment:			
Materials and Supplies	4,000	0	4,000
Capital Outlay	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	1,000	5,471	4,471
Fund Balance at Beginning of Year	38,740	38,740	0
Fund Balance at End of Year	<u><u>\$39,740</u></u>	<u><u>\$44,211</u></u>	<u><u>\$4,471</u></u>

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

Capital Improvement Municipal Tax Fund

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.

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.

Alcoa Project Fund

To account for revenues and expenditures related to the construction of a public access road built for the new Alcoa Automotive Structures Plant locating in Northwood. (This fund only exists on a GAAP basis, therefore no budgetary schedule is presented.)

Capital Replacement Fund

To account for 10% of the City's income tax collections which are designated for planned replacement of major capital items for various departments within the City.

THE CITY OF NORTHWOOD, OHIO
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2003

	Capital Improvement Municipal Tax	Recreation Parks Combined	Alcoa Project	Capital Replacement	Totals
<u>Assets:</u>					
Cash and Cash Equivalents	\$469,349	\$20,930	\$0	\$182,472	\$672,751
Investments	405,985	0	0	157,839	563,824
Receivables (net of allowance for doubtful accounts):					
Taxes	133,891	0	0	66,946	200,837
Accounts	21,300	0	0	0	21,300
Special Assessments	50,126	0	0	0	50,126
Intergovernmental Receivables	208,571	23,600	0	0	232,171
Restricted Assets:					
Cash with Fiscal Agent	2,000	0	0	0	2,000
Total Assets	<u>\$1,291,222</u>	<u>\$44,530</u>	<u>\$0</u>	<u>\$407,257</u>	<u>\$1,743,009</u>
<u>Liabilities and Fund Equity:</u>					
Liabilities:					
Accounts Payable	\$33,064	\$0	\$0	\$2,115	\$35,179
Retainage Payable	2,000	0	0	0	2,000
Accrued Interest Payable	0	0	2,055	0	2,055
Deferred Revenue	272,452	23,600	0	7,751	303,803
Contracts Payable	9,257	0	0	0	9,257
Special Assessment Notes Payable	0	0	400,000	0	400,000
Total Liabilities	<u>316,773</u>	<u>23,600</u>	<u>402,055</u>	<u>9,866</u>	<u>752,294</u>
Fund Equity:					
Reserved for Encumbrances	0	0	0	185	185
Unreserved	974,449	20,930	(402,055)	397,206	990,530
Total Fund Equity	<u>974,449</u>	<u>20,930</u>	<u>(402,055)</u>	<u>397,391</u>	<u>990,715</u>
Total Liabilities and Fund Equity	<u>\$1,291,222</u>	<u>\$44,530</u>	<u>\$0</u>	<u>\$407,257</u>	<u>\$1,743,009</u>

THE CITY OF NORTHWOOD, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Capital Improvement Municipal Tax	Recreation Parks Combined	Alcoa Project	Capital Replacement	Totals
<u>Revenues:</u>					
Taxes	\$847,208	\$1,000	\$59,273	\$396,678	\$1,304,159
Intergovernmental Revenues	190,583	2,500	0	0	193,083
Licenses, Permits and Fees	21,300	0	0	0	21,300
Special Assessments	16,274	0	15,727	0	32,001
All Other Revenues	6,935	0	0	0	6,935
Total Revenues	<u>1,082,300</u>	<u>3,500</u>	<u>75,000</u>	<u>396,678</u>	<u>1,557,478</u>
<u>Expenditures:</u>					
Capital Outlay	665,907	0	0	181,351	847,258
Debt Service:					
Principal Retirements	0	0	0	44,746	44,746
Interest and Fiscal Charges	0	0	10,891	4,193	15,084
Total Expenditures	<u>665,907</u>	<u>0</u>	<u>10,891</u>	<u>230,290</u>	<u>907,088</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	416,393	3,500	64,109	166,388	650,390
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	0	0	140,000	0	140,000
Operating Transfers Out	(92,000)	0	0	0	(92,000)
Total Other Financing Sources (Uses)	<u>(92,000)</u>	<u>0</u>	<u>140,000</u>	<u>0</u>	<u>48,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	324,393	3,500	204,109	166,388	698,390
Fund Balance (Deficit) at Beginning of Year	<u>650,056</u>	<u>17,430</u>	<u>(606,164)</u>	<u>231,003</u>	<u>292,325</u>
Fund Balance (Deficit) at End of Year	<u>\$974,449</u>	<u>\$20,930</u>	<u>(\$402,055)</u>	<u>\$397,391</u>	<u>\$990,715</u>

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

CAPITAL IMPROVEMENT MUNICIPAL TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$880,500	\$811,162	(\$69,338)
Intergovernmental Revenues	189,000	189,000	0
Special Assessments	16,500	16,274	(226)
All Other Revenues	7,000	6,935	(65)
Total Revenues	1,093,000	1,023,371	(69,629)
<u>Expenditures:</u>			
Capital Outlay:			
Security of Persons and Property	373,366	279,364	94,002
Leisure Time Activities	90,000	6,400	83,600
Transportation	552,700	426,860	125,840
General Government	226,165	126,007	100,158
Total Expenditures	1,242,231	838,631	403,600
Excess (Deficiency) of Revenues Over (Under) Expenditures	(149,231)	184,740	333,971
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(92,000)	(92,000)	0
Total Other Financing Sources (Uses)	(92,000)	(92,000)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(241,231)	92,740	333,971
Fund Balance at Beginning of Year	599,889	599,889	0
Prior Year Encumbrances	154,511	154,511	0
Fund Balance at End of Year	\$513,169	\$847,140	\$333,971

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

RECREATION PARKS COMBINED FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$5,000	\$1,000	(\$4,000)
Intergovernmental Revenues	27,000	2,500	(24,500)
Total Revenues	32,000	3,500	(28,500)
<u>Expenditures:</u>			
Capital Outlay	50,000	0	50,000
Total Expenditures	50,000	0	50,000
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(18,000)	3,500	21,500
Fund Balance at Beginning of Year	17,430	17,430	0
Prior Year Encumbrances	0	0	0
Fund Balance at End of Year	(\$570)	\$20,930	\$21,500

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

CAPITAL REPLACEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$396,000	\$378,656	(\$17,344)
Total Revenues	396,000	378,656	(17,344)
<u>Expenditures:</u>			
Capital Outlay	305,160	205,636	99,524
Debt Service:			
Principal Retirements	44,746	44,746	0
Interest and Fiscal Charges	4,193	4,193	0
Total Expenditures	354,099	254,575	99,524
Excess (Deficiency) of Revenues Over (Under) Expenditures	41,901	124,081	82,180
Fund Balance at Beginning of Year	189,830	189,830	0
Prior Year Encumbrances	24,100	24,100	0
Fund Balance at End of Year	\$255,831	\$338,011	\$82,180

FIDUCIARY FUND TYPE

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.

THE CITY OF NORTHWOOD, OHIO
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<u>Mayor's Court Fund</u>				
Restricted Assets:				
Cash with Fiscal Agent	\$1,854	\$205,478	(\$204,316)	\$3,016
Total Assets	<u>\$1,854</u>	<u>\$205,478</u>	<u>(\$204,316)</u>	<u>\$3,016</u>
Liabilities:				
Due to Others	\$1,854	\$205,478	(\$204,316)	\$3,016
Total Liabilities	<u>\$1,854</u>	<u>\$205,478</u>	<u>(\$204,316)</u>	<u>\$3,016</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets Account Group is used to account for general fixed assets of the City.

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2003

General Fixed Assets:

Land	\$407,945
Land Improvements	181,099
Buildings and Improvements	2,152,725
Machinery, Equipment, Furniture and Fixtures	707,382
Vehicles	<u>2,022,136</u>
Total General Fixed Assets	<u><u>\$5,471,287</u></u>

Investment in General Fixed Assets from:

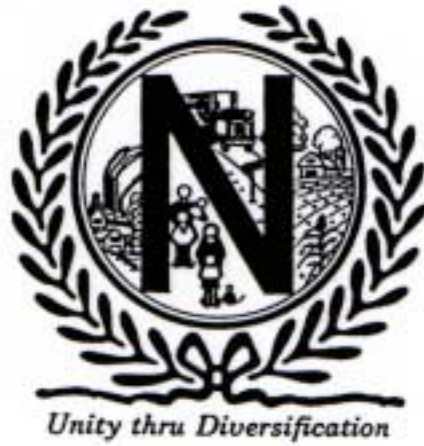
Capital Projects Funds	<u><u>\$5,471,287</u></u>
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THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2003

Function and Activity	Land	Land Improvements	Buildings and Improvements	Machinery, Equipment, Furniture and Fixtures	Vehicles	Total
<u>General Government:</u>						
Finance	\$0	\$0	\$0	\$31,685	\$0	\$31,685
Administration	0	0	0	16,814	18,724	35,538
City Clerk	0	0	0	18,355	0	18,355
Public Land and Buildings	407,945	121,950	2,152,725	42,417	66,958	2,791,995
Total	407,945	121,950	2,152,725	109,271	85,682	2,877,573
<u>Security of Persons and Property:</u>						
Police	0	0	0	275,890	285,387	561,277
Fire	0	0	0	132,068	1,043,143	1,175,211
Dispatcher	0	0	0	13,383	0	13,383
Total	0	0	0	421,341	1,328,530	1,749,871
<u>Transportation:</u>						
Street	0	0	0	163,962	594,724	758,686
<u>Leisure Time Activities:</u>						
Parks	0	59,149	0	7,508	0	66,657
<u>Community Environment:</u>						
Planning and Zoning	0	0	0	0	13,200	13,200
Insect Control	0	0	0	5,300	0	5,300
Total	0	0	0	5,300	13,200	18,500
Total General Fixed Assets	\$407,945	\$181,099	\$2,152,725	\$707,382	\$2,022,136	\$5,471,287

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2003

Function and Activity	December 31, 2002	Transfers	Additions	Deletions	December 31, 2003
<u>General Government:</u>					
Finance	\$31,685	\$0	\$0	\$0	\$31,685
Administration	27,545	(10,731)	18,724	0	35,538
City Clerk	18,355	0	0	0	18,355
Public Land and Buildings	2,747,640	0	44,355	0	2,791,995
Total	<u>2,825,225</u>	<u>(10,731)</u>	<u>63,079</u>	<u>0</u>	<u>2,877,573</u>
<u>Security of Persons and Property:</u>					
Police	494,185	0	67,092	0	561,277
Fire	1,138,625	10,731	137,732	(111,877)	1,175,211
Dispatcher	13,383	0	0	0	13,383
Total	<u>1,646,193</u>	<u>10,731</u>	<u>204,824</u>	<u>(111,877)</u>	<u>1,749,871</u>
<u>Transportation:</u>					
Street	734,981	0	44,825	(21,120)	758,686
<u>Leisure Time Activities:</u>					
Parks	66,657	0	0	0	66,657
<u>Community Environment:</u>					
Planning and Zoning	13,200	0	0	0	13,200
Insect Control	5,300	0	0	0	5,300
Total	<u>18,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,500</u>
Total General Fixed Assets	<u>\$5,291,556</u>	<u>\$0</u>	<u>\$312,728</u>	<u>(\$132,997)</u>	<u>\$5,471,287</u>



STATISTICAL SECTION

STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

THE CITY OF NORTHWOOD, OHIO
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS

Year	Security of Persons and Health		Leisure Time		Community Environment		Basic Utility Services		Trans- portation	General Government		Capital Outlay (2)	Debt Service	Total
	Property	Public Welfare	Public Welfare	Time Activities	Community Environment	Basic Utility Services	General Government	General Government						
1994	\$1,272,685	\$6,089	\$6,089	\$70,750	\$89,527	\$114,758	\$335,703	\$755,558	\$269,928	\$163,278	\$3,078,276			
1995	1,373,062	17,102	17,102	75,814	70,393	73,545	418,514	959,625	236,355	141,248	3,365,658			
1996	1,566,473	5,883	5,883	77,004	103,797	7,341	397,450	1,403,501	181,132	180,705	3,923,286			
1997	1,463,463	6,387	6,387	91,410	111,295	48,200	384,845	1,180,242	0	120,644	3,406,486			
1998	1,784,433	6,340	6,340	95,323	177,893	66,372	354,503	998,920	0	167,555	3,651,339			
1999	1,976,336	6,200	6,200	93,451	149,643	42,194	387,917	1,158,867	0	214,120	4,028,728			
2000	2,120,072	6,002	6,002	95,045	119,711	61,485	407,742	1,139,537	0	223,422	4,173,016			
2001	2,149,659	6,325	6,325	75,303	146,698	48,769	406,330	1,233,798	0	220,838	4,287,720			
2002	2,217,835	7,937	7,937	79,701	162,908	48,460	429,463	1,257,868	0	229,998	4,434,170			
2003	2,387,311	7,923	7,923	77,602	163,911	81,488	487,007	1,281,256	0	103,788	4,590,286			

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(2) Included in functions since 1996.

THE CITY OF NORTHWOOD, OHIO
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS

Year	Taxes	Inter-Governmental Revenue	Charges for Services	Licenses and Permits	Investment Earnings	Fines and Forfeitures	(2)		Total
							Miscellaneous	Miscellaneous	
1994	\$2,035,756	\$652,766	\$42,214	\$274,709	\$48,476	\$235,813	\$155,920	\$3,445,654	
1995	2,141,199	1,415,224	164,462	47,809	52,280	207,937	187,024	4,215,935	
1996	2,321,869	776,619	225,851	55,021	67,280	239,371	152,970	3,838,981	
1997	2,032,570	805,931	39,685	234,277	86,093	244,585	228,083	3,671,224	
1998	2,271,957	857,314	47,145	229,021	87,354	309,574	182,399	3,984,764	
1999	2,365,937	745,775	46,147	257,746	67,598	281,115	134,284	3,898,602	
2000	2,477,978	994,362	205,864	231,595	119,399	208,583	132,475	4,370,256	
2001	2,496,939	1,125,561	103,350	337,566	79,602	193,317	134,577	4,470,912	
2002	2,702,131	912,097	143,954	326,616	51,373	202,845	153,023	4,492,039	
2003	3,054,687	876,882	315,978	298,873	29,889	160,275	96,693	4,833,277	

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(2) Includes Special Assessments, Donations and All Other Revenues

**THE CITY OF NORTHWOOD, OHIO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections		Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
					To Tax Levy	To Tax Levy		
1994	\$107,066	\$103,654	\$2,115	\$105,769	98.79%	98.79%	\$1,296	1.21%
1995	100,565	97,035	1,980	99,015	98.46%	98.46%	1,549	1.54%
1996	108,177	104,080	2,032	106,112	98.09%	98.09%	2,065	1.91%
1997	125,373	116,947	3,617	120,564	96.16%	96.16%	4,809	3.84%
1998	115,983	109,252	2,230	111,482	96.12%	96.12%	4,501	3.88%
1999	150,097	142,971	5,479	148,450	98.90%	98.90%	1,647	1.10%
2000	159,834	153,172	5,277	158,449	99.13%	99.13%	1,383	0.87%
2001	160,624	153,927	3,873	157,800	98.24%	98.24%	2,824	1.76%
2002	158,430	145,556	5,963	151,519	95.64%	95.64%	1,791	1.13%
2003	174,393	163,198	6,138	169,336	97.10%	97.10%	5,058	2.90%

Source: Wood County Auditor

**THE CITY OF NORTHWOOD, OHIO
TANGIBLE TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1994	\$26,363
1995	28,008
1996	28,919
1997	29,958
1998	28,989
1999	42,747
2000	46,220
2001	44,780
2002	46,733
2003	44,833

Source: Wood County Auditor

THE CITY OF NORTHWOOD, OHIO
ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1994	\$62,853,170	\$179,580,486	\$8,055,380	\$9,153,841	\$16,301,224	\$65,204,896	\$87,209,774	\$253,939,223	34.34%
1995	64,297,490	183,707,114	6,908,130	7,850,148	18,404,941	73,619,764	89,610,561	265,177,026	33.79%
1996	69,434,960	198,385,600	6,876,510	7,814,216	19,077,393	76,309,572	95,388,863	282,509,388	33.76%
1997	69,877,870	199,651,057	7,323,850	8,322,557	19,046,701	76,186,804	96,248,421	284,160,418	33.87%
1998	69,960,220	199,886,343	7,238,800	8,225,909	18,844,181	75,376,724	96,043,201	283,488,976	33.88%
1999	92,173,200	263,352,000	7,751,280	8,808,273	25,418,752	101,675,008	125,343,232	373,835,281	33.53%
2000	95,993,720	274,267,771	6,769,490	7,692,602	27,854,103	111,416,412	130,617,313	393,376,786	33.20%
2001	97,391,950	278,262,714	4,989,780	5,670,205	27,943,740	111,774,960	130,325,470	395,707,879	32.93%
2002	104,907,100	299,734,571	4,381,860	4,979,386	29,938,535	119,754,140	139,227,495	424,468,098	32.80%
2003	106,417,290	304,049,400	4,810,890	5,466,920	27,713,620	110,854,480	138,941,800	420,370,800	33.05%

Source: Wood County Auditor

THE CITY OF NORTHWOOD, OHIO
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS

Collection Year	City of Northwood		Wood County				Total
	General Fund	Total City	Northwood School District	Penta Joint Vocational School District	Wood County Library	Wood County	
1994	1.60	1.60	52.20	2.20	n/a	11.70	67.70
1995	1.60	1.60	54.70	2.20	n/a	11.90	70.40
1996	1.60	1.60	55.10	2.20	n/a	11.90	70.80
1997	1.60	1.60	54.70	2.20	n/a	11.90	70.40
1998	1.60	1.60	61.20	2.20	n/a	11.90	76.90
1999	1.60	1.60	62.70	2.20	n/a	10.80	77.30
2000	1.60	1.60	62.80	2.20	n/a	12.80	79.40
2001	1.60	1.60	63.30	2.20	n/a	14.10	81.20
2002	1.60	1.60	67.90	2.20	0.24	14.40	86.34
2003	1.60	1.60	67.90	3.20	0.30	14.40	87.40

Source: Wood County Auditor
Wood County Treasurer

**CITY OF NORTHWOOD, OHIO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS (1)
LAST TEN YEARS**

<u>Collection Year</u>	<u>Amount Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1994	\$59,273	\$54,260	91.54%
1995	36,091	31,898	88.38%
1996	14,698	12,105	82.36%
1997	12,790	12,462	97.44%
1998	27,484	29,668	107.95%
1999	96,725	82,565	85.36%
2000	157,755	151,989	96.34%
2001	111,607	111,345	99.77%
2002	110,086	108,766	98.80%
2003	102,704	93,030	90.58%

(1) All assessments are for operating expenses, they are not debt related.

Source: Wood County Auditor

**THE CITY OF NORTHWOOD, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2003**

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$138,941,800	\$138,941,800
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	14,588,889	7,641,799
Applicable City Debt Outstanding (2)	0	0
Less: Applicable Debt Service Fund Amounts	(43,481)	(43,481)
Net Indebtedness Subject to Limitation	(43,481)	(43,481)
Legal Debt Margin	\$14,632,370	\$7,685,280

(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 Only
Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin

THE CITY OF NORTHWOOD, OHIO
RATIO OF NET GENERAL OBLIGATION DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION DEBT PER CAPITA
LAST TEN YEARS

Year	Population (1)	Assessed Value (2)	Gross General Obligation Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of	
						General Obligation Debt to Assessed Valuation	Net General Obligation Debt Per Capita
1994	a 5,750	\$87,209,774	\$755,000	\$130,477	\$624,523	0.72%	\$108.61
1995	a 5,851	89,610,561	675,000	0	675,000	0.75%	115.36
1996	a 5,918	95,388,863	590,000	137,722	452,278	0.47%	76.42
1997	a 6,009	96,248,421	510,000	171,047	338,953	0.35%	56.41
1998	a 6,124	96,043,201	420,000	40,582	379,418	0.40%	61.96
1999	a 6,124	125,343,232	325,000	6,447	318,553	0.25%	52.02
2000	b 5,471	130,617,313	225,000	31,023	193,977	0.15%	35.46
2001	a 5,484	130,325,470	115,000	59,646	55,354	0.04%	10.09
2002	a 5,475	139,227,495	0	48,818	0	0.00%	0.00
2003	a 5,475	138,941,800	0	43,481	0	0.00%	0.00

(1) Source: a) Ohio Department of Job and Family Services - estimated

b) U.S. Bureau of Census, Federal 2000 Census

(2) Source: Wood County Auditor

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

THE CITY OF NORTHWOOD, OHIO
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN YEARS

Year	Debt Principal	Debt Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Tax Debt Service to General Governmental Expenditures
1994	\$75,000	\$46,225	\$121,225	\$3,078,276	3.94%
1995	80,000	41,988	121,988	3,365,658	3.62%
1996	80,000	37,548	117,548	3,923,286	3.00%
1997	85,000	33,108	118,108	3,406,486	3.47%
1998	90,000	28,348	118,348	3,651,339	3.24%
1999	95,000	23,218	118,218	3,933,728	3.01%
2000	100,000	18,230	118,230	4,173,016	2.83%
2001	110,000	12,830	122,830	4,287,720	2.86%
2002	115,000	12,830	127,830	4,434,170	2.88%
2003	0	0	0	4,590,286	0.00%

THE CITY OF NORTHWOOD, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 2003

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Northwood</u>	<u>Amount Applicable to City of Northwood</u>
Direct			
City of Northwood	\$0	100.00%	\$0
Overlapping Subdivisions			
Northwood School District	2,540,799	100.00%	2,540,799
Wood County	12,890,144	5.40%	696,068
		Subtotal	<u>3,236,867</u>
		Total	<u>\$3,236,867</u>

Source: Wood County

**THE CITY OF NORTHWOOD, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS**

Year	City of Northwood		Wood County		Unemployment Rate		Per Capita Income		School	
	Population (1)		Population (1)		County Area (2)		County Area (2)		Enrollment (3)	
1994	a	5,750	115,222		4.4%		21,146		1,108	
1995	a	5,851	116,720		3.9%		22,111		1,110	
1996	a	5,918	117,546		3.7%		23,027		1,009	
1997	a	6,009	118,855		3.5%		N/A		988	
1998	a	6,124	119,498		3.4%		N/A		988	
1999	a	6,124	120,292		3.4%		N/A		1,035	
2000	b	5,471	121,065		3.2%		N/A		985	
2001	a	5,484	122,001		3.5%		N/A		985	
2002	a	5,475	122,387		4.7%		N/A		996	
2003	a	5,475	122,387		5.1%		N/A		1,008	

Source: (1) a) Ohio Department of Job and Family Services - estimated
 b) U.S. Bureau of Census, Federal 2000 Census
 (2) Ohio Bureau of Employment Services
 (3) Northwood School District, Board of Education

THE CITY OF NORTHWOOD, OHIO
PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS

Year	Residential		Commercial	
	Number of Permits	Property Value	Number of Permits	Property Value
1994	53	\$1,321,240	22	\$6,397,980
1995	39	1,369,155	35	7,030,469
1996	32	2,280,885	26	5,944,148
1997	44	2,982,840	38	47,923,150
1998	49	3,192,030	35	12,452,527
1999	50	3,613,995	30	7,880,747
2000	33	2,297,055	18	6,381,305
2001	42	2,395,440	25	7,430,100
2002	31	1,508,805	33	18,730,700
2003	45	1,842,690	33	4,671,940

Source: Wood County Building Inspection Department

**THE CITY OF NORTHWOOD, OHIO
PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX)
DECEMBER 31, 2003**

	Taxpayer	Type of Business	Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1	Norplas Industries, Inc.	Automotive Parts Manufacturer	\$4,457,700	16.09%
2	Hirzel Canning Co.	Cannery	1,731,220	6.25%
3	Pilkington North America	Float Galss Manufacturer	1,530,250	5.52%
4	T L Industries, Inc.	Manufacturing	1,300,820	4.69%
5	Daimler Chrysler Corporation	Manufacturing	1,258,350	4.54%
6	NFO Worldwide, Inc.	Market Research	1,234,720	4.46%
7	Advance Engineering Co.	Engineering	1,052,250	3.80%
8	Interstate Brands, Inc.	Bakery and Distribution	917,420	3.31%
9	Andersons Inc	Retail	850,240	3.07%
10	North American Science	Testing Laboratory	762,340	2.75%
		Sub-Total	15,095,310	54.48%
		All Others	12,618,310	45.52%
		Total	\$27,713,620	100.00%

Based on 2003 Property Tax Assessed Valuations
Source: Wood County Auditor - Land and Buildings

THE CITY OF NORTHWOOD, OHIO
PRINCIPAL TAXPAYERS (REAL PROPERTY AND PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 2003

	Taxpayer	Type of Business	Assessed Valuation (Tax Duplicate)	Percentage of Total Assessed Valuation
1	Toledo Great Eastern	Shopping Center	\$3,147,360	2.83%
2	LOF Glass	Float Glass Manufacturer	1,991,850	1.79%
3	Debartolo Realty Corp.	Shopping Center	1,763,130	1.59%
4	NFO Worldgroup Inc.	Market Research	1,679,420	1.51%
5	Toledo Edison	Utility - Electric	1,473,990	1.33%
6	North American Science Association	Testing Laboratory	1,168,980	1.05%
7	Stratford Apartments LLC	Apartments	1,050,000	0.94%
8	Ohio Bell Telephone Co.	Utility - Telephone	1,016,540	0.91%
9	Future Lodging Northwood	Hotel	998,590	0.90%
10	Treau House of Munch, Inc.	Distributor	842,810	0.76%
		Sub-Total	15,132,670	13.61%
		All Others	96,095,510	86.39%
		Total	\$111,228,180	100.00%

Based on 2003 Property Tax Assessed Valuations
Source: Wood County Auditor - Land and Buildings

**THE CITY OF NORTHWOOD, OHIO
PRINCIPAL TAXPAYERS (INCOME TAX)
DECEMBER 31, 2003**

	Taxpayer	Type of Business	Amount of Tax Paid in 2003	Percentage of Total
1	Norplas Industries Inc.	Automotive	\$316,340	8.89%
2	NFO Worldwide, Inc.	Market Research	310,625	8.73%
3	Interstate Brands, Inc.	Bakery and Distribution	142,927	4.01%
4	Johnson Controls, Inc.	Manufacturing	124,478	3.50%
5	North American Science Association	Testing Laboratory	102,575	2.88%
6	Alcoa Automotive Structures, Inc.	Automotive	96,920	2.72%
7	Advance Engineering Co.	Engineering	87,121	2.45%
8	Treu House of Munch, Inc.	Beverage Distributor	81,448	2.29%
9	Northwood Local Board of Education	Education	66,843	1.88%
10	Lear Corp.	Manufacturing	62,570	1.76%
		Sub-Total	1,391,847	39.11%
		All Others	2,167,204	60.89%
		Total	\$3,559,051	100.00%

Source: City of Northwood Income Tax Department

**THE CITY OF NORTHWOOD, OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2003**

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

Source: Finance Department

**THE CITY OF NORTHWOOD, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2003**

Date of Incorporation - January 1, 1982 Form of Government - Council / Mayor

Facilities and Services:	Major Highway:	I-75	Location:	Northwest Ohio Wood County
Miles of Streets	40.55			
Number of Street Lights	361			
Population:	5,475			
Area (square miles)	8			
Police Services:			Recreation and Culture:	
Number of Stations	2		Community Room	1,300
Number of Uniformed Police	31		(square feet)	120
Personnel and Officers	6		(seating capacity)	3
Number of Patrol Units	728		Number of Parks	78
Criminal/Juvenile Arrests	1,907		Park Area (acres)	
Traffic Citations Issued	265		Number of Ball Fields:	4
Parking Tickets Written	10,172		Unlighted	
Number of Calls Answered			Number of Tennis Courts:	4
Fire/Emergency Medical Services:			Lighted	
Number of Stations	2			
Number of Officers and				
Firefighters and Paramedic	45			
Number of Calls Answered	922			
Number of Inspections	266			





**Auditor of State
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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
JULY 22, 2004**