

CITY OF NORTHWOOD, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Mayor and Members of City Council
City of Northwood

We have reviewed the Independent Auditor's Report of the City of Northwood, Wood County, prepared by James G. Zupka, CPA for the audit period January 1, 2002 through December 31, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 9, 2003

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CITY OF NORTHWOOD, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002

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JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

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, 2002, and have issued our report thereon dated May 16, 2003. 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 certain immaterial instances of noncompliance that we have reported to the management of the City of Northwood, Ohio, in a separate letter dated May 16, 2003.

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 16, 2003.

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 16, 2003

James G. Zupka
Certified Public Accountant

CITY OF NORTHWOOD, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

The prior audit report, as of December 31, 2001, 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, 2002

THE CITY OF NORTHWOOD, OHIO

WOOD COUNTY

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2002

Prepared by:
Department of Finance

Toby A. Schroyer
Director

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INTRODUCTORY SECTION

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City of Northwood, Ohio

6000 Wales Road

Northwood, Ohio 43619

Phone (419) 693-9328

Fax (419) 693-6705

May 16, 2003

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

I am pleased to present the fifth Comprehensive Annual Financial Report for the City of Northwood, Ohio for the fiscal year ended December 31, 2002. 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 2002, all accounting policies were applied consistently with those of 2001. Accounting policies are further explained in Note 1.

Economic Outlook

The cities of Northwood and Rossford, along with private property owners, the Wood County Economic Development Commission, the Toledo Area Growth Partnership and others have a cooperative development effort to market approximately 400 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 45,900 square foot Hugh Moore warehouse/distribution facility in Access Pointe West was completed in 2002 and a portion of the facility is being leased to Sara Lee Distributors.

The 44,000 square foot Gutek Pipe and Supply, a wholesale industrial pipe distributor is completing construction of a new facility on Crane Way.

The 31,500 square foot Local 50 Plumbers and Steamfitters apprentice school was constructed on Caple Boulevard in 2002 and will be open to students in 2003. A second facility, the 12,720 square foot union hall and health and welfare center is currently under construction at the same site.

Two new restaurants opened in the City of Northwood, Applebee's Neighborhood Bar and Grill on Curtice Road and Arby's Restaurant on Oregon 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 the Heider property previously within the boundaries of the township of Lake. This property is located on the south side of Woodville Road just south of the city limits. This area is ideal for residential or commercial development.

Unemployment Rates

According to the Ohio Bureau of Employment Services, the 2002 annual average unemployment rate for Wood County was 4.7%, which was significantly lower than the state and national unemployment rates of 5.6% and 5.8% respectively.

Employee Relations

The City has 51 full-time and 42 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 2000 with A.F.S.C.M.E. for a 3-year term ending on March 31, 2003. 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 2002, 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. The City has been very successful in obtaining such funds as evidenced by the Issue II grant for Wales Road Improvement Project and the OWDA loans for Oregon Road waterline project phases I and II. In 2002 the City received the following Police related grants; COPS, G.R.E.A.T, DARE, Safety Belt, and Police Vest. The City also received grants from Wood County Solid Waste, Wood County Recycling, Wood County Edge, Landfill Sponsorship, and an E.M.S Fire Grant during 2002.

The City reallocated its income tax funds in July, 1996 to 70% General Fund, 20% Capital Improvement Fund, and 10% Capital Replacement Funds. This reallocation allowed the City to purchase a John Deere Tractor/Mower, a half-ton pickup truck, and three Police cruisers. Anticipated purchases in 2003 include 2 police vehicles, renovation of the police squad room, a fire truck, a trash pump, and a new one-ton dump truck.

During 2002, the City completed Drouillard Road, Wales Road and the NAMSA Public Utility Improvements project. Partial paving of the Municipal parking lot was also completed in 2002.

Continuing and Future Projects

The City will be participating in the cost of repaving Woodville Road and Route 579 with the Ohio Department of Transportation. The City's share of this project is estimated to be \$183,000. This project should be completed in 2003. 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 Lemoyne Road intersection. The City's cost is estimated at \$115,000. The Municipal Building parking lot paving and ADA sidewalk ramps on Woodville Road are scheduled to be completed in 2003. Curtice Road will also be repaved next year.

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.

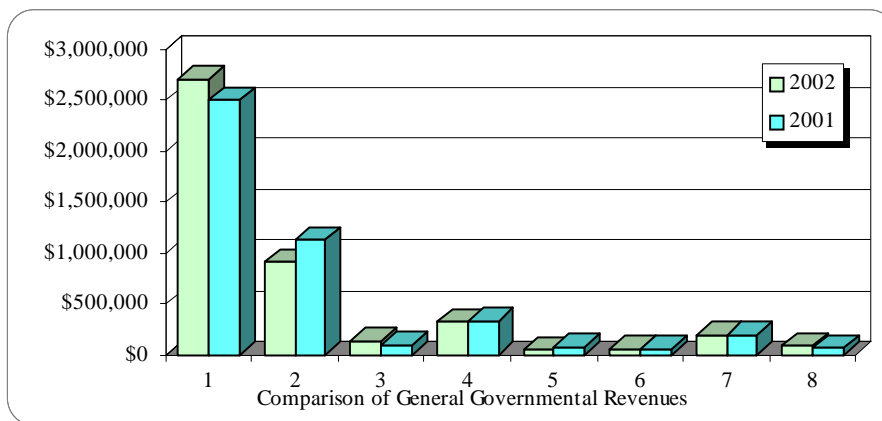
Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Finance & Revenue Director for approval, preparation of a purchase order and certification, after approval 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 \$4,492,039, representing an increase of \$21,127 over 2001. The following schedule presents a summary of general governmental revenues for the years ended December 31, 2001 and 2002, the percentage of total revenues for each year and the amount and percentage of increase/(decrease) in relation to 2001 revenue.

Revenue Source	2002	Percent of Total	2001	Increase (Decrease) over 2001	Percent of Increase (Decrease)
1. Taxes	\$2,702,131	60.2%	\$2,496,939	\$205,192	8.2%
2. Intergovernmental Revenues	912,097	20.3%	1,125,561	(213,464)	(19.0%)
3. Charges for Services	143,954	3.2%	103,350	40,604	39.3%
4. Licenses and Permits	326,616	7.3%	337,566	(10,950)	(3.2%)
5. Investment Earnings	51,373	1.1%	79,602	(28,229)	(35.5%)
6. Special Assessments	64,699	1.4%	62,040	2,659	4.3%
7. Fines and Forfeitures	202,845	4.5%	193,317	9,528	4.9%
8. All Other Revenues	88,324	2.0%	72,537	15,787	21.8%
Total	<u>\$4,492,039</u>	<u>100.0%</u>	<u>\$4,470,912</u>	<u>\$21,127</u>	

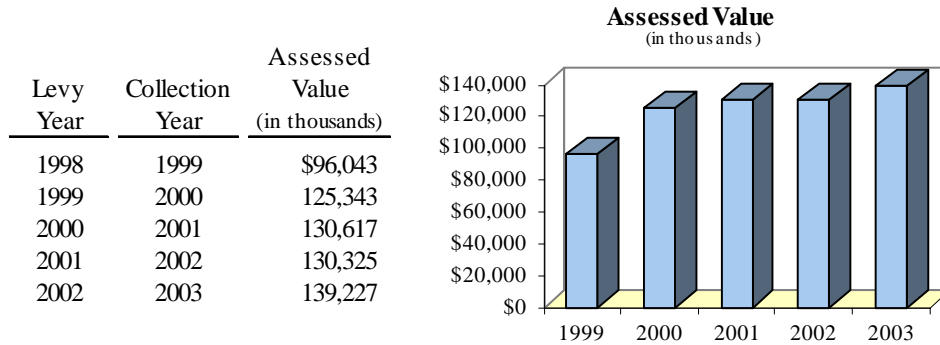


Revenue Narrative

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. The start of new economic development projects and new/expanded businesses has caused income tax collections to increase .8% during 2001 and another 8.2% during 2002.

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 2002 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 \$213,464 compared to 2001. This decrease can be attributed to cuts at the State level and the conclusion of the COPS Grant.

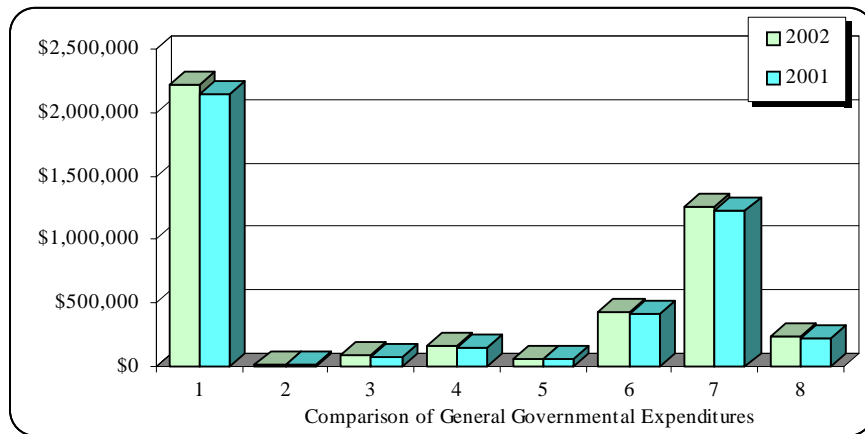
Charges for services showed an increase of \$40,604 in 2002. This increase is due to an \$11,000 increase in ambulance billings and revenue from the City’s newly enacted Storm Water Management Fees for the fourth quarter 2002.

All other revenue is a miscellaneous category, which includes a variety of less significant revenue. This category increased \$15,787 from 2001 to 2002.

General Governmental Expenditures

Expenditures for general governmental purposes, including general, special revenue and debt service funds totaled \$4,434,170 in 2002, an increase of \$146,450 over 2001. Expenditures for the major functions of the City and the percentage of total for 2001 and 2002, and the amount and percentage increase/(decrease) over 2001 are shown in the following table:

Function	2002	Percent of Total	2001	Increase (Decrease) over 2001	Percent of Increase (Decrease)
1. Security of Persons and Property	\$2,217,835	50.01%	\$2,149,659	\$68,176	3.17%
2. Public Health and Welfare	7,937	0.18%	6,325	1,612	25.49%
3. Leisure Time Activities	79,701	1.80%	75,303	4,398	5.84%
4. Community Environment	162,908	3.67%	146,698	16,210	11.05%
5. Basic Utility Services	48,460	1.09%	48,769	(309)	(0.63%)
6. Transportation	429,463	9.69%	406,330	23,133	5.69%
7. General Government	1,257,868	28.37%	1,233,798	24,070	1.95%
8. Debt Service	229,998	5.19%	220,838	9,160	4.15%
Total	\$4,434,170	100.01%	\$4,287,720	\$146,450	



Expenditure Narrative

Security of persons and property includes primarily the cost of operations of the Police and Fire Departments, including dispatching. The increase of \$68,176 in security of persons and property was primarily due to increased costs of health insurance and wage increases.

Community environment expenses increased to \$162,908 in 2002 from \$146,698 in 2001. This is due to increases for zoning codification and additional wages for the Zoning Assistant.

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, 2002 was \$0. At December 31, 2002, the City had no long-term special assessment related debt. During the year the City retired \$115,000 in general obligation debt. General obligation bonds are retired from income tax collections.

The City had an outstanding note liability of \$600,000 at December 31, 2002. During the year the City issued \$600,000 in notes and retired \$700,000. 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 2002 \$600,000 note issuance was 2.5%.

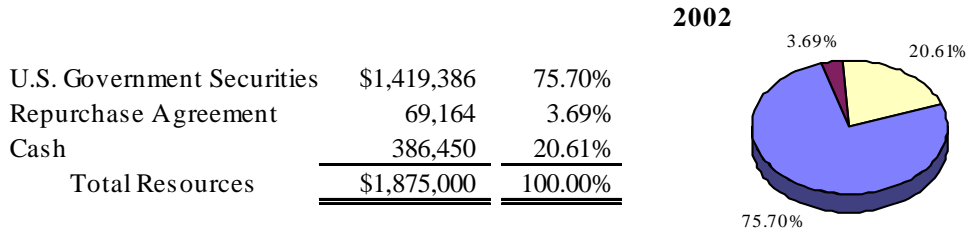
CASH MANAGEMENT

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 4 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, 2002:



The amount of interest earned on investments for fiscal year 2002 was \$51,373. 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, 2002 the City had bank balances of \$427,853. 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 officials liability insurance. The City provides a self-funded dental insurance program for its employees, which is funded through the general fund. See Note 15 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 Hylant Administrative Services, Inc. from January 1, 2002 through July 8, 2002 and with Dawson Companies from July 9, 2002 through December 31, 2002 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 & Personal Property	\$3,936,486	\$1,000
Emergency Medical Services Liability	\$5,000,000	\$5,000
Inland Marine Equipment	\$1,646,735	\$1,000
Boiler & Machinery Property Damage	\$3,936,486	\$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, 2002, 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

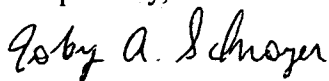
The publication of this report represents an important achievement in the ability of the City of Northwood to provide significantly enhanced financial information and accountability to the citizens, its elected officials, City Administration and investors. In addition to the citizens of Northwood, the 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, 2002

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, 2002

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	
Shannon Clinton	Zoning Inspector	Indefinite	
Janet Kulczak	Clerk of Mayor's Courts	Indefinite	
Jeffrey Keller	Court Magistrate	Indefinite	

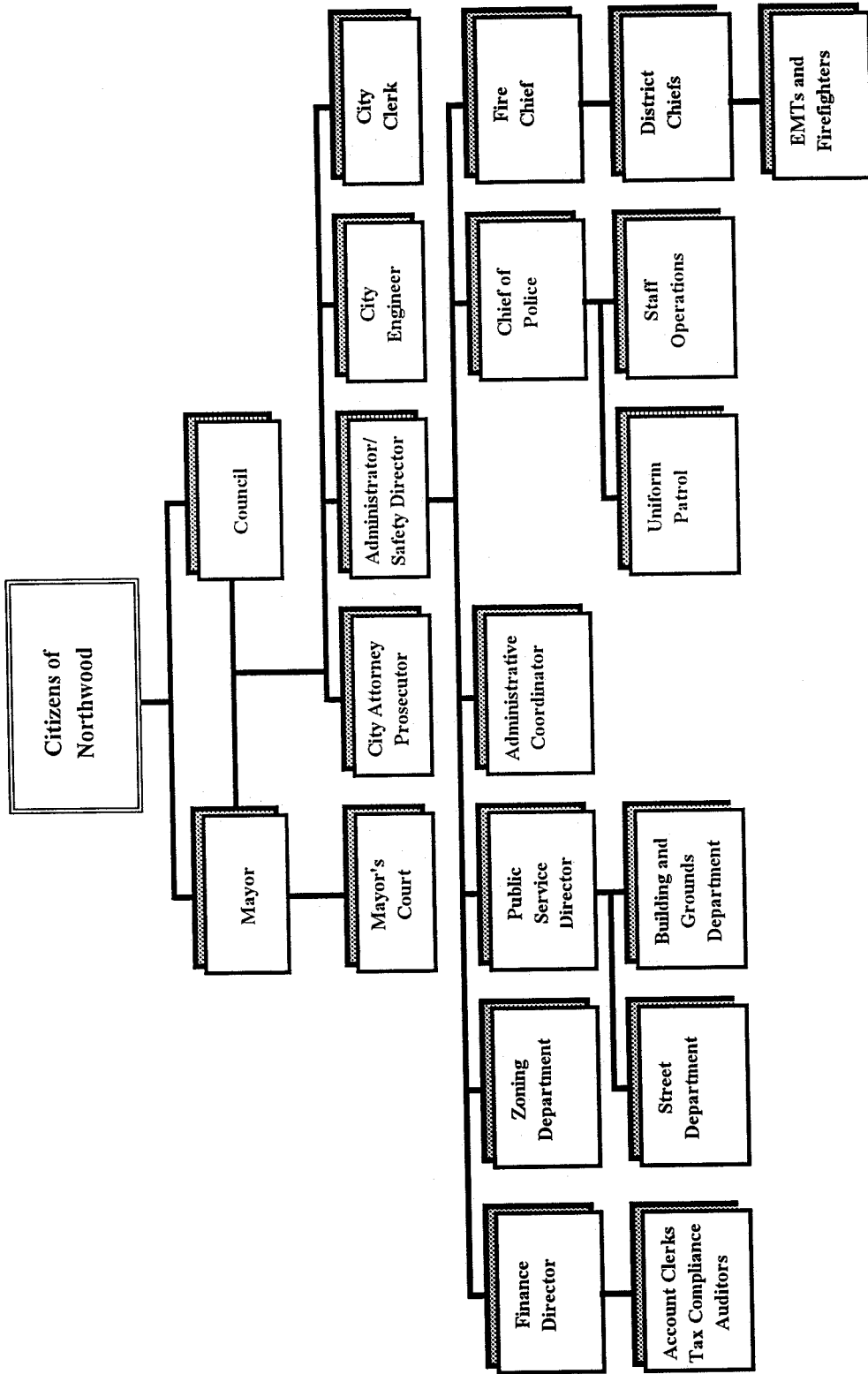
Applies to All Elected Officials

Public officials \$5 million/occurrence, \$7 million aggregate general liability.
Term May 9, 2001 to July 9, 2002 and July 9, 2002 to July 9, 2003.

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, 2001

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.



President

Executive Director

FINANCIAL SECTION

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, 2002, 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.

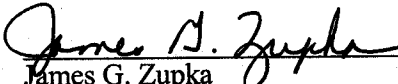
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Northwood, Ohio, as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated May 16, 2003 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 basic 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 16, 2003


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, 2002 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, 2002

	<i>Governmental Fund Types</i>			<i>Fiduciary Fund Type</i>	<i>Account Groups</i>		Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Agency Fund	General Fixed Assets		General Long-Term Obligations
<u>Assets and Other Debits:</u>								
Assets:								
Cash and Cash Equivalents	\$24,381	\$269,826	\$48,818	\$109,341	\$0	\$0	\$0	\$452,366
Investments	252,127	290,840	0	876,419	0	0	0	1,419,386
Receivables (net of allowance for doubtful accounts):								
Taxes	527,391	6,708	61,029	134,201	0	0	0	729,329
Accounts	48,716	95,474	0	131,500	0	0	0	275,690
Special Assessments	47,393	0	94,204	33,852	0	0	0	175,449
Interest	11,249	1,242	0	0	0	0	0	12,491
Intergovernmental Receivables	431,969	87,761	79,810	203,972	0	0	0	803,512
Inventory of Supplies at Cost	7,646	23,143	0	0	0	0	0	30,789
Prepaid Items	70,604	2,155	0	0	0	0	0	72,759
Restricted Assets:								
Cash with Fiscal Agent	0	0	0	1,394	1,854	0	0	3,248
Fixed Assets	0	0	0	0	0	5,291,556	0	5,291,556
Other Debits:								
Amount Available in Debt Service Fund	0	0	0	0	0	0	48,818	48,818
Amount to be Provided for General Long-Term Obligations	0	0	0	0	0	0	1,481,250	1,481,250
Total Assets and Other Debits	<u>\$1,421,476</u>	<u>\$777,149</u>	<u>\$283,861</u>	<u>\$1,490,679</u>	<u>\$1,854</u>	<u>\$5,291,556</u>	<u>\$1,530,068</u>	<u>\$10,796,643</u>

(Continued)

THE CITY OF NORTHWOOD, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	<i>Governmental Fund Types</i>			<i>Fiduciary Fund Type</i>	<i>Account Groups</i>		Totals (Memorandum Only)	
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Agency Fund	General Fixed Assets		General Long-Term Obligations
Liabilities, Equity and Other Credits:								
Liabilities:								
Accounts Payable	\$57,139	\$8,511	\$0	\$210,951	\$0	\$0	\$0	\$276,601
Accrued Wages and Benefits	230,463	9,299	0	0	0	0	0	239,762
Intergovernmental Payables	0	0	0	131,500	0	0	0	131,500
Due to Others	0	0	0	0	1,854	0	0	1,854
Retainage Payable	0	0	0	1,394	0	0	0	1,394
Accrued Interest Payable	0	0	0	6,164	0	0	0	6,164
Deferred Revenue	590,064	64,221	235,043	248,345	0	0	0	1,137,673
Claims Payable	678	0	0	0	0	0	0	678
Compensated Absences Payable	0	0	0	0	0	0	204,237	204,237
Capital Lease	0	0	0	0	0	0	91,844	91,844
Special Assessment Notes Payable	0	0	0	600,000	0	0	0	600,000
Ohio Public Works Commission Loan	0	0	0	0	0	0	154,925	154,925
Ohio Water Development Authority Loans	0	0	0	0	0	0	1,079,062	1,079,062
Total Liabilities	878,344	82,031	235,043	1,198,354	1,854	0	1,530,068	3,925,694
Equity and Other Credits:								
Investment in General Fixed Assets	0	0	0	0	0	5,291,556	0	5,291,556
Fund Balances:								
Reserved for Supplies Inventory	7,646	23,143	0	0	0	0	0	30,789
Reserved for Prepaid Items	70,604	2,155	0	0	0	0	0	72,759
Reserved for Debt Service	0	0	48,818	0	0	0	0	48,818
Unreserved:								
Undesignated	464,882	669,820	0	292,325	0	0	0	1,427,027
Total Equity and Other Credits	543,132	695,118	48,818	292,325	0	5,291,556	0	6,870,949
Total Liabilities, Equity and Other Credits	\$1,421,476	\$777,149	\$283,861	\$1,490,679	\$1,854	\$5,291,556	\$1,530,068	\$10,796,643

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, 2002

	<i>Governmental Fund Types</i>				Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	
Revenues:					
Taxes	\$2,623,678	\$17,424	\$61,029	\$1,058,625	\$3,760,756
Intergovernmental Revenues	647,474	259,928	4,695	138,091	1,050,188
Charges for Services	14,427	129,527	0	0	143,954
Licenses, Permits and Fees	295,864	30,752	0	100,251	426,867
Investment Earnings	48,213	3,160	0	0	51,373
Special Assessments	48,478	0	16,221	19,054	83,753
Fines and Forfeitures	171,152	31,693	0	0	202,845
Donations	4,644	0	0	0	4,644
All Other Revenues	83,680	0	0	12,190	95,870
Total Revenues	3,937,610	472,484	81,945	1,328,211	5,820,250
Expenditures:					
Current:					
Security of Persons and Property	2,208,383	9,452	0	0	2,217,835
Public Health and Welfare Services	7,937	0	0	0	7,937
Leisure Time Activities	79,701	0	0	0	79,701
Community Environment	137,387	25,521	0	0	162,908
Basic Utility Services	37,097	11,363	0	0	48,460
Transportation	167,990	261,473	0	0	429,463
General Government	1,251,705	6,163	0	0	1,257,868
Capital Outlay	0	0	0	1,045,270	1,045,270
Debt Service:					
Principal Retirements	0	0	156,236	42,511	198,747
Interest and Fiscal Charges	0	0	73,762	27,025	100,787
Total Expenditures	3,890,200	313,972	229,998	1,114,806	5,548,976
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,410	158,512	(148,053)	213,405	271,274
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	5,185	0	0	0	5,185
Operating Transfers In	0	84,000	139,188	188,222	411,410
Operating Transfers Out	(168,335)	(120,637)	(1,963)	(120,475)	(411,410)
Total Other Financing Sources (Uses)	(163,150)	(36,637)	137,225	67,747	5,185
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(115,740)	121,875	(10,828)	281,152	276,459
Restated Fund Balance Beginning of Year	661,262	579,520	59,646	11,173	1,311,601
Decrease in Inventory Reserve	(2,390)	(6,277)	0	0	(8,667)
Fund Balance End of Year	\$543,132	\$695,118	\$48,818	\$292,325	\$1,579,393

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, 2002

	<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	\$2,700,250	\$2,603,348	(\$96,902)	\$20,000	\$17,341	(\$2,659)
Intergovernmental Revenues	773,000	717,909	(55,091)	277,000	263,046	(13,954)
Charges for Services	17,900	12,028	(5,872)	215,000	50,312	(164,688)
Licenses, Permits and Fees	299,300	299,953	653	34,000	31,466	(2,534)
Investment Earnings	32,300	28,577	(3,723)	9,650	3,160	(6,490)
Special Assessments	48,850	48,478	(372)	0	0	0
Fines and Forfeitures	192,100	171,152	(20,948)	39,000	32,550	(6,450)
Donations	5,000	4,644	(356)	0	0	0
All Other Revenues	95,550	78,991	(16,559)	0	0	0
Total Revenues	4,164,250	3,965,080	(199,170)	594,650	397,875	(196,775)
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	2,240,766	2,187,183	53,583	32,788	9,452	23,336
Public Health and Welfare Services	8,600	7,937	663	0	0	0
Leisure Time Activities	86,885	83,548	3,337	0	0	0
Community Environment	148,915	142,055	6,860	33,835	24,746	9,089
Basic Utility Services	43,850	37,097	6,753	156,300	10,609	145,691
Transportation	180,500	167,495	13,005	296,479	261,358	35,121
General Government	1,345,128	1,246,341	98,787	31,000	6,163	24,837
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	4,054,644	3,871,656	182,988	550,402	312,328	238,074
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,606	93,424	(16,182)	44,248	85,547	41,299
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	6,000	5,185	(815)	0	0	0
Proceeds from Special Assessment Notes	0	0	0	0	0	0
Operating Transfers In	10,000	0	(10,000)	93,600	84,000	(9,600)
Operating Transfers Out	(168,670)	(168,335)	335	(140,237)	(120,637)	19,600
Total Other Financing Sources (Uses)	(152,670)	(163,150)	(10,480)	(46,637)	(36,637)	10,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(43,064)	(69,726)	(26,662)	(2,389)	48,910	51,299
Fund Balance at Beginning of Year	299,759	299,759	0	506,094	506,094	0
Prior Year Encumbrances	22,575	22,575	0	4,967	4,967	0
Fund Balance at End of Year	\$279,270	\$252,608	(\$26,662)	\$508,672	\$559,971	\$51,299

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, 2002

<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)
\$67,800	\$61,029	(\$6,771)	\$1,063,800	\$1,052,051	(\$11,749)	\$3,851,850	\$3,733,769	(\$118,081)
4,695	4,695	0	138,500	137,929	(571)	1,193,195	1,123,579	(69,616)
0	0	0	0	0	0	232,900	62,340	(170,560)
0	0	0	100,363	100,251	(112)	433,663	431,670	(1,993)
0	0	0	0	0	0	41,950	31,737	(10,213)
18,000	16,221	(1,779)	19,600	19,054	(546)	86,450	83,753	(2,697)
0	0	0	0	0	0	231,100	203,702	(27,398)
0	0	0	0	0	0	5,000	4,644	(356)
0	0	0	12,200	12,190	(10)	107,750	91,181	(16,569)
90,495	81,945	(8,550)	1,334,463	1,321,475	(12,988)	6,183,858	5,766,375	(417,483)
0	0	0	0	0	0	2,273,554	2,196,635	76,919
0	0	0	0	0	0	8,600	7,937	663
0	0	0	0	0	0	86,885	83,548	3,337
0	0	0	0	0	0	182,750	166,801	15,949
0	0	0	0	0	0	200,150	47,706	152,444
0	0	0	0	0	0	476,979	428,853	48,126
300	0	300	0	0	0	1,376,428	1,252,504	123,924
0	0	0	1,123,593	1,070,185	53,408	1,123,593	1,070,185	53,408
856,884	856,236	648	42,511	42,511	0	899,395	898,747	648
99,970	98,262	1,708	6,429	6,429	0	106,399	104,691	1,708
957,154	954,498	2,656	1,172,533	1,119,125	53,408	6,734,733	6,257,607	477,126
(866,659)	(872,553)	(5,894)	161,930	202,350	40,420	(550,875)	(491,232)	59,643
0	0	0	0	0	0	6,000	5,185	(815)
600,000	600,000	0	0	0	0	600,000	600,000	0
276,625	263,688	(12,937)	64,637	63,722	(915)	444,862	411,410	(33,452)
(1,963)	(1,963)	0	(121,190)	(120,475)	715	(432,060)	(411,410)	20,650
874,662	861,725	(12,937)	(56,553)	(56,753)	(200)	618,802	605,185	(13,617)
8,003	(10,828)	(18,831)	105,377	145,597	40,220	67,927	113,953	46,026
59,646	59,646	0	513,844	513,844	0	1,379,343	1,379,343	0
0	0	0	147,708	147,708	0	175,250	175,250	0
\$67,649	\$48,818	(\$18,831)	\$766,929	\$807,149	\$40,220	\$1,622,520	\$1,668,546	\$46,026

THE CITY OF NORTHWOOD, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

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, 2002 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, 2002, but which are not intended to finance 2002 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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 2002.

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 2002, 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)	(\$115,740)	\$121,875	(\$10,828)	\$281,152
Increase (Decrease):				
Accrued Revenues at December 31, 2002 received during 2003	(496,290)	(126,964)	0	(255,180)
Accrued Revenues at December 31, 2001 received during 2002	523,760	52,355	0	248,444
Accrued Expenditures at December 31, 2002 paid during 2003	288,280	17,810	0	350,009
Accrued Expenditures at December 31, 2001 paid during 2002	(229,591)	(13,348)	0	(208,606)
2001 Prepays for 2002	34,723	32	0	0
2002 Prepays for 2003	(70,604)	(2,155)	0	0
Perspective Difference:				
Note Proceeds	0	0	600,000	0
Note Retirements	0	0	(700,000)	0
Interest and Fiscal Charges	0	0	(24,500)	24,500
Transfers In	0	0	124,500	(124,500)
Cash With Fiscal Agent	0	0	0	8,389
Outstanding Encumbrances	(4,264)	(695)	0	(178,611)
Budget Basis	<u>(\$69,726)</u>	<u>\$48,910</u>	<u>(\$10,828)</u>	<u>\$145,597</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 4, "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 2002 amounted to \$48,213, which includes \$41,527 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 4, "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:

<u>Obligation</u>	<u>Fund</u>
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 2002.

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 – PRIOR PERIOD ADJUSTMENTS

During 2002, the beginning fund balance of the Recreation Parks Combined Fund (capital projects fund) has been restated to correct an error in accounting for accounts payable. The accounting error has required a restatement of beginning fund balance at December 31, 2001. Also during 2002, the City increased the capitalization level of its fixed assets which resulted in a restatement. As a result of the increase in the capitalization level during 2002, the General Fixed Assets Account Group was overstated by \$478,009 at December 31, 2001. The General Fixed Assets Account Group balance at December 31, 2001 has been restated. The balance decreased from \$5,624,559 to \$5,146,550.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits: The fund deficit at December 31, 2002 of \$606,164 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 4 - 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 4 - 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 \$385,750 and the bank balance was \$427,853. 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 4 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2002 are summarized below:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Fair Value</u>
U.S. Government Securities	\$1,419,386	\$1,419,386
Repurchase Agreement	69,164	69,164
Total Investments	<u>\$1,488,550</u>	<u>\$1,488,550</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	\$455,614	\$1,419,386
Investments:		
Repurchase Agreement	<u>(69,164)</u>	<u>69,164</u>
Per GASB Statement No. 3	<u>\$386,450</u>	<u>\$1,488,550</u>

* Includes Cash with Fiscal Agent and Petty Cash.

NOTE 5 - 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 2002 were levied after October 1, 2001 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 5 – 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, 2002 was \$1.60 per \$1,000 of assessed value. The assessed value upon which the 2002 tax receipts were based was \$130,325,470. This amount constitutes \$97,391,950 in real property assessed value, \$4,989,780 in public utility assessed value and \$27,943,740 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 6 - RECEIVABLES

Receivables at December 31, 2002 consisted of taxes, special assessments, accounts receivable and intergovernmental receivables.

NOTE 7 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2002:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$168,335
Special Revenue Fund:		
Water Fund	84,000	120,637
Debt Service Fund	139,188	1,963
Capital Projects Funds:		
Capital Improvement Municipal Tax Fund	63,722	93,390
Issue II Fund	0	27,085
Alcoa Project Fund	124,500	0
Total Capital Projects Funds	<u>188,222</u>	<u>120,475</u>
Totals	<u><u>\$411,410</u></u>	<u><u>\$411,410</u></u>

NOTE 8 - FIXED ASSETS

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

Category	Restated			December 31, 2002
	December 31, 2001	Additions	Deletions	
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	526,636	124,045	(10,000)	640,681
Vehicles	1,878,145	136,201	(105,240)	1,909,106
Totals	<u><u>\$5,146,550</u></u>	<u><u>\$260,246</u></u>	<u><u>(\$115,240)</u></u>	<u><u>\$5,291,556</u></u>

NOTE 9 – 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 the Ohio PERS, a cost-sharing multiple employer defined benefit pension plan. The Ohio PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. 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. The employee contribution rate is 8.5%. The 2002 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. The City's contributions to the Ohio PERS for the years ending December 31, 2002, 2001 and 2000 were \$145,808, \$139,752 and \$116,575, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. 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 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$53,804.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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, 2001. 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 2001 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 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 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.

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, 2002, 2001 and 2000 were \$181,971, \$176,832 and \$165,615 for police and \$12,097, \$11,661 and \$11,160 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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 2002 covered payroll that was used to fund postemployment health care benefits was \$72,322 representing 7.75% of covered payroll for police and \$3,906 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. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police and 10,239 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, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

NOTE 10 - 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, 2002, the long-term liability for unpaid compensated absences was \$204,237 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. There was no current portion of the liability for the fiscal year 2002.

NOTE 11 - 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, 2001	Issued (Retired)	Balance December 31, 2002	
Special Assessment Notes:					
3.50%	Street Improvements	2002	\$700,000	(\$700,000)	\$0
2.50%	Street Improvements	2003	0	600,000	600,000
Totals			<u>\$700,000</u>	<u>(\$100,000)</u>	<u>\$600,000</u>

NOTE 12 - LONG-TERM OBLIGATIONS

Activity in the General Long-Term Obligations Account Group in 2002 was as follows:

	Issue Date	Balance December 31, 2001	Issued (Retired)	Balance December 31, 2002	
General Long-Term Debt:					
General Obligation Bond:					
9.00%	Municipal Building Improvement	1992	\$115,000	(\$115,000)	\$0
Ohio Public Works Commission Loan:					
0.00%	Wales Road Pavement & Storm Drainage	1999	169,010	(14,085)	154,925
Ohio Water Development Authority (OWDA) Loans:					
5.88%	Oregon Road Water Line	1997	772,107	(18,803)	753,304
5.66%	Oregon Road Trunk				
	Water Main Phase II	1998	334,106	(8,348)	325,758
Total OWDA Loans			<u>1,106,213</u>	<u>(27,151)</u>	<u>1,079,062</u>
Total General Long-Term Debt			<u>1,390,223</u>	<u>(156,236)</u>	<u>1,233,987</u>
Other Long-Term Obligations:					
Compensated Absences			172,856	31,381	204,237
Capital Lease			134,355	(42,511)	91,844
Total Other Long-Term Obligations			<u>307,211</u>	<u>(11,130)</u>	<u>296,081</u>
Total General Long-Term Debt and Other Long-Term Obligations			<u>\$1,697,434</u>	<u>(\$167,366)</u>	<u>\$1,530,068</u>

NOTE 12 - LONG-TERM OBLIGATIONS (Continued)

The City's future long-term obligation funding requirements, including principal and interest payments as of December 31, 2002, follow:

Years	OWDA Loans		OPWC Loan		Capital Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$28,730	\$62,732	\$4,695	\$0	\$44,746	\$4,193
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
2008-2012	214,020	243,340	46,947	0	0	0
2013-2017	283,894	173,415	46,947	0	0	0
2018-2035	419,799	83,192	18,780	0	0	0
Totals	<u>\$1,079,062</u>	<u>\$795,909</u>	<u>\$154,925</u>	<u>\$0</u>	<u>\$91,844</u>	<u>\$6,035</u>

NOTE 13 - 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, 2002:

Year Ending December 31,	General Long-Term Obligations Account Group
2003	\$48,939
2004	<u>48,940</u>
Minimum Lease Payments	97,879
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(6,035)</u>
Present value of minimum lease payments	<u>\$91,844</u>

NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 2002 the City had the following commitments with respect to capital projects:

Project	Remaining Construction Commitment	Expected Date of Completion
Woodville & Lemoyne Roads Intersection	\$104,972	2003
Woodville Road Sidewalk Improvements	32,847	2003
I-75 / Wales Road Project	60,000	2003
NAMSA Public Utilities Improvements	<u>1,394</u>	2003
Total	<u>\$199,213</u>	

NOTE 15 - 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 2002 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
Auto Uninsured-Underinsured	\$1,000,000	\$0
General Liability	\$7,000,000	\$0
Property (building and contents)	\$3,936,486	\$1,000
Firefighters Liability	\$7,000,000	\$0
Inland Marine Equipment	\$1,263,584	\$250
Boiler and Machinery	\$3,936,486	\$1,000
Law Enforcement Liability	\$6,000,000	\$1,000
Public Officials Liability	\$6,000,000	\$2,500
Electronic Data and Equipment	\$79,134	\$250
Valuable Papers and Records	\$100,000	\$0
Extra Expense	\$175,000	\$0
Employee Benefits Liability	\$3,000,000	\$0
EMT Professional Liability	\$7,000,000	\$0
Ohio Employers Liability	\$7,000,000	\$0
Crime Coverage:		
Blanket Bond	\$50,000	\$0
Monies & Securities (Outside Premises)	\$25,000	\$0
Monies & Securities (Inside Premises)	\$25,000	\$0

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 2002 were:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Year End
2001	\$242	\$10,877	(\$11,119)	\$0
2002	0	18,552	(17,874)	678

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 16 - 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.



*C*OMBINING AND *I*NDIVIDUAL *F*UND AND *A*CCOUNT *G*ROUP
*S*TATEMENTS AND *S*CHEDULES

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

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, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,700,250	\$2,603,348	(\$96,902)
Intergovernmental Revenues	773,000	717,909	(55,091)
Charges for Services	17,900	12,028	(5,872)
Licenses, Permits and Fees	299,300	299,953	653
Investment Earnings	32,300	28,577	(3,723)
Special Assessments	48,850	48,478	(372)
Fines and Forfeitures	192,100	171,152	(20,948)
Donations	5,000	4,644	(356)
All Other Revenues	95,550	78,991	(16,559)
Total Revenues	4,164,250	3,965,080	(199,170)
<u>Expenditures:</u>			
Security of Persons and Property:			
Police Department:			
Personal Services	1,402,600	1,377,134	25,466
Contractual Services	36,470	33,775	2,695
Materials and Supplies	66,471	61,023	5,448
Capital Outlay	4,800	4,410	390
Total Police Department	1,510,341	1,476,342	33,999
Fire Department:			
Personal Services	316,860	308,946	7,914
Contractual Services	24,500	20,757	3,743
Materials and Supplies	88,311	83,610	4,701
Capital Outlay	24,100	22,516	1,584
Total Fire Department	453,771	435,829	17,942
Civil Defense:			
Contractual Services	1,400	1,368	32
Total Civil Defense	1,400	1,368	32
Police and Fire Communications:			
Personal Services	260,713	260,033	680
Contractual Services	6,741	6,696	45
Materials and Supplies	1,100	1,099	1
Total Police and Fire Communications	268,554	267,828	726

(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, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Street Lighting:			
Contractual Services	3,100	2,701	399
Total Street Lighting	3,100	2,701	399
Railroad Lighting:			
Contractual Services	3,600	3,115	485
Total Railroad Lighting	3,600	3,115	485
Total Security of Persons and Property	2,240,766	2,187,183	53,583
Public Health and Welfare Services:			
County Board of Health:			
Contractual Services	8,600	7,937	663
Total Public Health and Welfare Services	8,600	7,937	663
Leisure Time Activities:			
Parks and Playgrounds:			
Personal Services	12,160	12,071	89
Contractual Services	14,461	14,140	321
Materials and Supplies	5,556	5,168	388
Capital Outlay	10,608	10,608	0
Total Parks and Playgrounds	42,785	41,987	798
Recreation:			
Contractual Services	17,600	17,400	200
Materials and Supplies	1,900	1,774	126
Total Recreation	19,500	19,174	326
Baseball Programs:			
Personal Services	6,750	5,739	1,011
Contractual Services	6,125	5,946	179
Materials and Supplies	7,725	7,292	433
Total Baseball Programs	20,600	18,977	1,623
Special Events:			
Materials and Supplies	4,000	3,410	590
Total Special Events	4,000	3,410	590
Total Leisure Time Activities	86,885	83,548	3,337

(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, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Community Environment:			
Planning and Zoning:			
Personal Services	59,860	59,308	552
Contractual Services	11,850	11,716	134
Materials and Supplies	4,140	3,902	238
Capital Outlay	2,050	2,031	19
Total Planning and Zoning	<u>77,900</u>	<u>76,957</u>	<u>943</u>
Weed Control and Tree Care:			
Personal Services	21,795	19,764	2,031
Contractual Services	9,145	8,847	298
Materials and Supplies	1,260	1,225	35
Capital Outlay	22,000	21,234	766
Total Weed Control and Tree Care	<u>54,200</u>	<u>51,070</u>	<u>3,130</u>
Economic Development:			
Contractual Services	1,400	0	1,400
Materials and Supplies	9,315	8,818	497
Total Economic Development	<u>10,715</u>	<u>8,818</u>	<u>1,897</u>
Insect Control:			
Personal Services	1,750	1,003	747
Contractual Services	100	49	51
Materials and Supplies	4,250	4,158	92
Total Insect Control	<u>6,100</u>	<u>5,210</u>	<u>890</u>
Total Community Environment	<u>148,915</u>	<u>142,055</u>	<u>6,860</u>
Basic Utility Services:			
Storm Sewers and Drains:			
Personal Services	13,000	12,528	472
Contractual Services	18,500	16,806	1,694
Materials and Supplies	5,500	3,929	1,571
Total Storm Sewers and Drains	<u>37,000</u>	<u>33,263</u>	<u>3,737</u>
Garbage and Refuse Collection:			
Personal Services	500	0	500
Total Garbage and Refuse Collection	<u>500</u>	<u>0</u>	<u>500</u>

(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, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Waterline Maintenance:			
Materials and Supplies	500	0	500
Total Waterline Maintenance	<u>500</u>	<u>0</u>	<u>500</u>
Hydrant Maintenance:			
Personal Services	4,000	3,209	791
Contractual Services	1,000	0	1,000
Materials and Supplies	850	625	225
Total Hydrant Maintenance	<u>5,850</u>	<u>3,834</u>	<u>2,016</u>
Total Basic Utility Services	<u>43,850</u>	<u>37,097</u>	<u>6,753</u>
Transportation:			
Street Maintenance and Repair:			
Personal Services	146,450	136,947	9,503
Contractual Services	5,200	4,779	421
Materials and Supplies	14,350	12,576	1,774
Capital Outlay	800	769	31
Total Street Maintenance and Repair	<u>166,800</u>	<u>155,071</u>	<u>11,729</u>
Sidewalks and Crossings:			
Personal Services	600	511	89
Contractual Services	400	232	168
Materials and Supplies	3,000	2,895	105
Total Sidewalks and Crossings	<u>4,000</u>	<u>3,638</u>	<u>362</u>
Storm Emergency:			
Personal Services	6,500	6,419	81
Total Storm Emergency	<u>6,500</u>	<u>6,419</u>	<u>81</u>
Traffic Signals and Signs:			
Personal Services	2,000	1,682	318
Contractual Services	400	0	400
Materials and Supplies	800	685	115
Total Traffic Signals and Signs	<u>3,200</u>	<u>2,367</u>	<u>833</u>
Total Transportation	<u>180,500</u>	<u>167,495</u>	<u>13,005</u>

(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, 2002

GENERAL FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
General Government:			
Mayor:			
Personal Services	15,100	12,949	2,151
Contractual Services	1,450	1,157	293
Materials and Supplies	950	486	464
Capital Outlay	800	705	95
Total Mayor	<u>18,300</u>	<u>15,297</u>	<u>3,003</u>
Finance Director:			
Personal Services	240,850	237,646	3,204
Contractual Services	14,312	12,451	1,861
Materials and Supplies	10,100	9,243	857
Capital Outlay	1,850	1,630	220
Total Finance Director	<u>267,112</u>	<u>260,970</u>	<u>6,142</u>
City Administrator:			
Personal Services	124,200	111,765	12,435
Contractual Services	1,250	763	487
Materials and Supplies	4,075	3,057	1,018
Capital Outlay	5,700	4,527	1,173
Total City Administrator	<u>135,225</u>	<u>120,112</u>	<u>15,113</u>
Legal Administration:			
Personal Services	8,650	8,316	334
Contractual Services	36,300	35,205	1,095
Materials and Supplies	5,800	2,015	3,785
Total Legal Administration	<u>50,750</u>	<u>45,536</u>	<u>5,214</u>
City Cars:			
Materials and Supplies	1,000	660	340
Total City Cars	<u>1,000</u>	<u>660</u>	<u>340</u>
City Council:			
Personal Services	49,650	48,500	1,150
Contractual Services	1,500	320	1,180
Materials and Supplies	7,050	5,730	1,320
Capital Outlay	400	60	340
Total City Council	<u>58,600</u>	<u>54,610</u>	<u>3,990</u>

(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, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
City Clerk:			
Personal Services	46,575	46,422	153
Contractual Services	15,005	15,004	1
Materials and Supplies	955	927	28
Capital Outlay	1,540	1,532	8
Total City Clerk	<u>64,075</u>	<u>63,885</u>	<u>190</u>
Mayor's Court:			
Personal Services	89,050	88,405	645
Contractual Services	44,750	42,735	2,015
Materials and Supplies	14,000	12,429	1,571
Total Mayor's Court	<u>147,800</u>	<u>143,569</u>	<u>4,231</u>
Civil Service Commission:			
Personal Services	1,360	1,035	325
Contractual Services	3,370	3,115	255
Materials and Supplies	375	99	276
Total Civil Service Commission	<u>5,105</u>	<u>4,249</u>	<u>856</u>
Buildings and Grounds:			
Personal Services	100,250	98,213	2,037
Contractual Services	33,700	29,724	3,976
Materials and Supplies	15,150	14,083	1,067
Other Expenditures	200	131	69
Capital Outlay	700	584	116
Total Buildings and Grounds	<u>150,000</u>	<u>142,735</u>	<u>7,265</u>
General Miscellaneous:			
Contractual Services	58,600	48,686	9,914
Total General Miscellaneous	<u>58,600</u>	<u>48,686</u>	<u>9,914</u>
Special Assessments:			
Personal Services	2,230	1,713	517
Contractual Services	61,650	45,427	16,223
Materials and Supplies	170	68	102
Capital Outlay	2,050	1,033	1,017
Total Special Assessments	<u>66,100</u>	<u>48,241</u>	<u>17,859</u>

(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, 2002

GENERAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
General Administrative:			
Personal Services	45,450	44,715	735
Contractual Services	268,561	246,856	21,705
Materials and Supplies	8,200	5,990	2,210
Capital Outlay	250	230	20
Total General Administrative	<u>322,461</u>	<u>297,791</u>	<u>24,670</u>
Total General Government	<u>1,345,128</u>	<u>1,246,341</u>	<u>98,787</u>
Total Expenditures	<u>4,054,644</u>	<u>3,871,656</u>	<u>182,988</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	109,606	93,424	(16,182)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	6,000	5,185	(815)
Operating Transfers In	10,000	0	(10,000)
Operating Transfers Out	<u>(168,670)</u>	<u>(168,335)</u>	<u>335</u>
Total Other Financing Sources (Uses)	<u>(152,670)</u>	<u>(163,150)</u>	<u>(10,480)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(43,064)	(69,726)	(26,662)
Fund Balance at Beginning of Year	299,759	299,759	0
Prior Year Encumbrances	<u>22,575</u>	<u>22,575</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$279,270</u></u>	<u><u>\$252,608</u></u>	<u><u>(\$26,662)</u></u>

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SPECIAL REVENUE FUNDS

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

Street 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)

SPECIAL REVENUE FUNDS

Computerized Research Fund

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

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, 2002

	Street Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste/ Environmental	Drug Fine
Assets:					
Cash and Cash Equivalents	\$7,436	\$11,942	\$24,512	\$41,754	\$10,268
Investments	70,907	0	0	0	0
Receivables (net of allowances for doubtful accounts)					
Taxes	0	6,708	0	0	0
Accounts	0	0	0	1,964	0
Interest	622	124	124	124	0
Intergovernmental Receivables	81,179	0	6,582	0	0
Inventory of Supplies at Cost	23,143	0	0	0	0
Prepaid Items	2,155	0	0	0	0
Total Assets	<u>\$185,442</u>	<u>\$18,774</u>	<u>\$31,218</u>	<u>\$43,842</u>	<u>\$10,268</u>
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$2,385	\$3,768	\$760	\$0	\$0
Accrued Wages and Benefits	6,958	0	406	1,887	0
Deferred Revenue	54,741	4,596	4,512	124	0
Total Liabilities	<u>64,084</u>	<u>8,364</u>	<u>5,678</u>	<u>2,011</u>	<u>0</u>
Fund Equity:					
Reserved for Supplies Inventory	23,143	0	0	0	0
Reserved for Prepaid Items	2,155	0	0	0	0
Unreserved	96,060	10,410	25,540	41,831	10,268
Total Fund Equity	<u>121,358</u>	<u>10,410</u>	<u>25,540</u>	<u>41,831</u>	<u>10,268</u>
Total Liabilities and Fund Equity	<u>\$185,442</u>	<u>\$18,774</u>	<u>\$31,218</u>	<u>\$43,842</u>	<u>\$10,268</u>

THE CITY OF NORTHWOOD, OHIO
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

Special Law Enforcement	Enforcement and Education	Computerized Research	Water	Sanitary Sewer Operation, Maintenance and Repair	Keep Northwood Beautiful	Totals
\$3,202	\$7,516	\$56,170	\$48,423	\$19,863	\$38,740	\$269,826
30,530	0	0	0	189,403	0	290,840
0	0	0	0	0	0	6,708
0	0	0	87,916	5,594	0	95,474
124	0	0	0	124	0	1,242
0	0	0	0	0	0	87,761
0	0	0	0	0	0	23,143
0	0	0	0	0	0	2,155
<u>\$33,856</u>	<u>\$7,516</u>	<u>\$56,170</u>	<u>\$136,339</u>	<u>\$214,984</u>	<u>\$38,740</u>	<u>\$777,149</u>
\$0	\$0	\$695	\$0	\$903	\$0	\$8,511
0	0	0	0	48	0	9,299
124	0	0	0	124	0	64,221
<u>124</u>	<u>0</u>	<u>695</u>	<u>0</u>	<u>1,075</u>	<u>0</u>	<u>82,031</u>
0	0	0	0	0	0	23,143
0	0	0	0	0	0	2,155
<u>33,732</u>	<u>7,516</u>	<u>55,475</u>	<u>136,339</u>	<u>213,909</u>	<u>38,740</u>	<u>669,820</u>
<u>33,732</u>	<u>7,516</u>	<u>55,475</u>	<u>136,339</u>	<u>213,909</u>	<u>38,740</u>	<u>695,118</u>
<u>\$33,856</u>	<u>\$7,516</u>	<u>\$56,170</u>	<u>\$136,339</u>	<u>\$214,984</u>	<u>\$38,740</u>	<u>\$777,149</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, 2002

	Street Maintenance and Repair	Motor Vehicle License Tax	State Highway Improvement	Northwood Waste/ Environmental	Drug Fine
Revenues:					
Taxes	\$0	\$17,424	\$0	\$0	\$0
Intergovernmental Revenues	235,373	0	19,084	0	0
Charges for Services	0	0	0	0	0
Licenses, Permits and Fees	0	0	0	30,752	0
Investment Earnings	1,580	316	316	316	0
Fines and Forfeitures	0	0	0	0	2,456
Total Revenues	236,953	17,740	19,400	31,068	2,456
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	1,788
Community Environment	0	0	0	25,521	0
Basic Utility Services	0	0	0	0	0
Transportation	232,668	14,672	14,133	0	0
General Government	0	0	0	0	0
Total Expenditures	232,668	14,672	14,133	25,521	1,788
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,285	3,068	5,267	5,547	668
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	4,285	3,068	5,267	5,547	668
Fund Balance at Beginning of Year	123,350	7,342	20,273	36,284	9,600
Decrease in Inventory Reserve	(6,277)	0	0	0	0
Fund Balance at End of Year	\$121,358	\$10,410	\$25,540	\$41,831	\$10,268

THE CITY OF NORTHWOOD, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

Special Law Enforcement	Enforcement and Education	Computerized Research	Water	Sanitary Sewer Operation, Maintenance and Repair	Keep Northwood Beautiful	Totals
\$0	\$0	\$0	\$0	\$0	\$0	\$17,424
0	0	0	0	0	5,471	259,928
0	0	0	105,535	23,992	0	129,527
0	0	0	0	0	0	30,752
316	0	0	0	316	0	3,160
<u>11,562</u>	<u>2,289</u>	<u>15,386</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31,693</u>
<u>11,878</u>	<u>2,289</u>	<u>15,386</u>	<u>105,535</u>	<u>24,308</u>	<u>5,471</u>	<u>472,484</u>
7,664	0	0	0	0	0	9,452
0	0	0	0	0	0	25,521
0	0	0	892	10,471	0	11,363
0	0	0	0	0	0	261,473
0	0	6,163	0	0	0	6,163
<u>7,664</u>	<u>0</u>	<u>6,163</u>	<u>892</u>	<u>10,471</u>	<u>0</u>	<u>313,972</u>
4,214	2,289	9,223	104,643	13,837	5,471	158,512
0	0	0	84,000	0	0	84,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>(120,637)</u>	<u>0</u>	<u>0</u>	<u>(120,637)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(36,637)</u>	<u>0</u>	<u>0</u>	<u>(36,637)</u>
4,214	2,289	9,223	68,006	13,837	5,471	121,875
29,518	5,227	46,252	68,333	200,072	33,269	579,520
0	0	0	0	0	0	(6,277)
<u>\$33,732</u>	<u>\$7,516</u>	<u>\$55,475</u>	<u>\$136,339</u>	<u>\$213,909</u>	<u>\$38,740</u>	<u>\$695,118</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, 2002

STREET MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental Revenues	\$250,000	\$238,508	(\$11,492)
Investment Earnings	5,000	1,580	(3,420)
Total Revenues	<u>255,000</u>	<u>240,088</u>	<u>(14,912)</u>
Expenditures:			
Transportation:			
Street Maintenance and Repair:			
Personal Services	143,600	142,405	1,195
Contractual Services	3,000	2,380	620
Materials and Supplies	12,200	11,165	1,035
Capital Outlay	800	732	68
Total Street Maintenance and Repair	<u>159,600</u>	<u>156,682</u>	<u>2,918</u>
Snow and Ice Removal:			
Personal Services	14,000	5,324	8,676
Contractual Services	8,500	7,704	796
Materials and Supplies	38,500	29,386	9,114
Total Snow and Ice Removal	<u>61,000</u>	<u>42,414</u>	<u>18,586</u>
Traffic Signals and Signs:			
Personal Services	7,000	6,995	5
Contractual Services	11,000	10,692	308
Materials and Supplies	4,600	4,311	289
Capital Outlay	4,279	4,213	66
Total Traffic Signals and Signs	<u>26,879</u>	<u>26,211</u>	<u>668</u>
Guardrails:			
Personal Services	500	255	245
Materials and Supplies	500	0	500
Total Guardrails	<u>1,000</u>	<u>255</u>	<u>745</u>

(Continued)

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, 2002

STREET MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Road Striping:			
Personal Services	4,900	4,070	830
Contractual Services	100	72	28
Materials and Supplies	4,000	2,382	1,618
Total Road Striping	9,000	6,524	2,476
Total Expenditures	257,479	232,086	25,393
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,479)	8,002	10,481
Fund Balance at Beginning of Year	70,062	70,062	0
Prior Year Encumbrances	279	279	0
Fund Balance at End of Year	\$67,862	\$78,343	\$10,481

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, 2002

MOTOR VEHICLE LICENSE TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$20,000	\$17,341	(\$2,659)
Investment Earnings	1,000	316	(684)
Total Revenues	21,000	17,657	(3,343)
<u>Expenditures:</u>			
Transportation:			
Contractual Services	5,000	5,000	0
Materials and Supplies	15,000	9,594	5,406
Total Expenditures	20,000	14,594	5,406
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	3,063	2,063
Fund Balance at Beginning of Year	8,879	8,879	0
Fund Balance at End of Year	\$9,879	\$11,942	\$2,063

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, 2002

STATE HIGHWAY IMPROVEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$21,000	\$19,067	(\$1,933)
Investment Earnings	1,000	316	(684)
Total Revenues	22,000	19,383	(2,617)
<u>Expenditures:</u>			
Transportation:			
Street Maintenance and Repair:			
Personal Services	9,400	8,255	1,145
Total Street Maintenance and Repair	9,400	8,255	1,145
Snow and Ice Removal:			
Materials and Supplies	1,700	1,000	700
Total Snow and Ice Removal	1,700	1,000	700
Traffic Signals and Signs:			
Contractual Services	7,900	5,423	2,477
Total Traffic Signals and Signs	7,900	5,423	2,477
Total Expenditures	19,000	14,678	4,322
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,000	4,705	1,705
Fund Balance at Beginning of Year	19,807	19,807	0
Fund Balance at End of Year	\$22,807	\$24,512	\$1,705

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, 2002

NORTHWOOD WASTE/ENVIRONMENTAL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Licenses, Permits and Fees	\$34,000	\$31,466	(\$2,534)
Investment Earnings	1,000	316	(684)
Total Revenues	35,000	31,782	(3,218)
<u>Expenditures:</u>			
Community Environment:			
Personal Services	24,300	21,341	2,959
Materials and Supplies	1,600	1,081	519
Capital Outlay	2,400	2,324	76
Total Expenditures	28,300	24,746	3,554
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	6,700	7,036	336
Fund Balance at Beginning of Year	34,718	34,718	0
Fund Balance at End of Year	\$41,418	\$41,754	\$336

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, 2002

DRUG FINE FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$6,000	\$3,313	(\$2,687)
Total Revenues	6,000	3,313	(2,687)
<u>Expenditures:</u>			
Security of Persons and Property:			
Materials and Supplies	2,000	1,788	212
Capital Outlay	3,700	0	3,700
Total Expenditures	5,700	1,788	3,912
Excess (Deficiency) of Revenues Over (Under) Expenditures	300	1,525	1,225
Fund Balance at Beginning of Year	8,743	8,743	0
Fund Balance at End of Year	\$9,043	\$10,268	\$1,225

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, 2002

SPECIAL LAW ENFORCEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Investment Earnings	\$650	\$316	(\$334)
Fines and Forfeitures	12,000	11,562	(438)
Total Revenues	<u>12,650</u>	<u>11,878</u>	<u>(772)</u>
<u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	750	500	250
Materials and Supplies	500	253	247
Capital Outlay	25,838	6,911	18,927
Total Expenditures	<u>27,088</u>	<u>7,664</u>	<u>19,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,438)	4,214	18,652
Fund Balance at Beginning of Year	24,830	24,830	0
Prior Year Encumbrances	4,688	4,688	0
Fund Balance at End of Year	<u><u>\$15,080</u></u>	<u><u>\$33,732</u></u>	<u><u>\$18,652</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, 2002

ENFORCEMENT AND EDUCATION FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$3,000	\$2,289	(\$711)
Total Revenues	3,000	2,289	(711)
<u>Expenditures:</u>			
General Government:			
Materials and Supplies	1,000	0	1,000
Total Expenditures	1,000	0	1,000
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	2,000	2,289	289
Fund Balance at Beginning of Year	5,227	5,227	0
Fund Balance at End of Year	\$7,227	\$7,516	\$289

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, 2002

COMPUTERIZED RESEARCH FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$18,000	\$15,386	(\$2,614)
Total Revenues	18,000	15,386	(2,614)
<u>Expenditures:</u>			
General Government:			
Contractual Services	2,000	2,000	0
Materials and Supplies	3,000	200	2,800
Capital Outlay	25,000	3,963	21,037
Total Expenditures	30,000	6,163	23,837
Excess (Deficiency) of			
Revenues Over (Under) Expenditures	(12,000)	9,223	21,223
Fund Balance at Beginning of Year	46,252	46,252	0
Fund Balance at End of Year	\$34,252	\$55,475	\$21,223

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, 2002

WATER FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$185,000	\$25,261	(\$159,739)
Total Revenues	185,000	25,261	(159,739)
<u>Expenditures:</u>			
Basic Utility Services:			
Personal Services	6,300	0	6,300
Contractual Services	13,500	392	13,108
Materials and Supplies	5,100	500	4,600
Capital Outlay	100,000	0	100,000
Total Expenditures	124,900	892	124,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,100	24,369	(35,731)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	93,600	84,000	(9,600)
Operating Transfers Out	(140,237)	(120,637)	19,600
Total Other Financing Sources (Uses)	(46,637)	(36,637)	10,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	13,463	(12,268)	(25,731)
Fund Balance at Beginning of Year	60,691	60,691	0
Fund Balance at End of Year	\$74,154	\$48,423	(\$25,731)

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, 2002

SANITARY SEWER OPERATION, MAINTENANCE AND REPAIR FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$30,000	\$25,051	(\$4,949)
Investment Earnings	1,000	316	(684)
Total Revenues	31,000	25,367	(5,633)
<u>Expenditures:</u>			
Basic Utility Services:			
Personal Services	4,800	1,292	3,508
Contractual Services	9,600	1,165	8,435
Materials and Supplies	2,000	0	2,000
Capital Outlay	15,000	7,260	7,740
Total Expenditures	31,400	9,717	21,683
Excess (Deficiency) of Revenues Over (Under) Expenditures	(400)	15,650	16,050
Fund Balance at Beginning of Year	193,616	193,616	0
Fund Balance at End of Year	\$193,216	\$209,266	\$16,050

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, 2002

KEEP NORTHWOOD BEAUTIFUL FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$6,000	\$5,471	(\$529)
Total Revenues	6,000	5,471	(529)
<u>Expenditures:</u>			
Community Environment:			
Contractual Services	475	0	475
Materials and Supplies	4,060	0	4,060
Capital Outlay	1,000	0	1,000
Total Expenditures	5,535	0	5,535
Excess (Deficiency) of Revenues Over (Under) Expenditures	465	5,471	5,006
Fund Balance at Beginning of Year	33,269	33,269	0
Fund Balance at End of Year	\$33,734	\$38,740	\$5,006

CAPITAL PROJECTS FUNDS

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

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.

Issue II Fund

To account for funds received from State Issue II grant funds used for the improvement of various roads within the City. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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, 2002

	<u>Capital Improvement Municipal Tax</u>	<u>Recreation Parks Combined</u>	<u>Alcoa Project</u>	<u>Capital Replacement</u>	<u>Totals</u>
<u>Assets:</u>					
Cash and Cash Equivalents	\$71,606	\$17,430	\$0	\$20,305	\$109,341
Investments	682,794	0	0	193,625	876,419
Receivables (net of allowance for doubtful accounts):					
Taxes	89,467	0	0	44,734	134,201
Accounts	0	0	131,500	0	131,500
Special Assessments	33,852	0	0	0	33,852
Intergovernmental Receivables	203,972	0	0	0	203,972
Restricted Assets:					
Cash with Fiscal Agent	1,394	0	0	0	1,394
Total Assets	<u>\$1,083,085</u>	<u>\$17,430</u>	<u>\$131,500</u>	<u>\$258,664</u>	<u>\$1,490,679</u>
<u>Liabilities and Fund Equity:</u>					
Liabilities:					
Accounts Payable	\$186,851	\$0	\$0	\$24,100	\$210,951
Intergovernmental Payables	0	0	131,500	0	131,500
Retainage Payable	1,394	0	0	0	1,394
Accrued Interest Payable	0	0	6,164	0	6,164
Deferred Revenue	244,784	0	0	3,561	248,345
Special Assessment Notes Payable	0	0	600,000	0	600,000
Total Liabilities	<u>433,029</u>	<u>0</u>	<u>737,664</u>	<u>27,661</u>	<u>1,198,354</u>
Fund Equity:					
Unreserved	650,056	17,430	(606,164)	231,003	292,325
Total Fund Equity	<u>650,056</u>	<u>17,430</u>	<u>(606,164)</u>	<u>231,003</u>	<u>292,325</u>
Total Liabilities and Fund Equity	<u>\$1,083,085</u>	<u>\$17,430</u>	<u>\$131,500</u>	<u>\$258,664</u>	<u>\$1,490,679</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, 2002

	Capital Improvement Municipal Tax	Recreation Parks Combined	Issue II
<u>Revenues:</u>			
Taxes	\$716,192	\$3,500	\$0
Intergovernmental Revenues	135,591	2,500	0
Licenses, Permits and Fees	100,251	0	0
Special Assessments	19,054	0	0
All Other Revenues	0	0	0
Total Revenues	<u>971,088</u>	<u>6,000</u>	<u>0</u>
<u>Expenditures:</u>			
Capital Outlay	767,531	0	19,179
Debt Service:			
Principal Retirements	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	<u>767,531</u>	<u>0</u>	<u>19,179</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	203,557	6,000	(19,179)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	63,722	0	0
Operating Transfers Out	(93,390)	0	(27,085)
Total Other Financing Sources (Uses)	<u>(29,668)</u>	<u>0</u>	<u>(27,085)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	173,889	6,000	(46,264)
Restated Fund Balance (Deficit) at Beginning of Year	<u>476,167</u>	<u>11,430</u>	<u>46,264</u>
Fund Balance (Deficit) at End of Year	<u><u>\$650,056</u></u>	<u><u>\$17,430</u></u>	<u><u>\$0</u></u>

(Continued)

THE CITY OF NORTHWOOD, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Alcoa Project	Capital Replacement	Totals
Revenues:			
Taxes	\$0	\$338,933	\$1,058,625
Intergovernmental Revenues	0	0	138,091
Licenses, Permits and Fees	0	0	100,251
Special Assessments	0	0	19,054
All Other Revenues	0	12,190	12,190
Total Revenues	0	351,123	1,328,211
Expenditures:			
Capital Outlay	0	258,560	1,045,270
Debt Service:			
Principal Retirements	0	42,511	42,511
Interest and Fiscal Charges	20,596	6,429	27,025
Total Expenditures	20,596	307,500	1,114,806
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,596)	43,623	213,405
Other Financing Sources (Uses):			
Operating Transfers In	124,500	0	188,222
Operating Transfers Out	0	0	(120,475)
Total Other Financing Sources (Uses)	124,500	0	67,747
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	103,904	43,623	281,152
Restated Fund Balance (Deficit) at Beginning of Year	(710,068)	187,380	11,173
Fund Balance (Deficit) at End of Year	(\$606,164)	\$231,003	\$292,325

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, 2002

CAPITAL IMPROVEMENT MUNICIPAL TAX FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$722,000	\$711,810	(\$10,190)
Intergovernmental Revenues	136,000	135,429	(571)
Licenses, Permits and Fees	100,363	100,251	(112)
Special Assessments	19,600	19,054	(546)
Total Revenues	977,963	966,544	(11,419)
<u>Expenditures:</u>			
Capital Outlay:			
Security of Persons and Property	215,700	208,355	7,345
Leisure Time Activities	21,381	21,381	0
Basic Utility Services	12,100	12,036	64
Transportation	281,200	276,673	4,527
General Government	224,634	217,771	6,863
Total Expenditures	755,015	736,216	18,799
Excess (Deficiency) of Revenues Over (Under) Expenditures	222,948	230,328	7,380
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	64,637	63,722	(915)
Operating Transfers Out	(93,490)	(93,390)	100
Total Other Financing Sources (Uses)	(28,853)	(29,668)	(815)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	194,095	200,660	6,565
Fund Balance at Beginning of Year	371,739	371,739	0
Prior Year Encumbrances	27,490	27,490	0
Fund Balance at End of Year	\$593,324	\$599,889	\$6,565

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, 2002

RECREATION PARKS COMBINED FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$5,000	\$3,500	(\$1,500)
Intergovernmental Revenues	2,500	2,500	0
Total Revenues	7,500	6,000	(1,500)
<u>Expenditures:</u>			
Capital Outlay	59,000	52,230	6,770
Total Expenditures	59,000	52,230	6,770
Excess (Deficiency) of Revenues Over (Under) Expenditures	(51,500)	(46,230)	5,270
Fund Balance at Beginning of Year	16,660	16,660	0
Prior Year Encumbrances	47,000	47,000	0
Fund Balance at End of Year	\$12,160	\$17,430	\$5,270

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, 2002

ISSUE II FUND

	<u>Revised Budget</u>	<u>Actual</u>	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Capital Outlay	23,606	19,179	4,427
Total Expenditures	23,606	19,179	4,427
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,606)	(19,179)	4,427
<u>Other Financing Sources (Uses):</u>			
Operating Transfers Out	(27,700)	(27,085)	615
Total Other Financing Sources (Uses)	(27,700)	(27,085)	615
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(51,306)	(46,264)	5,042
Fund Balance at Beginning of Year	42,958	42,958	0
Prior Year Encumbrances	3,306	3,306	0
Fund Balance at End of Year	<u>(\$5,042)</u>	<u>\$0</u>	<u>\$5,042</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, 2002

CAPITAL REPLACEMENT FUND

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$336,800	\$336,741	(\$59)
All Other Revenues	12,200	12,190	(10)
Total Revenues	<u>349,000</u>	<u>348,931</u>	<u>(69)</u>
<u>Expenditures:</u>			
Capital Outlay	285,972	262,560	23,412
Debt Service:			
Principal Retirements	42,511	42,511	0
Interest and Fiscal Charges	6,429	6,429	0
Total Expenditures	<u>334,912</u>	<u>311,500</u>	<u>23,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,088	37,431	23,343
Fund Balance at Beginning of Year	82,487	82,487	0
Prior Year Encumbrances	69,912	69,912	0
Fund Balance at End of Year	<u>\$166,487</u>	<u>\$189,830</u>	<u>\$23,343</u>

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, 2002

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Mayor's Court Fund</u>				
Restricted Assets:				
Cash with Fiscal Agent	\$1,520	\$246,523	(\$246,189)	\$1,854
Total Assets	<u>\$1,520</u>	<u>\$246,523</u>	<u>(\$246,189)</u>	<u>\$1,854</u>
Liabilities:				
Due to Others	\$1,520	\$246,523	(\$246,189)	\$1,854
Total Liabilities	<u>\$1,520</u>	<u>\$246,523</u>	<u>(\$246,189)</u>	<u>\$1,854</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, 2002

General Fixed Assets:

Land	\$407,945
Land Improvements	181,099
Buildings and Improvements	2,152,725
Machinery, Equipment, Furniture and Fixtures	640,681
Vehicles	<u>1,909,106</u>
Total General Fixed Assets	<u><u>\$5,291,556</u></u>

Investment in General Fixed Assets from:

Capital Projects Funds	<u><u>\$5,291,556</u></u>
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THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY CATEGORY
DECEMBER 31, 2002

Function and Activity	Land	Land Improvements	Buildings and Improvements	Machinery, Equipment, Furniture and Fixtures	Vehicles	Total
General Government:						
Finance	\$0	\$0	\$0	\$31,685	\$0	\$31,685
Administration	0	0	0	16,814	10,731	27,545
City Clerk	0	0	0	18,355	0	18,355
Public Land and Buildings	407,945	121,950	2,152,725	42,417	22,603	2,747,640
Total	<u>407,945</u>	<u>121,950</u>	<u>2,152,725</u>	<u>109,271</u>	<u>33,334</u>	<u>2,825,225</u>
Security of Persons and Property:						
Police	0	0	0	254,014	240,171	494,185
Fire	0	0	0	132,068	1,006,557	1,138,625
Dispatcher	0	0	0	13,383	0	13,383
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>399,465</u>	<u>1,246,728</u>	<u>1,646,193</u>
Transportation:						
Street	0	0	0	119,137	615,844	734,981
Leisure Time Activities:						
Parks	0	59,149	0	7,508	0	66,657
Community Environment:						
Planning and Zoning	0	0	0	0	13,200	13,200
Insect Control	0	0	0	5,300	0	5,300
Total	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,300</u>	<u>13,200</u>	<u>18,500</u>
Total General Fixed Assets	<u>\$407,945</u>	<u>\$181,099</u>	<u>\$2,152,725</u>	<u>\$640,681</u>	<u>\$1,909,106</u>	<u>\$5,291,556</u>

THE CITY OF NORTHWOOD, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

Function and Activity	Restated December 31, 2001	Transfers	Additions	Deletions	December 31, 2002
<u>General Government:</u>					
Finance	\$31,685	\$0	\$0	\$0	\$31,685
Administration	27,545	0	0	0	27,545
City Clerk	13,160	0	5,195	0	18,355
Public Land and Buildings	2,747,640	0	0	0	2,747,640
Total	<u>2,820,030</u>	<u>0</u>	<u>5,195</u>	<u>0</u>	<u>2,825,225</u>
<u>Security of Persons and Property:</u>					
Police	422,306	(45,612)	181,369	(63,878)	494,185
Fire	1,123,818	45,612	0	(30,805)	1,138,625
Dispatcher	13,383	0	0	0	13,383
Total	<u>1,559,507</u>	<u>0</u>	<u>181,369</u>	<u>(94,683)</u>	<u>1,646,193</u>
<u>Transportation:</u>					
Street	671,856	0	73,682	(10,557)	734,981
<u>Leisure Time Activities:</u>					
Parks	76,657	0	0	(10,000)	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>\$5,146,550</u>	<u>\$0</u>	<u>\$260,246</u>	<u>(\$115,240)</u>	<u>\$5,291,556</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 Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Basic Utility Services	Trans- portation	General Government	Capital Outlay (2)	Debt Service	Total
1993	\$1,335,314	\$10,408	\$61,382	\$86,093	\$181,319	\$319,701	\$777,261	\$600,416	\$159,810	\$3,531,704
1994	1,272,685	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	75,814	70,393	73,545	418,514	959,625	236,355	141,248	3,365,658
1996	1,566,473	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	91,410	111,295	48,200	384,845	1,180,242	0	120,644	3,406,486
1998	1,784,433	6,340	95,323	177,893	66,372	354,503	998,920	0	167,555	3,651,339
1999	1,976,336	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	95,045	119,711	61,485	407,742	1,139,537	0	223,422	4,173,016
2001	2,149,659	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	79,701	162,908	48,460	429,463	1,257,868	0	229,998	4,434,170

(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

<u>Year</u>	<u>Taxes</u>	<u>Inter-Governmental Revenue</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>	<u>Investment Earnings</u>	<u>Fines and Forfeitures</u>	<u>(2) Miscellaneous</u>	<u>Total</u>
1993	\$1,952,422	\$805,696	\$31,010	\$373,694	\$42,135	\$250,976	\$115,313	\$3,571,246
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

(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**

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</u>
1993	\$105,602	\$96,160	\$1,962	\$98,122	92.92%	\$7,479	7.08%
1994	107,066	103,654	2,115	105,769	98.79%	1,296	1.21%
1995	100,565	97,035	1,980	99,015	98.46%	1,549	1.54%
1996	108,177	104,080	2,032	106,112	98.09%	2,065	1.91%
1997	125,373	116,947	3,617	120,564	96.16%	4,809	3.84%
1998	115,983	109,252	2,230	111,482	96.12%	4,501	3.88%
1999	150,097	142,971	5,479	148,450	98.90%	1,647	1.10%
2000	159,834	153,172	5,277	158,449	99.13%	1,383	0.87%
2001	160,624	153,927	3,873	157,800	98.24%	2,824	1.76%
2002	158,430	145,556	5,963	151,519	95.64%	1,791	1.13%

Source: Wood County Auditor

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

<u>Year Paid</u>	<u>Amount</u>
1993	\$24,969
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

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	
1993	\$62,304,720	\$178,013,486	\$7,826,520	\$8,893,773	\$16,320,062	\$65,280,248	\$86,451,302	\$252,187,506	34.28%
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%

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

<u>Collection Year</u>	<u>City of Northwood</u>		<u>Northwood School District</u>	<u>Wood County Penta Joint Vocational School District</u>	<u>Wood County</u>	<u>Wood County</u>	<u>Total</u>
	<u>General Fund</u>	<u>Total City</u>			<u>Library</u>		
1993	1.60	1.60	53.20	2.20	n/a	11.70	68.70
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

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>
1993	\$55,589	\$43,834	78.85%
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%

(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, 2002**

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$139,227,495	\$139,227,495
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	14,618,887	7,657,512
Applicable City Debt Outstanding (2)	0	0
Less: Applicable Debt Service Fund Amounts	(48,818)	(48,818)
Net Indebtedness Subject to Limitation	(48,818)	(48,818)
Legal Debt Margin	\$14,667,705	\$7,706,330

(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

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross General Obligation Debt (3)</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of General Obligation Debt to Assessed Valuation</u>	<u>Net General Obligation Debt Per Capita</u>
1993	a 5,667	\$86,451,302	\$830,000	\$103,322	\$726,678	0.84%	\$128.23
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	b 5,471	130,325,470	115,000	59,646	55,354	0.04%	10.12
2002	b 5,471	139,227,495	0	48,818	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
1993	\$70,000	\$50,845	\$120,845	\$3,531,704	3.42%
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%

THE CITY OF NORTHWOOD, OHIO
COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT
DECEMBER 31, 2002

<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	2,614,000	100.00%	2,614,000
Wood County	15,856,650	5.50%	872,116
		Subtotal	<u>3,486,116</u>
		Total	<u><u>\$3,486,116</u></u>

Source: Wood County

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

<u>Year</u>		<u>City of Northwood Population (1)</u>	<u>Wood County Population (1)</u>	<u>Unemployment Rate County Area (2)</u>	<u>Per Capita Income County Area (2)</u>	<u>School Enrollment (3)</u>
1993	a	5,667	114,488	5.1%	\$20,143	1,091
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	b	5,471	122,001	3.5%	N/A	985
2002	b	5,471	122,001	4.7%	N/A	996

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**

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
1993	43	\$1,128,640	23	\$955,940
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

Source: Wood County Building Inspection Department

**THE CITY OF NORTHWOOD, OHIO
 PRINCIPAL TAXPAYERS (PERSONAL PROPERTY TAX)
 DECEMBER 31, 2002**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Norplas Industries, Inc.	Automotive Parts Manufacturer	\$4,373,990	14.61%
2	Pilkington North America, Inc.	Float Glass Manufacturer	1,875,830	6.27%
3	Hirzel Canning Co.	Cannery	1,764,500	5.89%
4	T L Industries, Inc.	Manufacturing	1,677,960	5.61%
5	Advance Engineering Co.	Engineering	1,301,400	4.35%
6	Daimler Chrysler Corporation	Manufacturing	1,153,140	3.85%
7	Andersons, Inc.	Retail	940,950	3.14%
8	NFO Worldwide, Inc.	Market Research	939,380	3.14%
9	Interstate Brands, Inc.	Bakery and Distribution	907,630	3.03%
10	AGA Gas Inc.	Manufacturing	845,175	2.82%
		Sub-Total	15,779,955	52.71%
		All Others	14,158,580	47.29%
		Total	<u>\$29,938,535</u>	<u>100.00%</u>

Based on 2001 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, 2002

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Toledo Great Eastern	Shopping Center	\$3,147,360	2.88%
2	NFO Worldwide, Inc.	Market Research	3,133,260	2.87%
3	Ohio Waste Systems	Trash Hauling	2,953,860	2.70%
4	LOF Glass	Float Glass Manufacturer	1,991,850	1.82%
5	Debartolo Realty	Shopping Center	1,763,130	1.61%
6	Toledo Edison	Utility - Electric	1,263,430	1.16%
7	North American Science Association	Testing Laboratory	1,164,610	1.07%
8	Stratford Apartments LLC	Apartments	1,135,580	1.04%
9	Ohio Bell Telephone Co.	Utility - Telephone	1,018,960	0.93%
10	Future Lodging Northwood	Hotel	998,590	0.91%
		Sub-Total	18,570,630	16.99%
		All Others	90,718,330	83.01%
		Total	<u>\$109,288,960</u>	<u>100.00%</u>

Based on 2001 Property Tax Assessed Valuations
Source: Wood County Auditor - Land and Buildings

**THE CITY OF NORTHWOOD, OHIO
PRINCIPAL TAXPAYERS (INCOME TAX)
DECEMBER 31, 2002**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>Amount of Tax Paid in 2002</u>	<u>Percentage of Total</u>
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	<u>\$3,559,051</u>	<u>100.00%</u>

Source: City of Northwood Income Tax Department

**THE CITY OF NORTHWOOD, OHIO
PRINCIPAL EMPLOYERS
DECEMBER 31, 2002**

	<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
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, 2002**

Date of Incorporation - January 1, 1982

Form of Government - Council / Mayor

<p>Facilities and Services:</p> <p>Miles of Streets 40.55</p> <p>Number of Street Lights 361</p>	<p>Major Highway: I-75</p>	<p>Location: Northwest Ohio Wood County</p>
<p>Police Services:</p> <p>Number of Stations 2</p> <p>Number of Uniformed Police Personnel and Officers 31</p> <p>Number of Patrol Units 6</p> <p> Criminal/Juvenile Arrests 816</p> <p> Traffic Citations Issued 2,562</p> <p> Parking Tickets Written 194</p> <p> Number of Calls Answered 10,440</p>	<p>Population: 5,471</p> <p>Area (square miles) 8</p>	<p>Recreation and Culture:</p> <p> Community Room 1,300 (square feet)</p> <p> (seating capacity) 120</p> <p> Number of Parks 3</p> <p> Park Area (acres) 78</p> <p> Number of Ball Fields:</p> <p> Unlighted 4</p> <p> Number of Tennis Courts:</p> <p> Lighted 4</p>
<p>Fire/Emergency Medical Services:</p> <p>Number of Stations 2</p> <p>Number of Officers and Firefighters and Paramedics 41</p> <p>Number of Calls Answered 911</p> <p>Number of Inspections 260</p>	<p>Education:</p> <p> Elementary Schools 2</p> <p> Elementary School Students 438</p> <p> Secondary Schools 2</p> <p> Secondary School Students 558</p>	





**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 5, 2003**