CITY OF WOOSTER, OHIO

ANNUAL INFORMATION FILING FOR FISCAL YEAR 2012

The following provides, in accordance with the continuing disclosure agreements (the Continuing Disclosure Agreements) entered into by the City of Wooster, Ohio (the City), annual financial information and operating data for the City's fiscal year ended December 31, 2012 (Fiscal Year 2012), of the type included in the respective final official statements for its primary offerings of and issuances:

$1,950,000 Various Purpose Improvement Bonds, Series 1995, dated as of September 1, 1995. Final Maturity December 1, 2020.

$7,975,000 Various Purpose Bonds, Series 2010, dated October 13, 2010. Final Maturity December 1, 2030.

The applicable CUSIP number is 981083.

The Annual Information Filing constitutes only the annual financial information and operating data agreed to be provided under the Continuing Disclosure Agreements entered into at the time of the primary offerings referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for Fiscal Year 2012 may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be important when making an investment decision. Further, no representation is made that the Annual Information Filing is indicative of financial or operating results of the City since the end of Fiscal Year 2012 or future financial or operating results. Finally, the inclusion of certain information pertaining to post-Fiscal Year 2012 events, if any, is provided solely for convenience, and is not intended to suggest that other such information not so included is any less material or important to an investor.

August 1, 2013

CITY OF WOOSTER, OHIO

City Contact: Andrei A. Dordea, Director of Finance
City of Wooster
538 North Market Street
Wooster, Ohio 44691
Telephone: (330) 263-5225
Email: adordea@woosteroh.com

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INTRODUCTORY STATEMENT

The City entered into the Continuing Disclosure Agreements pursuant to SEC Rule 15c2-12 (the Rule) in connection with the primary offerings and issuances by the City of the bond issues identified on the cover page (collectively, the Bonds). The Continuing Disclosure Agreements require the City to provide annually financial information and operating data for its immediately preceding Fiscal Year of the type included in the final official statements for those offerings (collectively, the Official Statements). This Annual Information Filing provides such financial information and operating data for the City's Fiscal Year ended December 31, 2012.

All financial and other information in this Annual Information Filing has been provided by the City from its records, except for information expressly attributed to other sources. More complete information regarding laws, reports and documents referenced in this Annual Information Filing may be obtained by reviewing those laws, reports and documents. Subject to limited exceptions, records of the City are available for public inspection and copies may be obtained at cost upon request. Questions regarding information contained in this Annual Information Filing and requests for copies of documents should be directed to the Director of Finance of the City at the address shown on the cover. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or otherwise be predictive of future experience. The information and expressions of opinion herein are subject to change without notice. The delivery of this Annual Information Filing shall not, under any circumstances, give rise to any implication that the affairs of the City have not changed since the date of this Annual Information Filing.

As used in this Annual Information Filing:

- **"Council"** means the Council of the City.
- **"County"** means County of Wayne.
- **"County Auditor"** means the Auditor of the County.
- **"Debt charges"** means the principal (including any mandatory sinking fund deposits and mandatory redemption payments), interest and any redemption premium payable on the obligations referred to as those payments come due and are payable; debt charges may also be referred to as "debt service."
- **"Fiscal Year"** means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as "Fiscal Year 2012") means the Fiscal Year ending on December 31 in that year.
- **"Revised Code"** means the Ohio Revised Code.
- **"State"** or **"Ohio"** means the State of Ohio.
- **"State Budget Act"** means Amended Substitute House Bill No. 59, passed by the Ohio General Assembly and signed by the Governor on June 30, 2013, providing State appropriations for its 2014-2015 biennium (beginning July 1, 2013 through June 30, 2015) and enacting other statutory provisions.

AD VALOREM PROPERTY TAXES AND SPECIAL ASSESSMENTS

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the City.

Collection Year	Real(a)	Tangible Personal(b)(c)(d)	Public Utility(c)(d)	Total Assessed Valuation
2009(e)	$542,944,803	$1,026,667	$10,453,450	$554,424,920
2010	542,960,450	684,444	11,242,050	554,886,944
2011	535,452,050	422,880	11,475,920	547,350,850
2012(f)	509,436,220	0	12,258,470	521,694,690
2013	514,036,180	0	13,430,050	527,466,230

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Auditor. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.
(b) Other than public utility.
(c) The State reduced the valuation of tangible personal property of general businesses and railroads in increments beginning in 2006 to zero in 2009 and reduced the valuation of tangible personal property of telecommunications companies in increments beginning in 2007 to zero in 2011; see the discussion of those reductions and related State makeup payments below.
(d) Tangible personal property of all public utilities and real property of railroads; see footnotes (a), (b) and (c). Beginning in 2008, tangible personal property of telecommunications companies was reclassified from Public Utility to Tangible Personal.
(e) Reflects sexennial reappraisal.
(f) Reflects triennial adjustment.

Source: County Auditor.

Taxes collected on “Real” in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected on “Tangible Personal” in one calendar year were levied in the same calendar year on assessed values during and at the close of the taxpayer’s most recent fiscal year that ended on or before December 31 of the preceding calendar year, and at the tax rates determined in the preceding year. “Public Utility” (real and tangible personal) 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.

Pursuant to statutory requirements for sexennial reappraisals, in 2008 the County Auditor adjusted the true value of taxable real property to reflect then current fair market values. These adjustments were first reflected in the 2008 duplicate (collection year 2009) and in the ad valorem taxes distributed to the City in 2009 and thereafter. The County Auditor is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values. That last such adjustment was made in the 2011 duplicate (collection year 2012.)

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

The taxation of all tangible personal property used in general businesses (excluding certain public utility tangible personal property) was phased out over tax years 2006 to 2009. Previously, machinery and equipment and furniture and fixtures were generally taxed at 25% of true value, and inventory was taxed at 23%. The taxation of all tangible personal property used by telephone, telegraph or interexchange telecommunications companies ("telecommunications property") was phased out over tax years 2007 to 2011. Previously, telecommunications property was taxed at 25% or 46% of true value (depending on the type of equipment and when it was placed into service). The percentages of true value of such property taxed have been, and are being, reduced to those set forth in the following table.

Tax Year	General Business Property	Telecommunications Property
2006	18.75%	(a)
2007	12.50	20.00%
2008	6.25	15.00
2009	0.00	10.00
2010	0.00	5.00
2011(b)	0.00	0.00

(a) 25% or 46%; see discussion above.
(b) And thereafter.

To compensate for tax revenue losses as the tangible personal property taxes have been phased out, the State in 2006 commenced making distributions to taxing subdivisions (such as the City) from revenue generated by the State's commercial activity tax (the CAT). The CAT is levied annually on all persons or entities doing business in the State with taxable gross receipts from their business activities greater than $150,000. In 2011, the State revised thresholds established for municipalities to qualify for those distributions, reducing or eliminating the amount of that reimbursement related to: (a) "current expense levies" to zero for most municipalities and (b) "non-current expense levies" to 50% in Fiscal Year 2012, and 25% thereafter, of the amount received with respect to such levies in Fiscal Year 2010. Reimbursements for taxes levied within the ten-mill limitation or pursuant to a municipal charter for debt charges on unvoted general obligation debt are to continue through Fiscal Year 2017 at the same amount as received in Fiscal Year 2010; thereafter no such reimbursement will be made. The State's reimbursement payment to the City for Fiscal Year 2012 was $30,017.94.

The application of the CAT to certain types of business receipts has been the subject of litigation. On September 17, 2009, the Ohio Supreme Court held that the CAT is not an excise tax "upon the sale or purchase of food" and does not violate the State's constitutional prohibitions against such a tax. On December 7, 2012, the Ohio Supreme Court held that "CAT revenues derived from an excise tax measured by the gross receipts from the sale of motor-vehicle fuel must be considered to be 'related to' fuels used for propelling motor vehicles on a highway, within the meaning of Section 5a [of Article XII of the Ohio Constitution] and, consequently, the excise tax at issue violates the Ohio Constitution to the extent that the revenue raised is used for purposes other than those specified in Section 5a. Accordingly, the allocation under [Ohio Revised Code Section] 5751.20 of the commercial-activity-tax revenues derived from the gross receipts of the sale of motor-vehicle fuel to non-highway purposes violates the Ohio Constitution, Article XII, Section 5a." The case has been remanded to the appellate court for further proceedings. The State legislature responded to the Ohio Supreme Court's December 7, 2012 decision by phasing out the CAT on the sale of motor vehicle fuel in the State Budget Act. Beginning July 1, 2014, the CAT on receipts from motor vehicle fuel sales will be replaced with a "motor fuel receipts tax" ("MFRT"), computed on the basis of gross motor fuel receipts received by in-State suppliers. In accordance with the Ohio Supreme Court's ruling, MFRT receipts "attributed to motor fuel used for propelling vehicles on public highways" are required to be used for highway purposes.

Public utility tangible personal property (with some exceptions) is currently assessed (depending on the type of property) from 25% to 88% of true value. Effective for collection year 2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true value, both to 25% of true value. The City has been receiving reimbursement payments from the State to compensate for tax revenue losses as a result of those reductions. In 2011, the amount of those payments was reduced in generally the same manner as described above for reimbursements from the CAT, except that reimbursement payments related to levies for debt charges on unvoted general obligation debt would end after Fiscal Year 2016. The City no longer receives reimbursement payments from the State.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A**.

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per $1.00 of assessed valuation.

The following are the rates at which the City and overlapping taxing subdivisions have in recent years levied ad valorem property taxes.

TAX TABLE A
OVERLAPPING TAX RATES

Collection Year	City	County(a)	Wayne County JVSD	Library	Mental Health District	Wooster City School District	Total
2008	4.20	9.65	4.85	1.25	1.00	72.30	93.25
2009	4.20	9.65	4.85	1.25	1.00	71.60	92.55
2010	4.20	9.65	4.85	1.25	1.00	71.60	92.55
2011	4.20	9.25	4.85	1.25	1.00	78.70	99.25
2012	4.20	9.25	4.85	1.25	1.00	79.50	100.05

(a) Includes levies for the County Board of Developmental Disabilities and County Health District.

Source: County Auditor.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and

- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

These procedures were instituted initially in 1976 to limit in part the effect of increasing property values on the growth of those property taxes.

As noted above, all of the City's property tax levies, as levies inside the ten-mill limitation, are exempt from those tax credit provisions. The tax credit provisions do not apply to amounts realized from taxes levied at whatever rate is required to produce a specified amount or an amount to pay debt charges on voted general obligations, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting "effective tax rate" reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2012 tax collection year of 100.05 mills within the City (in that portion with the overlapping subdivisions identified in **Tax Table A**) is reduced by reduction factors of 0.351742 for residential/agricultural property and 0.264703 for all other real property, which results in "effective tax rates" of 64.858279 mills for residential/agricultural property and 73.566522 mills for all other real property. See **Tax Table A**.

Residential and agricultural real property tax amounts paid by taxpayers generally are further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, the State Budget Act eliminates such reductions for additional and replacement levies that will be approved at elections after its effective date and for other taxes (or increases in taxes) not levied for tax year 2013. See **Collections** for a discussion of reimbursements by the State to taxing subdivisions for these reductions and related changes made by the State Budget Act.

The following are the rates at which the City levied property taxes for the general categories of purposes for the years shown, inside ten-mill limitation. The City does not currently levy any taxes outside the ten-mill limitation.

TAX TABLE B
CITY TAX RATES

INSIDE THE LIMITATION

Collection Year	Operating	Police and Fire Pension	Total
2008	3.60	0.60	4.20
2009	3.60	0.60	4.20
2010	3.60	0.60	4.20
2011	3.60	0.60	4.20
2012	3.60	0.60	4.20

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations**.

Collections

The following are the amounts billed and collected for City ad valorem property taxes for the tax collection years shown.

Real and Public Utility

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent Current	Delinquent Accumulated
2008	$2,683,831	$2,500,095	93%	$151,340	$ 80,913
2009	2,657,155	2,238,980	84	130,293	277,070
2010	2,474,975	2,230,567	90	93,420	136,960
2011	2,552,622	2,451,240	96	76,251	84,285
2012	2,352,784	2,165,218	92	58,281	61,214

Tangible Personal Property

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent Current	Delinquent Accumulated
2008	$152,349	$122,481	80%	$17,174	$12,321
2009	31,470	9,652	30	68	22,745
2010	17,008	2,621	15	0	14,469
2011	0	0	0	0	1,163
2012	0	0	0	0	1,136

Source: County Auditor.

Included in the "Billed" and "Collected" figures above are payments made from State revenue sources under two Statewide real property tax relief programs – the Homestead Exemption and the Property Tax Rollback Exemption. Homestead Exemptions have been available for (i) persons 65 years of age or older, (ii) persons who are totally or permanently disabled and (iii) surviving spouses of persons who were totally or permanently disabled or 65 years of age or older, and had applied and qualified for a reduction of property taxes in the year of death, so long as the surviving spouses were not younger than 59 or older than 65 years of age on the date of their deceased spouses' deaths. The Homestead Exemption exempts $25,000 of the homestead's market value from taxation, thereby reducing the property owner's ad valorem property tax liability. The Property Tax Rollback Exemption applies to all non-business properties, and reduces each property owner's ad valorem property tax liability by either 12.5% (for owner-occupied non-business properties) or 10% (for non-owner non-business occupied properties). Payments to taxing subdivisions have been made in amounts approximately equal to the Homestead and Property Tax Rollback Exemptions granted. This State assistance reflected in the City's tax collections for 2012 was $67,451 for the elderly/disabled homestead payment and $166,561 for the rollback payment.

The State Budget Act makes the Homestead Exemption subject to means testing beginning January 1, 2014, and eliminates the Property Tax Rollback Exemption and related reimbursements with respect to new or replacement tax levies approved at elections after its effective date and for other taxes (or increases in taxes) not levied for tax year 2013. See **Tax Rates**.

State legislation first effective with respect to tax bills payable in 2008 has provided for an expansion of the homestead property tax exemption. Under that legislation, an Ohio resident homeowner who (a) is at least 65 years old, (b) is totally and permanently disabled or (c) (i) is the surviving spouse of a person who was receiving the previous homestead exemption at the time of death and (ii) was at least 59 years old on the date of death of his or her spouse, may apply to exempt $25,000 of the market value of the home from all local property taxes. This exemption commenced with tax bills payable in calendar year 2008. Local governments, such as the City, and school districts are to receive payments from the State to make up for the property tax loss due to this expanded exemption.

Real property taxes are payable in two installments, the first usually by February and the second in July.

Special Assessments

The City regularly conducts residential and other street improvements, which can include paving, resurfacing, draining, planting shade trees and constructing curbs, sidewalks, storm sewers, sanitary sewers and water lines. The cost of these improvements is paid in part from special assessments levied against the property benefiting from those improvements; the remaining cost is paid by the City. Unless all of the benefiting property owners petition to pay all costs, State law requires the City to pay at least 2% (plus the cost associated with intersections) of the total cost of the improvements.

Owners of benefiting properties may commence a street improvement project by filing a petition with City Council requesting the improvement. Alternatively, Council, with a three-quarter majority, may by resolution declare the necessity for such an improvement. The special assessment proceedings provide for notice to property owners and an opportunity for property owners to object to the special assessments. At the commencement of construction of the improvement, bond anticipation notes are issued to pay the project cost. Following completion of the work and determination of final costs, the special assessments are levied by Council against the benefiting property. Special assessments not paid within 30 days are certified to the County Auditor for collection over a period of time (usually 10 to 20 years for most projects). Special assessments are billed by the County Auditor and collected by the County Treasurer along with and at the same time as real property taxes. The real property taxes levied on any property against which special assessments have been levied are not to be paid unless those special assessments are also paid.

Bonds are issued in anticipation of the collection of the special assessments to refund (together with any cash payments of special assessments) those notes. The special assessments certified for collection bear the same interest as the bonds. Under State law, those bonds are to be paid from the anticipated special assessments, but they are also general obligations of the City, payable from ad valorem property taxes to the extent not paid from those special assessments. See **City Debt and Other Long-Term Obligations – Statutory Direct Debt Limitations, Indirect Debt and Unvoted Property Tax Limitations** and **Debt Tables A** and **B**. The City has never been required to levy an ad valorem property tax for debt charges on bonds issued in anticipation of the collection of special assessments because special assessments have been collected as required and sufficient balances have been available in the Bond Retirement Fund to cover any temporary shortfall.

The following are the amounts billed and collected for City special assessments for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
2008	$571,519	$431,714	76%	$ 93,836	$ 56,186
2009	496,414	361,872	72	42,600	64,949
2010	605,221	461,034	76	110,994	43,666
2011	648,438	412,687	64	139,010	108,912
2012	700,807	387,961	56	119,906	203,712

Source: County Auditor.

Delinquencies

Of the 10,681 nonexempt parcels in the City for collection year 2012, the number of delinquent parcels was 281, against three of which foreclosure proceedings were commenced.

There is no one taxpayer that accounts for more than 5% of any of the delinquencies of ad valorem real property taxes or special assessments identified above for tax collection year 2012.

MUNICIPAL INCOME TAX

Ohio law authorizes a city or village to levy a municipal income tax on both business income and employee wages and salaries at a rate of up to 1% without voter authorization. An income tax rate in excess of 1% requires approval by the voters. The City, pursuant to Council action, currently levies the tax at a rate of 1%. See **Subsequent Events** for a discussion of the recent increase in this municipal income tax. This tax on business income and individuals' salaries and wages is collected and administered by the City. Residents are permitted, as a credit against their City income tax liability, up to a maximum of 100% of the tax paid as municipal income tax on the same income in another municipal corporation.

The tax is in effect for a continuing period of time. It could be reduced or terminated by action of the Council, or by vote of the electors initiated by petition of 10% of the number of electors of the City who voted for governor at the last preceding election, following initiated ordinance procedures, or 10% of the electors of the City who voted at the last preceding City general election, following charter amendment procedures. Under current law, the Council could (unless restricted by a Charter provision) reimpose a 1% tax without authorization by the electors.

Income tax proceeds, after payment of collection expenses, have been allocated by the Council for Fiscal Year 2012 to the General Fund.

Annual income tax receipts (all at 1%) in recent years were:

Year	Receipts
2008	$ 9,131,495
2009	8,414,855
2010	8,795,369
2011	9,425,474
2012	10,644,065

Based on employer payments of corporate and withheld personal income taxes, LuK USA, LLC contributed through those taxes 5.7% of the City income tax collected in Fiscal

Year 2012. No other employer contributed more than 5% of the City income tax collected in Fiscal Year 2012.

Certain of the income subject to the City income tax is also subject to the State income tax.

STATE LOCAL GOVERNMENT ASSISTANCE FUNDS

Statutory state level local government assistance funds, comprised of designated State revenues, are another source of revenue to the General Fund. Most are distributed to each county and then allocated on a formula basis, or in some cases on an agreement basis, among the county and cities, villages and townships, and in some cases park districts, in the county. City receipts from those funds are set forth in the following table.

Year	Receipts
2008	$1,433,584
2009	1,249,380
2010	1,232,744
2011	1,227,761
2012	861,805

The amounts of and formula for distribution of these funds have been and may be revised from time to time.

ESTATE TAXES

The State also distributes significant portions of the State estate tax to decedents' communities of residence. Due to the nature of this tax, the annual amounts received can vary significantly. The City received $907,281 and $1,519,690 from this source in 2011 and 2012. The City has credited these distributions to its General Fund. The State estate tax has been eliminated for decedents dying on or after January 1, 2013; however, distributions related to the estates of decedents dying before that date will continue until those estates are settled.

CITY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt, applicable debt and ad valorem property tax limitations, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the City.

As used in the discussions that follow, the term BANs refers to notes issued in anticipation of the issuance of general obligation bonds.

Certain overlapping subdivisions also may issue voted and unvoted general obligation debt.

The City is not, and to the knowledge of current City officials has not in at least the last 25 years been in default in the payment of debt service on any of the bonds or notes on which the City is obligor. The City, however, makes no representation as to the existence of a condition of default resulting from a default by any private entity under any financing documents relating to industrial development or hospital revenue bonds for which the City was the issuer.

Security for General Obligation Debt; Bonds and BANs

The following describes the security for City general obligation debt: bonds and bond anticipation notes (BANs).

__**Voted Bonds**__. The basic security for voted City general obligation bonds is the authorization by the electors for the City to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes, without limitation as to rate or amount, on all real and tangible personal property subject to ad valorem taxation by the City. These taxes are outside of the ten-mill limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities).

As of December 31, 2012, the City had no voted general obligation bonds outstanding.

__**Unvoted Bonds**__. The basic security for unvoted City general obligation bonds is the City's ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the City, within the ten-mill limitation described below. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principals, to the exercise of judicial discretion, and to limitations on legal remedies against public entities. See the discussion under **Indirect Debt and Unvoted Property Tax Limitations** of the ten-mill limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the City and all overlapping taxing subdivisions.

As of December 31, 2012, the City had $8,185,000 of unvoted general obligation bonds outstanding.

__**BANs**__. While BANs are outstanding, Ohio law requires the levy of an ad valorem property tax in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes (the maximum maturity for special assessment BANs is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

As of December 31, 2012, the City had no outstanding BANs.

Statutory Direct Debt Limitations

The Revised Code provides two debt limitations on general obligation debt that are directly based on tax (assessed) valuation, applicable to all municipal corporations, including the City.

- The net principal amount of both voted and unvoted debt of the City, excluding "exempt debt" (discussed below), may not exceed 10-1/2% of the total tax (assessed) valuation of all property in the City as listed and assessed for taxation.

- The net principal amount of the unvoted debt of the City, excluding exempt debt, may not exceed 5-1/2% of that valuation, as discussed below.

These two limitations, which are referred to as the "direct debt limitations," may be amended from time to time by the General Assembly.

The City's ability to incur unvoted debt (whether or not exempt from the direct debt limitations) also is restricted by the indirect debt limitation discussed below under **Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt that the City may issue is exempt from the direct debt limitations (exempt debt). Exempt debt includes, among others, the following categories.

- General obligation debt:

  - That is "self supporting" (*i.e.*, nontax revenues from the facility or category of facilities are sufficient to pay operating and maintenance expenses and related debt charges and other requirements) issued for facilities for city utility systems, airports, railroads, mass transit systems, parking, health care, solid waste, urban development, recreation, sports, convention, museum and other public attractions, natural resource exploration, development, recovery, use or sale, correctional and other related rehabilitation.

  - To the extent debt charges are expected to be paid from tax increment financing payments in lieu of taxes pledged to the payment of those debt charges (subject to certain limitations).

  - For highway improvements if the municipality has covenanted to pay debt charges and financing costs from distributions of motor vehicle license and fuel taxes.

  - In anticipation of the levy or collection of special assessments.

  - To pay final judgments or court-approved settlements.

- Securities issued to improve water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay to the City amounts equal to debt charges on those securities.

- Unvoted general obligation bonds to the extent that debt charges will be met from lawfully available municipal income taxes, to be applied to that debt charges pursuant to ordinance covenants.

- Revenue debt and mortgage revenue bonds to finance municipal utilities.

- Notes issued in anticipation of (i) the collection of current revenues (which have a latest maturity of the last day of the Fiscal Year in which issued) or (ii) the proceeds of a specific tax levy.

- Notes issued for certain energy conservation improvements or certain emergency purposes.

- Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.

- Voted debt for urban redevelopment purposes not in excess of 2% of the City's assessed valuation.

- Debt issued to make a single payment on certain accrued liability to the statewide Police and Fire Pension Fund.

- Debt issued for municipal educational and cultural facilities and sports facilities.

BANs issued in anticipation of exempt bonds are also exempt debt.

The City may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

In the calculation of debt subject to the direct debt limitations, the amount in a city's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of amounts in the City's Bond Retirement Fund, and based on outstanding debt and current tax (assessed) valuation, the City's voted and unvoted nonexempt debt capacities as of December 31, 2012 were:

Limitation	**Nonexempt Debt Outstanding**	**Additional Debt Capacity Within Limitation**
10-1/2% = $55,383,954	$3,358,936	$52,025,018
5-1/2% = $29,010,642	$3,358,936	$24,651,706

This is further detailed in **Debt Table A**.

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the City if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the City without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (or the bonds in anticipation of which BANs are issued), and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the City resulting in the highest tax required for such debt charges, in any year is 10 mills or less per $1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by *all* overlapping taxing subdivisions without a vote of the electors. This 10 mills is allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the City. For collection year 2012, the entire 10 mills was levied by the combination of the City and taxing subdivisions overlapping the City. The current allocation of the 10 mills (sometimes referred to as the "inside millage") is as follows: 4.20 City, 2.00 County, and 3.80 Wooster City School District. That allocation has remained constant for at least the last five years.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt charges on a subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. In the case of the City, however, a law applicable to all Ohio cities and villages requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on City unvoted debt before the formula allocations of the inside millage to overlapping subdivision can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest estimate of annual debt charges for the anticipated bonds is used to calculate the millage required.

Revenue bonds and notes and mortgage revenue bonds are not included in debt subject to the indirect limitation because they are not general obligations of the City, and the full faith and credit and property taxing power of the City is not pledged for their payment.

The indirect limitation applies to all unvoted general obligation debt even if debt charges on some of it is expected to be paid in fact from municipal income taxes, special assessments, utility revenues or other sources.

As of December 31, 2012, the highest debt charges requirement in any year for all City debt subject to the ten-mill limitation was estimated to be $918,342. That debt includes all unvoted general obligation bonds outstanding. The payment of those annual debt charges would require a levy of 1.7410 mills based on current assessed valuation.

As of December 31, 2012, the total millage theoretically required by the City, the Wooster City School District and the County (the only overlapping taxing subdivisions that had issued unvoted debt) for debt charges on their outstanding unvoted general obligation debt was estimated to be 2.4975 mills for Fiscal Year 2013, the year of the highest potential debt service. There thus remain 7.5025 mills within the ten-mill limitation that have yet to be allocated to debt charges and that are available to the City and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt.

Debt Outstanding

The Debt Tables attached provide information concerning the City's outstanding debt represented by bonds and notes, with respect to City and overlapping subdivision general obligation debt allocations, and debt charges.

The following table shows the principal amount of City general obligation debt outstanding as of December 31 (all unvoted) in the years shown.

Year	Exempt	Total
2008	$4,031,357	$12,262,000
2009	3,795,303	10,752,000
2010	5,845,671	9,755,000
2011	5,198,019	8,841,000
2012	4,826,064	8,185,000

Bond Anticipation Notes

As of December 31, 2012, none of the debt of the City was currently in the form of BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the City, or a combination of these sources.

Bond Retirement Fund

The Bond Retirement Fund is the fund from which the City pays debt charges on its general obligation debt, and into which money required to be applied to those payments is deposited. The following table is an unaudited summary of Bond Retirement Fund receipts and disbursements for the years shown.

Year	Receipts	Disbursements	December 31 Balance
2008	$278,080	$219,231	$ 634,471
2009	197,040	207,271	624,240
2010	307,396	227,149	704,487
2011	243,015	190,470	757,032(a)
2012(a)	209,132	190,919	1,080,455

(a) The balance of $757,032 as of December 31, 2011 was restated to $1,062,242 as of January 1, 2012 to account for understatement of liabilities and reclassification of Long Road TIF monies.

Future Financings

The City plans to enter into an estimated $2,160,000 of additional financings in Fiscal Year 2013 for improvements to its storm water collection system, sanitary sewer system, and water protection system. This includes an estimated $500,000, 0% loan from the Ohio Public Works Commission (OPWC) for the Spink Street Storm Sewer and Sanitary Sewer Line Replacement Project. In addition, the City plans to issue an estimated $160,000 in special assessment bonds to pay for the property owner's portion of the Melrose Drive Street Reconstruction Project. The City also plans to issue $1,500,000 of additional financing for the purpose of constructing a new water storage tower. The City presently has no plans to enter into any other financings in Fiscal Year 2013. The City has no plans to issue any current revenue or tax anticipation notes.

Long-Term Financial Obligations Other Than Bonds and Notes

The City has entered into loan agreements with the Ohio Water Development Authority (OWDA) for the financing of improvements to its wastewater treatment plant, under which, according to the OWDA and at December 31, 2012, there was an aggregate outstanding principal balance due of approximately $15.99 million. Payments on those loans are required to be made from City wastewater system revenues after payment of operation and maintenance expenses of that system.

The City has entered into loan agreements with the OWDA for the financing of improvements to its water system, under which, according to the OWDA and at December 31, 2012, there was an aggregate outstanding principal balance due of approximately $2.76 million. Payments on those loans are required to be made from City water system revenues after payment of operation and maintenance expenses of that system.

Those loan agreements with the OWDA grant no security or property interest to OWDA in any property of the City, and do not pledge the general credit of the City, or create a debt subject to the direct or indirect debt limitations, or require the application of the general resources of the City for repayment.

In addition, the City has entered into a number of 0% interest loans with the Ohio Public Works Commission (OPWC) for the financing of improvements to its wastewater treatment plant, water system, storm drainage and other improvements. As of December 31, 2012, the aggregate outstanding principal amount of those loans totaled approximately $1.4 million. Payments on those loans are generally required to be made from the City wastewater and water system revenues after payment of operation and maintenance expenses of those systems, respectively. The loan agreements grant no security or property interest to OPWC in any property of the City, and do not pledge the general credit of the City, or create a debt subject to the direct or indirect debt limitations.

For information regarding these loan agreements, "compensated absences" and certain other long-term financial obligations of the City, see **Notes** to the City's Unaudited Basic Financial Statements for Fiscal Year 2012 included in **Appendix D**.

The City has no other significant long term financial obligations, other than the bonds described above and certain lease purchase contracts for photocopying and general office equipment.

Retirement Expenses

Present and retired employees of the City are covered under two statewide public employee retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund (OP&F) covers uniformed members of the police department. All other eligible City employees are covered by the Ohio Public Employees Retirement System (OPERS).

In 2012, employees covered by OPERS contributed at a statutory rate of 10.0% of earnable salary. As the employer, the City's statutory contribution rate for those employees was 14.0% of the same base. In 2012, employees covered by OP&F contribute at a statutory rate of 10.0% of earnable salary. As the employer, the City's statutory contribution rates, applied to the same base, were 19.5% for police personnel and 24.0% for fire personnel. These employee and employer contribution rates are the maximums permitted under current State law.

City employees are not currently subject to federal and state income tax on their contributions to OPERS or OP&F because the City has adopted a "pick-up" program pursuant to federal income tax law. The pick-up program is a "salary reduction" program which does not cause the City to incur additional pension or wage related expenses.

For further information on these pension plans, see the **Notes** to the Basic Financial Statements included in **Appendix D**. Financial and other information for OPERS and OP&F can also be found on the respective website for each retirement system including its Comprehensive Annual Financial Report.

OPERS and OP&F are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. On September 12, 2012, the General Assembly passed five separate pension reform bills intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. The bills passed with respect to OPERS and OP&F provide for (i) no change in the City contribution rates with respect to its employees' earnable salaries, (ii) no change in OPERS employee contribution rate, and (iii) an increase in the OP&F employee contribution rate from 10% to 12.25% in annual increments of 0.75% beginning on July 2, 2013. With certain transition provisions applicable to certain current employees, the bills increase minimum age and service requirements for retirement and disability benefits, revise the calculation of an employee's final average salary on which pension benefits are based to include the five highest years (rather than the three highest years), provide for OPERS pension benefits to be calculated on a lower, fixed formula, change provisions with respect to future cost-of-living adjustments to limit those adjustments to the lesser of any increase in the Consumer Price Index or three percent, and make other changes. The OP&F bill also authorizes the OP&F board to further adjust member contribution rates or further adjust age and service requirements after November 1, 2017, if, after an actuarial investigation, the board determines that an adjustment is appropriate. Those bills became effective on January 7, 2013.

The City's current employer contributions to OPERS and OP&F, and the payments toward the accrued OP&F liability, have been treated as current expenses and included in the City's operating expenditures, except to the extent paid from the proceeds of the "Police and Fire Pension" levy referred to under **Tax Rates**.

Federal law requires City employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, City employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. OPERS and OP&F are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

Health Insurance

All full-time City employees are provided a traditional health care insurance plan that covers hospitalization and major medical expenses within specified limits. The plan is self-funded by the City and administered by a third-party administrator. The City pays the administrator a monthly fixed fee for various claim administration services on a per enrolled employee basis. All claims are paid by the City. The third-party administrator submits weekly preliminary check registers for all processed claims. The City issues payment to the plan administrator who in turn issues individual claim checks. The City carries specific stop-loss and adequate stop-loss insurance against catastrophic losses (an annual stop loss limit of $75,000 per employee, and $2,075,351 in the aggregate). The premium for these coverages are billed monthly to the City by the third-party administrator on a per enrolled employee basis.

SUBSEQUENT EVENTS

On May 7, 2013, the voters authorized a 0.50% increase in the City's income tax, raising the rate from its current 1.00% to 1.50%, effective January 1, 2014. See **Municipal Income Tax**.

DEBT TABLE A

Principal Amounts of Outstanding General Obligation (GO) Debt; Leeway for Additional Debt Within Direct Debt Limitations (as of December 31, 2012)

A.	Total debt:		$ 8,185,000
B.	Exempt debt:		
	Category	Outstanding Principal Amount	
	Special Assessment	$1,259,564	
	Water System	$2,656,500	
	Storm Drainage System	$ 910,000	
	Total exempt debt:		$ 4,826,064
C.	Total nonexempt debt **[**A minus B**]**		$ 3,358,936
D.	5-1/2% of tax (assessed) valuation (unvoted nonexempt debt limitation):		$29,010,642
E.	Total nonexempt limited tax bonds and notes outstanding:		
	Bonds	$3,358,936	
	Notes	$ -0-	
			$ 3,358,936
F.	Debt leeway within 5-1/2% unvoted debt limitation **[**D minus E**]**		$25,651,706*
G.	10-1/2% of tax (assessed) valuation (voted and unvoted debt limitation):		$55,383,954
H.	Total nonexempt bonds and notes outstanding:		
	Bonds	$3,358,936	
	Notes	$ -0-	
			$ 3,358,936
I.	Debt leeway within 10-1/2% debt limitation **[**G minus H**]**		$52,025,018*

* Debt leeway in this table determined without considering money in the Bond Retirement Fund.

DEBT TABLE B

Various City and Overlapping GO Debt Allocations (Principal Amounts) (as of December 31, 2012)

	Amount	Per Capita(a)	% of City's Current Assessed Valuation(b)
City Nonexempt GO Debt	$ 3,358,936	$128.60	0.64%
Total City GO Debt (exempt and non-exempt)	8,185,000	313.37	1.55
Highest Total Overlapping GO Debt(c)	22,099,150	846.09	4.19

(a) Based on 2010 City population of 26,119.

(b) Based on the City's current assessed valuation of $527,466,230.

(c) Includes, in addition to "Total City GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions resulting in the calculation of highest total overlapping debt based on percent of tax (assessed) valuation of territory of the subdivisions located within City (% figures are resulting percent of total debt of subdivisions allocated to City in this manner), as follows:

$2,029,574 County (24.13%);
$10,965,348 Wooster City School District (84.26%); and
$919,228 Wayne Public Library District (20.45%).

Source of tax (assessed) valuation and confirmation of GO debt figures for overlapping subdivisions: OMAC*

* Ohio Municipal Advisory Council (OMAC) compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Annual Information Filing to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

DEBT TABLE C

Projected Debt Charges Requirements on City GO Debt
(as of December 31, 2012)

Year	Debt Charges on Outstanding Bonds	Total	Portion of Total Anticipated to be Paid from: Limited Ad Valorem Taxes	Special Assessments	Water System Receipts	Storm Drainage System Receipts
2013	$918,342	$918,342	$380,461	$139,650	$227,731	$170,500
2014	914,530	914,530	380,841	139,806	226,383	167,500
2015	909,196	909,196	379,357	140,447	224,892	164,500
2016	914,277	914,277	378,189	141,388	228,200	166,500
2017	902,205	902,205	377,420	140,787	225,986	158,012
2018	902,279	902,279	373,950	140,716	228,350	159,263
2019	546,046	546,046	192,179	128,759	225,108	0
2020	549,117	549,117	193,545	129,243	226,329	0
2021	445,405	445,405	194,074	78,275	173,056	0
2022	441,998	441,998	194,402	78,290	169,306	0
2023	361,294	361,294	144,121	46,617	170,556	0
2024	362,700	362,700	144,474	46,732	171,494	0
2025	363,438	363,438	144,569	46,763	172,106	0
2026	368,850	368,850	148,319	47,975	172,556	0
2027	368,388	368,388	147,889	47,836	172,663	0
2028	367,188	367,188	147,171	47,604	172,413	0
2029	365,638	365,638	146,321	47,329	171,988	0
2030	368,313	368,313	148,946	48,179	171,188	0

DEBT TABLE D

Outstanding GO Bonds
(as of December 31, 2012)

The following debt is reflected in **Debt Tables A**, **B** and **C**.

Issue	Date of Issuance	Final Maturity	Original Principal Amount	Outstanding Principal Amount
Various Purpose Improvement Bonds, Series 1995	**9/21/95**	**2020**	**$1,950,000**	**$ 660,000**
Special Assessment				
Property Owners' Portion			1,245,955	318,500
City Portion (Water System)			704,045	341,500
Street Improvement Bonds, Series 2007	**9/27/07**	**2022**	**$ 815,000**	**$ 605,000**
Special Assessment				
Property Owners' Portion			321,460	238,630
City Portion			493,540	366,370
Various Purpose Bonds, Series 2010	**10/13/10**	**2030**	**$7,975,000**	**$6,920,000**
Refunding of Municipal Building Debt			1,040,000	785,000
Refunding of Storm Drainage Debt			1,200,000	910,000
Refunding of Water System Debt			2,510,000	2,315,000
Special Assessment				
Property Owners' Portion			776,543	702,434
City Portion			2,448,457	2,207,566

APPENDIX A

COMPARATIVE BALANCE SHEETS OF WATER FUND 2008 THROUGH 2012, COMPARATIVE STATEMENTS OF WATER FUND REVENUES, EXPENSES AND CHANGES IN NET ASSETS 2008 THROUGH 2012, AND COMPARATIVE STATEMENTS OF WATER FUND CASH FLOWS 2008 THROUGH 2012

City of Wooster, Ohio
Water Fund
Comparative Balance Sheets

	2008	2009	2010	2011	2012
Assets					
Current Assets					
Equity in city treasury cash	$ 827,290	$ 784,326	$ 1,395,930	$ 2,657,475	$ 3,864,331
Receivables – net of allowances:					
Accounts	526,031	589,917	722,846	720,635	690,818
Accrued interest	48,177	44,173	42,901	39,670	40,251
Due from other governments	0	0	0	0	1,821
Inventory	116,117	116,061	116,061	51,570	72,359
Total Current Assets	1,517,615	1,534,477	2,277,738	3,469,350	4,669,580
Net Capital Assets	25,228,146	26,389,075	25,482,412	24,894,568	24,417,691
Total Assets	$ 26,745,761	$ 27,923,552	$ 27,760,150	$ 28,363,918	$ 29,087,271
Liabilities					
Current Liabilities					
Accounts payable	564,528	96,135	164,389	121,463	313,744
Accrued salaries, wages and benefits	109,282	132,592	259,311	85,968	143,825
Current portion of long term debt	1,161,436	2,955,638	605,381	295,761	340,710
Accrued interest payable	32,662	79,856	74,048	65,006	56,932
Accrued plant closure costs	0	0	0	0	0
Current portion of compensated absences	88,012	86,507	69,007	62,871	62,109
Total Current Liabilities	1,955,920	3,350,728	1,172,136	631,069	917,320
Noncurrent Liabilities					
Long term debt	4,478,582	4,370,391	6,782,393	6,821,513	6,666,102
Compensated absences	230,165	248,949	152,253	188,686	133,023
Total Noncurrent Liabilities	4,708,747	4,619,340	6,934,646	7,010,199	6,799,125
Total Liabilities	$ 6,664,667	$ 7,970,068	$ 8,106,782	$ 7,641,268	$ 7,716,445
Net Assets					
Invested in capital assets, net of related debt	19,588,128	19,063,046	18,094,639	17,777,293	17,410,879
Restricted	0	0	0	0	0
Unrestricted	492,966	890,438	1,558,729	2,945,357	3,959,947
Total Net Assets	20,081,094	19,953,484	19,653,368	20,722,650	21,370,826
Total Liabilities and Net Assets	$ 26,745,761	$ 27,923,552	$ 27,760,150	$ 28,363,918	$ 29,087,271

City of Wooster, Ohio
Water Fund
Comparative Statements of Revenues, Expenses and Changes in Net Assets

	2008	2009	2010	2011	2012
Operating Revenues:					
Charges for services	$ 4,046,529	$ 4,185,862	$ 5,076,993	$ 5,307,239	$ 5,314,130
Interfund services provided	0	0	0	0	0
Miscellaneous	98,436	93,085	105,515	117,299	100,995
Total operating revenues	4,144,965	4,278,947	5,182,508	5,424,538	5,415,125
Operating Expenses :					
Personal services	1,763,382	1,863,516	1,880,923	1,550,840	1,593,461
Operations and Maintenance	1,223,511	1,207,129	1,138,504	1,274,470	1,777,806
Depreciation	1,055,553	1,080,790	1,097,687	1,081,646	1,064,277
Interfund Services used	263,576	304,806	360,486	290,236	161,705
Total operating expenses	4,306,022	4,456,241	4,477,600	4,197,192	4,597,249
Operating income	(161,057)	(177,294)	704,908	1,227,346	817,876
Non-operating revenues (expenses):					
Interest income and investment earnings	103,822	15,198	20,304	26,454	17,338
Other (net)	580	302,576	(127,068)	300	(2,591)
Interest expense	(246,309)	(268,091)	(256,918)	(210,495)	(204,688)
Net non-operating revenues (expenses)	(141,907)	49,683	(363,682)	(183,741)	(189,941)
Income before contributions and transfers	(302,964)	(127,611)	341,226	1,043,605	627,935
Change in estimated plant closure cost	0	0	0	0	0
Premium on debt issuances	0	0	16,708	0	0
Transfers	0	0	(710,000)	0	0
Capital Contributions	0	0	51,950	25,678	20,241
Change in net assets	(302,964)	(127,611)	(300,116)	1,069,283	648,176
Total net assets at beginning of year	20,384,058	20,081,094	19,953,483	19,653,367	20,722,650
Total net assets at end of year	$ 20,081,094	$ 19,953,483	$ 19,653,367	$ 20,722,650	$ 21,370,826

City of Wooster, Ohio
Water Fund
Comparative Statements of Cash Flows

	2008	2009	2010	2011	2012
Cash flows from operating activities:					
Cash received from customers	$3,972,515	$ 4,121,976	$ 4,944,064	$ 5,309,450	$ 5,342,126
Cash paid to suppliers	(768,082)	(1,675,466)	(1,430,736)	(1,543,141)	(1,768,019)
Cash paid to employees	(1,746,026)	(1,822,927)	(1,868,400)	(1,693,886)	(1,592,029)
Cash received from interfund services provided	0	0	0	0	0
Cash paid for internal services used	(263,576)	(304,806)	0	0	0
Other revenue (expense)	98,436	93,085	105,515	117,299	100,995
Net cash provided (used) by operating activities	1,293,267	411,862	1,750,443	2,189,722	2,083,073
Cash flows from noncapital financing activities:					
Grants	0	0	0	300	240
Cash flows from capital and related financing activities:					
Proceeds from capital debt	1,690,296	4,569,199	5,700,000	302,200	197,800
Loss on disposal of capital assets	0	0	0	0	0
Capital contributions	0	302,576	0	25,677	20,241
Proceeds from sale of assets	581	0	0	0	0
Purchases of capital assets	(2,412,227)	(2,241,717)	(318,644)	(493,802)	(590,231)
Principal paid on capital debt	(1,062,236)	(2,883,157)	(5,638,255)	(572,700)	(308,262)
Interest paid on capital debt	(235,561)	(220,929)	(262,726)	(219,537)	(212,762)
Net cash (used) for capital and related financing activities	(2,019,147)	(474,028)	(519,625)	(958,162)	(893,214)
Cash flows from investing activities:					
Interest and dividends	109,507	19,202	21,576	34,617	16,757
Net cash provided by investing activities	109,507	19,202	21,576	34,617	16,757
Cash flows from non-capital financing activities:					
Insurance settlement proceeds	0	0	0	0	0
Capital contributions	0	0	51,950	0	0
Premium on debt issuance	0	0	16,708	0	0
Other income	0	0	552	0	0
Transfer out	0	0	(710,000)	0	0
Payment to close previous Water Treatment Plant	0	0	0	0	0
Operating subsidies	0	0	0	0	0
Net cash provided (used) by non-capital financing activities	0	0	(640,790)	0	0
Net increase (decrease) in cash and cash equivalents	(616,373)	(42,964)	611,604	1,261,545	1,206,856
Cash and cash equivalents at beginning of year	1,443,663	827,290	784,326	1,395,930	2,657,475
Cash and cash equivalents at end of year	827,290	784,326	1,395,930	2,657,475	3,864,331
Noncash Investing, Capital and Financing Activities:					
Acquisition of capital assets on account	0	0	0	0	0
Reconciliation of operating income (loss) to net cash provided (used) by					
Operating Income (loss)	(161,057)	(177,294)	704,908	1,227,346	817,876
Adjustments to reconcile operating income to net cash provided (used)					
Depreciation expense	1,055,553	1,080,790	1,097,687	1,081,646	1,064,277
Changes in assets and liabilities:					
Receivables – net of allowances	(74,014)	(63,886)	(132,929)	2,211	27,996
Inventory	(24,984)	56	0	64,491	(20,789)
Compensated absences payable	0	0	(114,196)	30,297	(56,425)
Prepaid expenses	0	0	0	0	0
Accounts and other payables	480,413	(468,393)	68,254	(42,926)	192,281
Accrued expenses	17,356	40,589	126,719	(173,343)	57,857
Net cash provided (used) by operating activities)	$ 1,293,267	$ 411,862	$ 1,750,443	$ 2,189,722	$ 2,083,073

APPENDIX B

COMPARATIVE BALANCE SHEETS OF GENERAL FUND 2008 THROUGH 2012

AND

COMPARATIVE STATEMENTS OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES 2008 THROUGH 2012

City of Wooster, Ohio
General Fund
Comparative Balance Sheets

	2008	2009	2010	2011	2012
Assets:					
Equity in city treasury cash	$ 11,361,486	$ 9,893,689	$ 8,368,686	$ 11,165,028	$ 11,331,441
Taxes receivable	3,281,576	3,580,907	3,595,790	4,006,004	3,971,425
Accounts receivable	38,770	38,692	33,240	203,800	247,636
Due from other governments	1,907,975	1,199,211	1,198,962	1,452,398	716,997
Due from other funds	486,237	1,500,000	1,891,442	100,000	145,240
Accrued interest receivable	96,457	81,398	45,339	0	0
Inventory	54,408	50,897	56,834	53,953	55,429
Total assets	17,226,809	16,344,794	15,190,293	16,981,183	16,465,168
Liabilities:					
Accounts payable	280,381	260,070	232,648	237,492	301,742
Accrued salaries, wages, and benefits	998,147	1,123,370	1,513,639	902,418	1,036,707
Compensated absences	0	0	0	0	0
Deferred revenue	3,654,122	3,370,143	3,911,779	4,250,323	3,757,106
Total liabilities	4,932,650	4,753,583	5,658,066	5,390,233	5,095,555
Fund balances:					
Reserved for encumbrances	2,592,872	2,771,167	2,347,652	2,702,135	2,532,598
Unreserved	9,701,387	8,820,044	7,184,575	8,888,815	8,837,015
Total fund balances	12,294,259	11,591,211	9,532,227	11,590,950	11,369,613(a)
Total liabilities and fund balances	$ 17,226,909	$ 16,344,794	$ 15,190,293	$ 16,981,183(a)	$ 16,465,168

(a) Fund balance restated at January 1, 2012, to account for understatement of other liabilities and reclassification of Long Road TIF monies.

City of Wooster, Ohio

General Fund

Comparative Statements of Revenue, Expenditures, and Changes in Fund Balances

	2008	2009	2010	2011	2012
Revenues:					
Taxes	$11,858,301	$11,633,053	$11,295,605	$12,382,087	$13,463,255
Intergovernmental	1,796,969	1,594,486	1,559,899	1,685,562	1,098,338
Charges for Services	1,275,498	1,356,638	1,299,700	1,493,695	1,416,353
Fines, licenses, permits	349,205	369,803	481,874	609,103	536,585
Interfund services provided	1,643,980	1,616,062	1,762,497	1,508,293	1,478,817
Interest income	575,151	168,843	162,474	102,644	55,130
Miscellaneous	319,138	362,441	253,143	144,363	54,174
Total Revenues	17,818,242	17,101,326	16,815,192	17,925,747	18,102652
Expenditures (Note A):					
Current operations:					
Safety services	9,637,052	9,914,083	10,639,592	9,486,771	9,900,809
Health services	148,865	148,395	140,185	139,670	137,140
Leisure services	2,006,716	1,919,313	1,793,052	1,365,853	1,364,780
Environment and development	889,766	833,270	889,444	782,950	810,295
Utility services	0	0	0	0	0
Transportation services	1,283,459	1,329,985	1,510,868	968,766	851,876
Administrative services	3,524,050	3,268,646	3,681,702	2,889,589	2,873,611
Capital expenditures	0	0	0	0	0
Debt service:					
Principal	173,621	118,621	123,621	133,621	138,622
Interest	54,543	48,243	28,169	25,854	20,312
Total Expenditures	17,718,072	17,580,556	18,806,633	15,793,074	16,097,445
Excess revenues over (under) expenditures	100,170	(479,230)	(1,991,441)	2,132,673	2,005,207
Other financing sources (uses):					
Proceeds from debt issues	0	0	1,040,000	0	0
Premium on issuance of debt	0	0	25,680	0	0
Payment to refund bond escrow agt	0	0	(1,050,223)	0	0
Transfers in	0	24,200	0	0	0
Transfers (out) (Note B)	(1,797,400)	(248,019)	(83,000)	(73,950)	(1,361,000)
Excess revenues and other sources over (under) expenditures and other uses	(1,697,230)	(703,049)	(2,058,984)	2,058,723	(1,361,000)
Fund balances at beginning of year as previously reported	13,991,488	12,294,259	11,591,211	9,532,227	10,725,406
Fund balances at end of year	$12,294,259	$11,591,211	$ 9,532,227	$ 11,590,950	$11,369,613

Note A — All transfers from the General Fund are to the Capital Improvement Fund, except that in Fiscal Year 2009 $100,000 was transferred to the Economic Development Fund for the purpose of funding the City's economic development revolving loan fund program.

APPENDIX C

All Funds Summary 2012
(Cash Basis--Unaudited)

Fund	Beginning Balance	Receipts	Expenditures	Ending Balance
General	$ 11,129,044.93	$ 18,995,132.75	$ 18,813,882.79	$ 11,310,294.89
Street Construction Maintenance & Repair	1,188,657.61	1,148,812.76	949,404.40	1,388,065.97
State Highway	374,715.58	90,120.76	33,018.61	431,817.73
Permissive Tax	971,110.08	311,973.75	645,071.14	638,012.69
Enforcement and Education	48,337.00	2,924.12	17.09	51,244.03
Mandatory Drug Fines	17,208.76	12,520.46	5,936.41	23,792.81
Local Law Enforcement Block Grant	22.70	0.04	0.01	22.73
Community Development Block Grant	85,125.01	480,080.00	565,204.82	0.19
Economic Development	61,819.76	99,724.11	96,883.55	64,660.32
Law Enforcement Trust	46,859.02	649.10	8,926.63	38,581.49
Police Pension	49,938.58	229,207.61	217,352.02	61,794.17
Fire Pension	27,643.75	168,168.02	137,025.31	58,786.46
Federal Equitable Sharing	13,759.24	81.86	4.72	13,836.38
CDBG CHIP HOME RLF	6,934.04	2,308.86	2.51	9,240.39
Shade Tree Fund	1,379.95	258.65	0.52	1,638.08
Law Enforcement Training Fund	3,980.00	0.00	0.00	3980.00
Lillian Long Estate	11,996.72	59.09	0.00	12,055.81
Christmas Run Park Restoration	28,079.52	167.08	9.63	28,236.97
Debt Service	1,302,449.47	408,219.88	632,119.20	1,078,550.15
Capital Improvements	921,996.95	2,940,534.18	3,245,413.85	617,117.28
Economic Development Capital Improvements	19,186.53	0.00	0.00	19,186.53
Beall Avenue Street Construction	8,319.18	46.42	1,002.81	7,362.79
State Capital Grants	0.00	0.00	0.00	0.00
Milltown Road Reconstruction	0.00	0.00	0.00	0.00
Water Fund	2,651,413.08	5,709,131.13	4,500,236.70	3,860,307.51
Water Pollution Control	1,552,662.86	6,187,583.56	5,170,861.97	2,569,384.45
Wooster Community Hospital	11,062,738.67	108,425,601.96	106,056,499.62	13,431,841.01
Wooster Community Hospital Plant	70,317,717.32	11,092,566.35	8,231,641.89	73,178,641.78
Wooster Community Hospital Beaverson EMS	291,041.85	6,911.39	53,343.80	244,609.44
Wooster Community Hospital Endowment	1,091,009.88	130,682.77	77,287.86	1,144,404.79
Storm Drainage	1,107,543.95	1,327,498.92	1,112,478.58	1,322,564.29
CDBG Economic Development Loan	35,935.51	3,894.60	31,834.65	7,995.46
CDBG Downtown Loan	25,022.49	4,021.21	11,594.62	17,449.08
Wooster Community Hospital Bevington	53.85	0.28	0.02	54.11
Refuse Collection	503,021.53	1,523,743.24	1,313,979.53	712,785.24
Garage (Internal Service)	35,494.53	359,637.60	372,352.44	22,779.69
Employee Benefits	435,204.66	2,624,645.44	2,309,700.14	750,149.96
Guarantee Deposit	193,628.93	5,000.00	0.00	198,628.93
Clearing	11,718.63	57,456.48	42,488.98	26,686.13
Recreation Supplement	6,767.40	385.00	0.00	7,152.40
Wooster Growth Corporation	436,504.81	649,541.26	668,605.71	417,440.36
Totals	**$106,076,044.33**	**$162,999,290.69**	**$155,304,182.53**	**$113,771,152.49**

APPENDIX D

Unaudited Basic Financial Statements from the City's Financial Report for Fiscal Year 2011

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Equity in city treasury cash	$ 17,830,601	$ 96,638,872	$ 114,469,473
Net receivables	7,688,706	18,593,850	26,282,556
Inventory	245,103	1,821,147	2,066,250
Prepaid expenses	0	1,098,961	1,098,961
Total current assets	25,764,410	118,152,830	143,917,240
Noncurrent assets			
Net receivables	1,575,927	198,373	1,774,300
Capital assets (net of accumulated depreciation):			
Land	4,356,294	8,109,072	12,465,366
Buildings	2,092,519	51,540,605	53,633,124
Improvements/Infrastructure	34,346,891	55,472,666	89,819,557
Equipment	2,700,889	10,622,471	13,323,360
Construction in progress	5,357,747	5,652,357	11,010,104
Net capital assets	48,854,340	131,397,171	180,251,511
Total noncurrent assets	50,430,267	131,595,544	182,025,811
Total assets	76,194,677	249,748,374	325,943,051
LIABILITIES			
Current liabilities			
Accounts payable	1,039,839	4,492,604	5,532,443
Accrued salaries, wages and benefits	1,071,745	4,945,329	6,017,074
Other accrued liabilities	1,314,602	4,640,626	5,955,228
Compensated absences, current	521,422	2,615,455	3,136,877
Current portion of long term bonds	273,382	334,234	607,616
Current portion special assessment debt with governmental commitment	90,613	0	90,613
Current portion long term loans	22,471	1,099,572	1,122,043
Unearned revenue	1,887,587	0	1,887,587
Total current liabilities	6,221,661	18,127,820	24,349,481
Noncurrent liabilities			
Bonds	2,790,941	4,228,603	7,019,544
Special assessment debt with governmental commitment	556,639	0	556,639
Loans	108,250	18,917,641	19,025,891
Compensated absences	1,338,674	1,457,175	2,795,849
Total noncurrent liabilities	4,794,504	24,603,419	29,397,923
Total liabilities	11,016,165	42,731,239	53,747,404
NET POSITION			
Net Investment in Capital Assets	45,012,043	106,817,119	151,829,162
Restricted for:			
Capital projects	1,128,681	0	1,128,681
Debt service	3,312,625	0	3,312,625
Street construction and maintenance	2,091,743	0	2,091,743
Public works projects	1,444,448	0	1,444,448
Economic development projects	466,601	0	466,601
Restricted by donors	0	1,891,059	1,891,059
Other purposes	324,997	0	324,997
Unrestricted	11,397,374	98,308,957	109,706,331
Total net position	$ 65,178,512	$ 207,017,135	$ 272,195,647

See accompanying notes to the basic financial statements.

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

			Program Revenues		
Functions/Programs	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government					
Governmental activities:					
Safety services	$ 10,556,246	$ 1,083,933	$ 873,004	$ 59,419	$ 12,488
Health and social services	135,615	0	0	0	0
Leisure services	1,495,211	240,348	417,778	10,817	0
Environment and development	1,217,641	4,231	207,464	503,811	0
Transportation services	3,403,221	203,960	151,573	1,607,679	1,596,349
Administrative services	3,062,425	(2,654,295)	244,229	5,125	0
Central services	229,137	(354,090)	0	0	0
Interest expense	136,556	0	0	0	0
Total governmental activities	20,236,052	(1,475,913)	1,894,048	2,186,851	1,608,837
Business-type activities:					
Wooster Community Hospital	111,300,767	0	116,775,117	124,827	16,800
Water	4,643,063	161,705	5,314,130	0	20,241
Water pollution control	4,710,154	1,077,436	6,085,102	0	0
Storm drainage	614,494	152,001	1,308,932	0	11,193
Refuse collection	1,339,526	84,771	1,453,096	73,618	0
Total business-type activities	122,608,004	1,475,913	130,936,377	198,445	48,234
Total primary government	$ 142,844,056	$ 0	$ 132,830,425	$ 2,385,296	$ 1,657,071

General revenues:
Taxes:
City income taxes
Property taxes
Estate taxes
Other taxes
Grants and contributions, not restricted
Interest and investment earnings
Miscellaneous
Total general revenues

Change in net position

Net position -- beginning of year (Restated, See Note 17)

Net position -- end of year

See accompanying notes to the basic financial statements.

UNAUDITED

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (10,695,268)	$ 0	$ (10,695,268)
(135,615)	0	(135,615)
(1,306,964)	0	(1,306,964)
(510,597)	0	(510,597)
(251,580)	0	(251,580)
(158,776)	0	(158,776)
124,953	0	124,953
(136,556)	0	(136,556)
(13,070,403)	0	(13,070,403)
0	5,615,977	5,615,977
0	529,603	529,603
0	297,512	297,512
0	553,630	553,630
0	102,417	102,417
0	7,099,139	7,099,139
(13,070,403)	7,099,139	(5,971,264)
10,378,470	0	10,378,470
1,876,328	0	1,876,328
1,032,907	0	1,032,907
205,723	0	205,723
871,159	0	871,159
121,487	374,942	496,429
295,833	171,611	467,444
14,781,907	546,553	15,328,460
1,711,504	7,645,692	9,357,196
63,467,008	199,371,443	262,838,451
$ 65,178,512	$ 207,017,135	$ 272,195,647

See accompanying notes to the basic financial statements.

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in city treasury cash	$ 11,331,441	$ 1,080,455	$ 4,616,929	$ 17,028,825
Taxes receivable	3,971,425	0	285,726	4,257,151
Accounts receivable	247,636	0	46,988	294,624
Due from other governments	713,997	0	2,012,985	2,726,982
Due from other funds	145,240	0	0	145,240
Accrued interest receivable	0	0	2,223	2,223
Inventory	55,429	0	189,674	245,103
Long term receivables	0	0	125,223	125,223
Special assessments receivable	0	1,846,837	11,585	1,858,422
Total assets	$ 16,465,168	$ 2,927,292	$ 7,291,333	$ 26,683,793
Liabilities:				
Accounts payable	$ 301,742	$ 0	$ 674,983	$ 976,725
Accrued salaries, wages and benefits	1,036,707	0	19,820	1,056,527
Other accrued liabilities	0	0	1,109,952	1,109,952
Due to other funds	0	0	145,240	145,240
Deferred revenue	3,757,106	1,846,837	2,052,937	7,656,880
Total liabilities	5,095,555	1,846,837	4,002,932	10,945,324
Fund balances:				
Nonspendable	55,429	0	189,674	245,103
Restricted	0	1,080,455	2,845,484	3,925,939
Committed	0	0	141,105	141,105
Assigned	5,512,738	0	126,294	5,639,032
Unassigned	5,801,446	0	(14,156)	5,787,290
Total fund balances	11,369,613	1,080,455	3,288,401	15,738,469
Total liabilities and fund balances	$ 16,465,168	$ 2,927,292	$ 7,291,333	$ 26,683,793

See accompanying notes to the basic financial statements.

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

Total Governmental Fund Balances		$ 15,738,469
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.**		48,850,079
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Special assessments receivable	$ 1,858,422	
Delinquent property taxes receivable	70,911	
Due from other governments	2,363,984	
Accounts receivable	99,775	
Income tax receivable	1,376,201	5,769,293
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds:		
Special assessment debt	(647,252)	
General obligation bonds	(3,064,323)	
Long term loans	(130,721)	
Compensated absences payable*	(1,817,336)	
Interest payable	(10,397)	(5,670,029)
Internal service fund is used to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		479,011
Internal service fund costs spread to other governmental funds should not be included in fund net position.		11,689
Net Position of Governmental Activities		$ 65,178,512

**Excludes $42,760 reported in Internal Service Funds.*
***Excludes $4,261 reported in Internal Service Funds.*

See accompanying notes to the basic financial statements.

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 13,463,255	$ 0	$ 531,264	$ 13,994,519
Intergovernmental	1,098,338	0	3,045,661	4,143,999
Charges for services	1,416,353	0	312	1,416,665
Special assessments	0	203,991	0	203,991
Fines, licenses, permits	536,585	0	11,640	548,225
Interfund services provided	1,478,817	0	0	1,478,817
Interest income	55,130	5,141	12,075	72,346
Miscellaneous	54,174	0	130,769	184,943
Total Revenues	18,102,652	209,132	3,731,721	22,043,505
Expenditures:				
Current operations :				
Safety services	9,900,809	0	439,880	10,340,689
Health and social services	137,140	0	0	137,140
Leisure services	1,364,780	0	0	1,364,780
Environment and development	810,295	0	433,668	1,243,963
Transportation services	851,876	3,098	762,571	1,617,545
Administrative services	2,873,611	0	0	2,873,611
Capital expenditures	0	0	3,997,176	3,997,176
Debt service :				
Principal	138,622	126,430	124,040	389,092
Interest	20,312	61,391	55,618	137,321
Total Expenditures	16,097,445	190,919	5,812,953	22,101,317
Excess revenues over(under) expenditures	2,005,207	18,213	(2,081,232)	(57,812)
Other financing sources (uses):				
Transfers in	0	0	1,361,000	1,361,000
Transfers (out)	(1,361,000)	0	0	(1,361,000)
Total other financing sources (uses)	(1,361,000)	0	1,361,000	0
Net changes in fund balances	644,207	18,213	(720,232)	(57,812)
Fund balances at beginning of year (Restated, See Note 17)	10,725,406	1,062,242	4,008,633	15,796,281
Fund balances at end of year	$ 11,369,613	$ 1,080,455	$ 3,288,401	$ 15,738,469

See accompanying notes to the basic financial statements.

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net Change in Fund Balances - Total Governmental Funds			$ (57,812)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period:			
Capital Asset Additions	$ 3,923,079		
Current Year Depreciation	(2,726,285)	*	
Total			1,196,794
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.			(9,860)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:			
Taxes	136,550		
Due from other governments	(246,657)		
Accounts	39,282		
Special assessment	(203,308)		
Total			(274,133)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:			
Decrease in bonds and loans payable	389,092		
Decrease in compensated absences	253,406	**	
Decrease in accrued interest payable	766		
Total			643,264
The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statements of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.			213,350
Internal service fund costs spread to other governmental funds should not be included in fund net position.			(99)
Change in Net Position of Governmental Activities			$ 1,711,504

**$430 depreciation for Internal Service fund not included*

***Excludes an increase of $405 reported in the Internal Service Fund*

See accompanying notes to the basic financial statements.

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHIO
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2012

	Business-type Activities		
	Wooster Community Hospital	Water	Water Pollution Control
Assets			
Current assets			
Equity in city treasury cash	$ 88,167,336	$ 3,864,331	$ 2,568,154
Receivables - net of allowances:			
Accounts	16,665,827	690,818	726,258
Accrued interest	82,614	40,251	33,767
Due from other governments	0	1,821	0
Inventory	1,709,016	72,359	7,131
Prepaid expenses	1,098,961	0	0
Total current assets	107,723,754	4,669,580	3,335,310
Noncurrent assets			
Long term receivables	0	0	198,373
Net capital assets	69,424,821	24,417,691	28,016,881
Total noncurrent assets	69,424,821	24,417,691	28,215,254
Total Assets	177,148,575	29,087,271	31,550,564
Liabilities			
Current liabilities			
Accounts payable	3,567,458	313,744	270,221
Accrued salaries, wages and benefits	4,716,632	143,825	65,501
Other accrued liabilities	4,377,656	0	0
Interest payable	0	56,932	204,302
Current portion of long term debt	0	340,710	927,551
Current portion of compensated absences	2,506,120	62,109	42,682
Total current liabilities	15,167,866	917,320	1,510,257
Long term liabilities			
Long term debt	0	6,666,102	15,459,236
Compensated absences	1,205,291	133,023	111,076
Total noncurrent liabilities	1,205,291	6,799,125	15,570,312
Total Liabilities	16,373,157	7,716,445	17,080,569
Net Position			
Net Invested in Capital Assets	69,424,821	17,410,879	11,630,092
Restricted by Donors	1,891,059	0	0
Unrestricted	89,459,538	3,959,947	2,839,903
Total net position	$ 160,775,418	$ 21,370,826	$ 14,469,995

See accompanying notes to the basic financial statements.

Business-type Activities			Governmental Activities
Storm Drainage	Refuse	Totals	Internal Service Funds
$ 1,325,371	$ 713,680	$ 96,638,872	$ 790,096
150,254	183,601	18,416,758	0
1,888	906	159,426	0
0	15,845	17,666	0
32,641	0	1,821,147	0
0	0	1,098,961	0
1,510,154	914,032	118,152,830	790,096
0	0	198,373	0
9,537,778	0	131,397,171	4,261
9,537,778	0	131,595,544	4,261
11,047,932	914,032	249,748,374	794,357
118,307	222,874	4,492,604	63,115
19,371	0	4,945,329	15,218
0	0	4,377,656	194,253
1,736	0	262,970	0
165,545	0	1,433,806	0
4,544	0	2,615,455	11,160
309,503	222,874	18,127,820	283,746
1,020,906	0	23,146,244	0
7,785	0	1,457,175	31,600
1,028,691	0	24,603,419	31,600
1,338,194	222,874	42,731,239	315,346
8,351,327	0	106,817,119	4,261
0	0	1,891,059	0
1,358,411	691,158	98,308,957	474,750
$ 9,709,738	$ 691,158	$ 207,017,135	$ 479,011

See accompanying notes to the basic financial statements.

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHOI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities		
	Wooster Community Hospital	Water	Water Pollution Control
Operating revenues:			
Charges for services	$ 116,775,117	$ 5,314,130	$ 6,085,102
Interfund services provided	0	0	0
Miscellaneous	0	100,995	62,306
Total operating revenues	116,775,117	5,415,125	6,147,408
Operating expenses:			
Personal services	72,242,621	1,593,461	1,058,590
Operations and maintenance	32,168,840	1,777,806	1,453,079
Depreciation	6,877,947	1,064,277	1,750,983
Interfund services used	0	161,705	1,077,436
Total operating expenses	111,289,408	4,597,249	5,340,088
Operating income (loss)	5,485,709	817,876	807,320
Non-operating revenues (expenses):			
Interest & investment earnings	337,248	17,338	11,050
Grants	124,827	0	0
Miscellaneous non-operating revenue	0	240	240
Loss on disposal of capital assets	(11,359)	(2,831)	(21,298)
Interest expense	0	(204,688)	(426,204)
Net non-operating revenues (expenses)	450,716	(189,941)	(436,212)
Income (loss) before capital contributions	5,936,425	627,935	371,108
Capital contributions	16,800	20,241	0
Change in net position	5,953,225	648,176	371,108
Total net position at beginning of year	154,822,193	20,722,650	14,098,887
Total net position at end of year	$ 160,775,418	$ 21,370,826	$ 14,469,995

See accompanying notes to the basic financial statements.

UNAUDITED

Business-type Activities			Governmental Activities
Storm Drainage	Refuse	Totals	Internal Service Funds
$ 1,308,932	$ 1,453,096	$ 130,936,377	$ 2,610,006
0	0	0	354,090
3,011	4,819	171,131	0
1,311,943	1,457,915	131,107,508	2,964,096
246,357	0	75,141,029	2,602,679
65,200	1,339,526	36,804,451	196,778
279,772	0	9,972,979	430
152,001	84,771	1,475,913	0
743,330	1,424,297	123,394,372	2,799,887
568,613	33,618	7,713,136	164,209
6,231	3,075	374,942	49,141
0	73,618	198,445	0
0	0	480	0
0	0	(35,488)	0
(23,165)	0	(654,057)	0
(16,934)	76,693	(115,678)	49,141
551,679	110,311	7,597,458	213,350
11,193	0	48,234	0
562,872	110,311	7,645,692	213,350
9,146,866	580,847	199,371,443	265,661
$ 9,709,738	$ 691,158	$ 207,017,135	$ 479,011

See accompanying notes to the basic financial statements.

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities		
	Wooster Community Hospital	Water	Water Pollution Control
Cash flows from operating activities:			
Cash received from customers	$ 111,085,701	$ 5,342,126	$ 6,075,290
Cash paid to suppliers	(26,220,385)	(1,768,019)	(2,380,039)
Cash paid to employees	(71,650,536)	(1,592,029)	(1,090,102)
Cash received from interfund services provided	0	0	0
Other revenue (expense)	0	100,995	62,306
Net cash provided (used) by operating activities	13,214,780	2,083,073	2,667,455
Cash flows from capital and related financing activities:			
Capital contributions received	16,800	20,241	0
Proceeds from debt	0	197,800	20,000
Proceeds from sale of assets	12,279	0	0
Acquisitions of capital assets	(8,486,896)	(590,231)	(345,117)
Principal paid on capital debt	0	(308,262)	(900,963)
Interest paid on capital debt	0	(212,762)	(439,028)
Net cash provided (used) for capital and related financing activities	(8,457,817)	(893,214)	(1,665,108)
Cash flows from investing activities:			
Interest from investments	349,662	16,757	9,897
Net cash provided (used) by investing activities	349,662	16,757	9,897
Cash flows from non-capital financing activities:			
Grants	0	0	0
Non-operating subsidies	124,827	0	0
Other income	0	240	240
Net cash provided (used) by non-capital financing activities	124,827	240	240
Net increase (decrease) in city treasury cash	5,231,452	1,206,856	1,012,484
Equity in city treasury cash at beginning of year	82,935,884	2,657,475	1,555,670
Equity in city treasury cash at end of year	$ 88,167,336	$ 3,864,331	$ 2,568,154
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 5,485,709	$ 817,876	$ 807,320
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	6,877,947	1,064,277	1,750,983
Changes in assets and liabilities:			
Receivables - net of allowances	(1,795,628)	27,996	(9,812)
Inventory	(259,834)	(20,789)	308
Prepaid expenses	(116,455)	0	0
Accounts and other payables	1,909,538	192,281	150,168
Accrued wages	365,653	57,857	(2,127)
Compensated absences payable	226,432	(56,425)	(29,385)
Other accrued liabilities	521,418	0	0
Net cash provided (used) by operating activities	$ 13,214,780	$ 2,083,073	$ 2,667,455

See accompanying notes to the basic financial statements.

UNAUDITED

Business-type Activities			Governmental Activities
Storm Drainage	Refuse	Totals	Internal Service Funds
$ 1,304,220	$ 1,440,198	$ 125,247,535	$ 2,610,006
(133,399)	(1,312,441)	(31,814,283)	(2,491,729)
(256,472)	0	(74,589,139)	(219,278)
0	0	0	354,090
3,011	4,819	171,131	0
917,360	132,576	19,015,244	253,089
11,193	0	48,234	0
0	0	217,800	0
0	0	12,279	0
(535,419)	0	(9,957,663)	0
(160,545)	0	(1,369,770)	0
(23,400)	0	(675,190)	0
(708,171)	0	(11,724,310)	0
6,182	2,990	385,488	49,141
6,182	2,990	385,488	49,141
0	73,618	73,618	0
0	0	124,827	0
0	0	480	0
0	73,618	198,925	0
215,371	209,184	7,875,347	302,230
1,110,000	504,496	88,763,525	487,866
$ 1,325,371	$ 713,680	$ 96,638,872	$ 790,096
$ 568,613	$ 33,618	$ 7,713,136	$ 164,209
279,772	0	9,972,979	430
(4,712)	(12,898)	(1,795,054)	0
(15,541)	0	(295,856)	0
0	0	(116,455)	0
99,343	111,856	2,463,186	23,868
6,490	0	427,873	3,961
(16,605)	0	124,017	(405)
0	0	521,418	61,026
$ 917,360	$ 132,576	$ 19,015,244	$ 253,089

See accompanying notes to the basic financial statements.

UNAUDITED

CITY OF WOOSTER
WAYNE COUNTY, OHIO
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2012

	Total Agency Funds
Assets:	
Equity in city treasury cash	$ 643,335
Total assets	$ 643,335
Liabilities:	
Accounts payable	$ 418,207
Due to agency recipient	225,128
Total liabilities	$ 643,335

See accompanying notes to the basic financial statements.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Wooster (City) was incorporated on October 13, 1817 under the laws of the State of Ohio. In 1973 a voter-approved charter became effective. The City provides various services and consists of many different activities and smaller accounting entities. These include a community hospital, an economic development loan program, a police force, a fire fighting and prevention force, a water treatment plant, a sewage treatment plant, a storm water drainage system, a traffic control system, street lighting, a street maintenance force (including construction, repair, and snow and ice removal), a parks and recreation system, a community center, rubbish collection and recycling service, and staff to provide the necessary support to these service providers. All are responsible to the citizens of Wooster and are; therefore, included within the reporting entity.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the City’s operations include how the budget is adopted, whether debt is secured by general obligations of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the City reporting entity.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's funds are grouped into two broad fund categories and seven generic fund types for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds and an internal service fund. The City has three fiduciary agency funds.

Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of the internal service fund activity has been eliminated from the government-wide financial statements. Other activities from interfund services provided and used are not eliminated in the process of consolidation.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net position should be reported as restricted when constraints placed on their use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their use.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The major governmental funds are:

- General Fund – This is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- Debt Service Fund – To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of special assessment principal and interest. These debt issues were sold to finance construction of various projects that were deemed to benefit only those residents in the immediate area of the projects and are paid for by those residents through assessments against their property.

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations of the current period). These revenues include investment earnings, income taxes withheld by employers, estate taxes, and fines and forfeitures. In accordance with GASB 36, certain state-levied locally shared taxes including motor vehicle license tax and gasoline taxes are considered voluntary non-exchange transactions. These types of transactions are subject to six months accrual and income recognition. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility and hospital service receivables are recorded at each year-end. City Council granted certain residents a credit against storm drainage user charges for amounts paid by them for special assessments levied. The amount of the credit is recorded as deferred revenue and will be credited against each customer's monthly storm drainage charge. The receivable and revenue from such assessments are reported as accounts receivable and user charges (or deferred revenue), respectively.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of all the City’s enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The major proprietary funds are:

- Wooster Community Hospital Fund – To account for the health care services provided by the City owned and operated hospital.

- Water Fund – To account for the provision of water treatment and distribution to the residential and commercial users of the City and some residents of the county.

- Water Pollution Control Fund – To account for sanitary sewer services provided to the residential and commercial users of the City and some residents of the county.

- Storm Drainage Fund – To account for the storm drainage runoff service provided to the residential and commercial users of the City.

- Refuse Fund – To account for trash collection services provided to the residential and some commercial users of the City.

The City has three internal service funds:

- Municipal Garage – To account for the costs of maintaining automotive equipment used by various City departments. Costs are billed to the departments for labor and materials at actual cost with the elimination of the effect of internal service fund activity adjusted to break even.

- Employee Benefits Fund **-** To account for all claims filed against and paid by the city (as the employer) under the city's self-funded program of group health insurance.

- Investment Fund – To accumulate interest earnings from certain pooled investments and to pay expenses incurred in the handling of fiscal matters with third parties until such time as the net proceeds can be distributed to the other funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

FIDUCIARY FUNDS

The City currently has three agency fiduciary funds. Agency funds are unlike all other types of funds, reporting only assets and liabilities; therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables. The following three funds are used by the City to account for assets held by the City in a custodial capacity:

- The Wooster Growth Corporation Fund is used to account for revenues and expenditures of the City's community improvement corporation.

- The Guaranteed Deposits Fund is used to hold funds received from a contractor, developer, or individual to insure compliance with City ordinances through the completion of a construction or development project. Upon project completion, the deposit is returned to the party, less any applicable inspection fees.

- The Clearing Fund is used to hold monies received for bid bonds or proceeds on behalf of certain individuals, as well as any unclaimed checks of the municipality. Insurance premiums for retired employees or spouses participating in the City's group health insurance program are also reimbursed and paid from this fund.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in City Treasury Cash."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments

Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments" was implemented during 1997. In accordance with this statement, investments held at December 31, 2012 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

Governmental Accounting Standards Board Statement No. 40, "Deposit and Investment Risk Disclosures" was implemented during 2004. This statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The City of Wooster's policy is to invest public funds in a manner which protects the citizens and the investors from a loss of principal while attaining a competitively high rate of return on investment.

The portfolio is continuously analyzed to attain the following objectives:

A. Preserve capital and protect investment principal in conformance with federal, state and local requirements.

B. Maintain sufficient liquidity to meet operating requirements.

C. Diversify the portfolio to avoid incurring unreasonable risks regarding specific security type or Individual financial institutions.

D. Attain a market rate of return throughout budgetary and economic cycles.

E. Protect the principal of lenders.

F. Encourage community growth.

Receivables

Hospital Fund accounts receivable is stated at billed charges less the difference between billed charges and the amount payable under third-party payor contractual agreements, and net of allowance for doubtful accounts. The $10,389,399 allowance for uncollectibles represents estimates of uncollectible patient receivables in the accounts (user charge) classification and third party contractual adjustments for hospital fund receivables.

Other receivables at December 31, 2012 consist of property tax, income taxes withheld by employers, accounts (billings for user charged services, including utility services), due from other governments, due from other funds, special assessments, and accrued interest on investments. Taxes, special assessments, utility charges and accrued interest are deemed collectible in full.

Receivables not expected to be collected within the subsequent year include deferred special assessments receivable in the Debt Service fund, and long-term receivables in the Water Pollution Control and Economic/Downtown Development Loan funds.

Reimbursements

Wooster Community Hospital Fund net operating revenues include amounts received or receivable from Medicare, Medicaid, and other third party payors under the provisions of reimbursement agreements. Inpatient services rendered to Medicare and Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services rendered to Medicare program beneficiaries are paid based on a combination of fee schedules, prospectively determined rates and a cost reimbursement methodology. Outpatient services rendered to the Medicaid program beneficiaries are generally paid based on fee schedules and prospectively determined rates.

Other third party payors may provide for payments at amounts different from established rates. Payment arrangements may include prospectively determined rates per discharge, discounted charges and per diem payments.

Wooster Community Hospital accepts all patients, regardless of their ability to pay. Care is provided without charge, or at amounts less than established rates, to patients who meet certain criteria under a charity care policy. Wooster Community Hospital provided $4,395,805 in charity care in 2012.

Inventory of Supplies

Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types and expenses in the proprietary fund types when used.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than $5,000.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings/interior: 5-50 years
Improvements/Infrastructure: streets 10-50 years; land improvements 10-20 years; water, sewer, storm lines 50 years
Equipment: vehicles 2-6 years; other moveable equipment 10-15 years; fire equipment 12 years.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions",* the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City Council. The City has by resolution authorized the Finance Director to assign fund balance. The City may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Unpaid Compensated Absences

The City accrues unused portions of vacation pay in the period the liability is incurred. As permitted by Governmental Accounting Standards Board Statement No. 16, the vesting method is used to accrue sick leave liability. The liability is based on the sick leave accumulated at year-end by those employees who are currently eligible to receive termination payments as well as other employees who are expected to become eligible to receive such payments. Even though the City has appropriated, accumulated and earmarked expendable available fund resources for these amounts, the portion not normally expected to be liquidated with expendable available financial resources is not reported as a fund liability in accordance with Interpretation No. 6 of the Governmental Accounting Standards Board – "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include parks and recreation, hospital levy, and law enforcement and fire department operations.

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

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

Budget Requirements, Accounting, and Reporting

Requirements for all funds:

A. Annual budgets are adopted for all City funds. Under state law, the Mayor submits an annual budget (a preliminary financial plan often referred to as the 'tax budget') to Council for consideration and approval no later than July 15. Such budget is based on expected expenditures by program within a fund and estimated resources by source for all funds.

B. By Charter the Mayor must submit an annual appropriation ordinance to City Council. This ordinance builds upon the tax budget of the previous July and is updated for any estimate revisions as well as year-end encumbrances and may include any additional information requested by Council. Council may subsequently amend such ordinance. Amendments to the appropriation ordinance during 2012 were approved by City Council as provided by the Charter.

C. For day-to-day management control, expenditures plus encumbrances may not exceed budget at the expenditure-type (i.e., personal services, operations and maintenance, capital, etc.) level of each cost center (activity within a program within a fund). The Mayor may transfer unencumbered appropriations within programs within funds.

D. Appropriation control (City Council appropriated budget) is at the object level (personal services and other) by program (i.e., safety, leisure, health, etc.) within a fund. City Council may, by ordinance, transfer amounts among programs within and between funds. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplemental Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual.

The Community Development Block Grant Fund had a deficit fund balance in the amount of $14,156. The deficit in this non-major governmental fund resulted from the timing of reimbursements for grant expenditures. The general fund is liable for any deficit in these funds and will provided transfers when cash is required.

NOTE 3 – INTER-FUND TRANSACTIONS

Purpose	Receivable Fund	Payable Fund	Amount
Due to/from:			
Advance in anticipation of grant receipts	General	Nonmajor governmental fund	$ 145,240

During the year, the general fund transferred $1,361,000 to the capital improvements fund to provide capital funding.

NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, and GASB Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an Amendment of GASB Statement No. 53.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the City.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the City.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements of GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the City.

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Practices

The City’s Charter specifies that the Director of Finance is responsible for selecting depositories and investing idle funds. The Director of Finance also has the authority to choose the types of deposits and investments made by the City. The Federal Deposit Insurance Corporation provides protection of City cash and investments as well as qualified pledged or pooled securities by the institutions holding the assets. The various institutions, or their trustees, including the Federal Home Loan Bank and the Federal Reserve Bank hold such collateral. The City does not enter into reverse repurchase agreements.

The City pools all individual fund cash balances. Each fund’s portion of this pool is displayed on the statements of net position or balance sheets as 'Equity in city treasury cash'. Income is distributed to the funds based on contribution to the pool.

Investment securities purchased by the City will be delivered by either book entry or physical delivery. The purchase and sale of all securities may be on a delivery versus payment basis. The primary agent shall issue a safekeeping receipt to the City listing the specific instrument, rate, maturity and other pertinent information. Deposit type securities (i.e., certificates of deposit) shall be collateralized as required by ORC for any amount exceeding FDIC or FSLIC coverage. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

The City will diversify the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. Diversification by instrument and the percentage of portfolio cannot exceed the following:

A. U.S. Treasury Obligations (bills, notes and bonds), 100%.
B. U.S. Government Agency Securities and Instrumentality’s of Government Sponsored Corporations, 100%.
C. Certificates of Deposit (collateralized), 100%.

D. Commercial paper notes, 25%.
    1. Notes must be rated at time of purchase in the highest classification established by at least two standard rating services.
    2. Aggregate value of the note does not exceed 10% of the aggregate value of the outstanding commercial paper of the issuing corporation.
    3. Notes mature no later than 180 days after purchase.

E. Banker's acceptance of banks that are members of the FDIC, 25%.
    1. The obligations are eligible for purchase by the Federal Reserve System.
    2. The obligations mature no later than 180 days after purchase.

F. Repurchase Agreements, 25%.

G. State and Local Government Securities, 25%.

H. State of Ohio Investment pool, 25%.

Maturity limitations shall depend upon whether the funds being invested are considered short term or long-term funds. All funds shall be considered short term except those reserved for capital projects (i.e., bond sale proceeds), funds to be used in the future for debt service, and special assessment prepayments being held for debt retirement. Except for previously mentioned situations, as directed by the investment officer, investments shall be limited to maturities not exceeding 24 months.

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name. During 2012, the City and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

At year-end, the carrying amount of the City's deposits was $36,620,518, which includes $7,402 cash on hand. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2012, $3,663,394 of the City's bank balance of $37,757,807 was exposed to custodial risk as discussed above, while $34,094,413 was covered by Federal Deposit Insurance Corporation.

Deposits in interest-bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of $250,000 per financial institution through December 31, 2012. Insurance on deposits in noninterest-bearing accounts is unlimited through December 31, 2012. The City has both interest-bearing and noninterest-bearing accounts.

Beginning January 1, 2013, noninterest-bearing accounts will no longer be insured separately from the City's other accounts at the same financial institution. Instead, noninterest-bearing and interest-bearing accounts will collectively be insured up to a coverage limit of $250,000, at each separate financial institution.

Investments

As of December 31, 2012, the City had the following investments and maturities:

		Maturity			
Investment Type	Fair Value	1 Year or Less	1-3 Years	3-5 Years	More than 5 Years
U.S. Agency Notes	$ 32,598,393	$ 9,036,081	$ 19,555,932	$ 4,006,380	$ 0
U.S. Treasury Notes	5,013,321	5,013,321	0	0	0
STAROhio	25,304,084	25,304,084	0	0	0
Commercial Paper	14,988,514	14,988,514	0	0	0
Municipal Bonds	587,978	0	582,305	0	5,673
Total	$ 78,492,290	$ 54,342,000	$ 20,138,237	$ 4,006,380	$ 5,673

Interest Rate Risk. As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2012, is 53 days and carries a rating of AAAm by Standard and Poor's.

Credit Risk. State law limits investments in corporate debt to the top two ratings issued by nationally recognized statistical rating organizations. The City does not have a written policy limiting its corporate debt investments to the top rating. All investments in commercial paper are rated A-1 and P-1, which are the top ratings by Standard & Poor's and Moody's Investors Services respectively. In addition, all amounts in U.S. Agency notes and the U.S. Treasury note are rated Aaa and AAA by Moody's and Standard & Poor's respectively, which is the top rating available for those investment types.

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

Concentration of Credit Risk. The City's investment policy limits the amounts it may invest in any one type of instrument. The following is the City's allocation as of December 31, 2012:

Investment Type	Fair Value	Percentage of Investments
U.S. Agency Notes	$ 32,598,393	41.53%
U.S. Treasury Note	5,013,321	6.39%
STAROhio	25,304,084	32.24%
Commercial Paper	14,988,514	19.09%
Municipal Bonds	587,978	0.75%
Total	$ 78,492,290	100.00%

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2012 was as follows:

Governmental Activities	Balance 12/31/11	Increases	Decreases	Balance 12/31/12
Capital Assets, Not Being Depreciated:				
Land	$ 4,279,153	$ 77,141	$ 0	$ 4,356,294
Construction in progress	2,790,656	2,662,973	(95,882)	5,357,747
Total Capital Assets, not being depreciated	7,069,809	2,740,114	(95,882)	9,714,041
Capital Assets, Being Depreciated:				
Buildings	7,568,496	29,914	(37,940)	7,560,470
Improvements/infrastructure	79,395,044	674,259	0	80,069,303
Equipment	11,750,535	574,674	(677,790)	11,647,419
Total Capital Assets, being depreciated	98,714,075	1,278,847	(715,730)	99,277,192
Accumulated Depreciation:				
Buildings	(5,280,204)	(225,687)	37,940	(5,467,951)
Improvements/infrastructure	(43,692,249)	(2,030,163)	0	(45,722,412)
Equipment	(9,143,595)	(470,865)	667,930	(8,946,530)
Total Accumulated Depreciation	(58,116,048)	(2,726,715)	705,870	(60,136,893)
Total Capital Assets being depreciated, net	40,598,027	(1,447,868)	(9,860)	39,140,299
Governmental Activities, Capital Assets, net	$ 47,667,836	$ 1,292,246	$ (105,742)	$ 48,854,340 *

*Balance includes $4,261 from the Internal Service Fund

CITY OF WOOSTER
WAYNE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Depreciation was charged to functions as follows:

Governmental Activities:	
Safety services	$ 609,819
Leisure services	194,730
Environment and development	3,543
Transportation services	1,729,799
Administrative services	188,824
Total governmental activities depreciation expense	$ 2,726,715 *

*Includes $430 for Internal Service fund

Business-type Activities	Balance 12/31/11	Additions	Reductions	Balance 12/31/12
Capital Assets, Not Being Depreciated:				
Land	$ 7,947,785	$ 161,287	$ 0	$ 8,109,072
Construction in progress	2,407,929	9,496,433	(6,252,005)	5,652,357
Total Capital Assets, not being depreciated	10,355,714	9,657,720	(6,252,005)	13,761,429
Capital Assets, Being Depreciated:				
Buildings	98,992,968	1,168,276	(193,454)	99,967,790
Improvements/infrastructure	90,356,161	2,508,789	(414,276)	92,450,674
Equipment	52,003,927	2,874,882	(1,820,953)	53,057,856
Total Capital Assets, being depreciated	241,353,056	6,551,947	(2,428,683)	245,476,320
Accumulated Depreciation:				
Buildings	(46,080,276)	(2,526,883)	179,974	(48,427,185)
Improvements/infrastructure	(33,346,464)	(4,045,820)	414,276	(36,978,008)
Equipment	(40,821,776)	(3,400,276)	1,786,667	(42,435,385)
Total Accumulated Depreciation	(120,248,516)	(9,972,979)	2,380,917	(127,840,578)
Total Capital Assets being depreciated, net	121,104,540	(3,421,032)	(47,766)	117,635,742
Business-type Activities, Capital Assets, net	$ 131,460,254	$ 6,236,688	$ (6,299,771)	$ 131,397,171

Depreciation was charged to functions as follows:

Business-type Activities:	
Wooster Community Hospital	$ 6,877,947
Water	1,064,277
Water Pollution Control	279,772
Storm Drainage	1,750,983
Total business-type activities depreciation expense	$ 9,972,979

NOTE 7 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of the 2011 taxes.

2012 real property taxes were levied after October 1, 2012 on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35% of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The full tax rate for all City operations for the year ended December 31, 2012, was $4.20 per $1,000 of assessed valuation. The assessed values of real property upon which 2012 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	$ 513,978,640
Public Utilities - Real	57,540
Public Utilities - Personal	13,430,050
Total Assessed Value	$ 527,466,230

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statue permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Wooster. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility real and tangible personal property taxes, and outstanding delinquencies which became measurable as of December 31, 2012, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2012 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS).OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2012, members in state and local classifications contributed 10.0% of covered payroll while public safety and law enforcement members contributed 11.5% and 12.1%, respectively.

The City's 2012 contribution rate was 14.0%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.1% of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010, were $3,341,671, $3,347,544, and $3,604,275, respectively. For 2012, 88.1% has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. There were no contributions made to the Member-Directed Plan for 2012.

Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers and 24.0% for firefighters. The City's contributions to OP&F for police and firefighters were $325,886 and $525,841 for the year ended December 31, 2012, $299,813 and $390,842 for the year ended December 31, 2011, and $309,074 and $527,875 for the year ended December 31, 2010, respectively. 71.8% for police and 74.0% for firefighters has been contributed for 2012. The full amount has been contributed for 2011 and 2010.

NOTE 9 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0% of covered payroll, and public safety and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012.

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were $1,670,836, $1,673,772 and $2,061,852, respectively. For 2012, 88.1% has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were $156,944 and $199,660 for the year ended December 31, 2012, $165,858 and $208,026 for the year ended December 31, 2011, and $163,516 and $206,304 for the year ended December 31, 2010. 73.1% has been contributed for police and 26.9% has been contributed for firefighters for 2012. The full amount has been contributed for 2011 and 2010.

NOTE 10 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation and Compensatory Time

Each bargaining unit and the management staff earn vacation at different rates, which are based upon length of service. Vacation accumulation is limited to two and three years, respectively. Any unused excess is eliminated from the employee's leave balance. In the case of death, termination, or retirement an employee (or his estate) is paid for his unused vacation to a maximum of the above limitations. The total obligation for vacation and compensatory time accrual for the City and Hospital amounted to $3,069,614 at December 31, 2012.

Accumulated Unpaid Sick Leave

Each bargaining unit and the management staff earn sick leave at different rates. Employees with at least 10 years service upon retirement are paid for thirty-three % (City) and twenty-five % (Hospital) of their accumulated sick leave, not to exceed various ceilings depending on bargaining unit or management staff status. This obligation amounted to $2,863,112 for the City and Hospital at December 31, 2012, for those employees who are eligible, or are expected to become eligible, to retire with at least 10 years of service at retirement. Employees are expected to become eligible after 5 years of service in safety forces, and 7 or 10 years for all others.

NOTE 11 - OTHER COMMITMENTS

Justice Center Contract

The City has a continuous agreement with Wayne County to share in the costs of operating the Justice Center. The agreement calls for the City to pay 29% of the operating costs of the Justice Center (subject to annual updates based on actual use) except for staffing of shared areas for which costs are shared equally. The 2012 contract cost for the Justice Center was $508,835.

Operating Leases

The Wooster Community Hospital leases medical and office equipment under noncancelable operating leases. Total costs for such leases were $736,722 for the year ended December 31, 2012. All leases end in 2016 or earlier. The future minimum payments for these leases are as follows:

Year Ending December 31, 2013	$ 784,425
2014	705,175
2015	366,821
2016	40,228
	$ 1,896,649

City Construction Commitments

Melrose Drive Improvements: The Wooster Engineering Division completed the design to improve approximately 4,200 linear feet of Melrose Drive by widening the roadway, improving intersections and upgrading utilities. The construction estimated cost for this project is $2,245,000 with OPWC providing a $500,000 grant. Seven contractors submitted bids in October, 2011 for the construction of this roadway improvement project. The total cost of the contract was $1,988,022; $120,441 of the contract remained payable as of December 31, 2012. Utility relocations and clearing of the area began in November. Excavating for storm sewer and waterline placement began in early spring of 2012. Roadway construction was completed in early January 2013 with a final cost of $1,958,739.

Merchant Block Parking Lot Improvements: The City became involved in the Merchant Block development and divided the project into several contracts. Contract A, B, and C covered the sidewalk, utilities, parking and sitework and streetscape. The contract was bid in July 2012 with South Excavating submitting the low bid of $351,881. Work was completed in January of 2013 with a final project cost of $378,313. Contract D,E,F was for landscaping, patio and dumpster enclosure. Stout Excavating was awarded the contract with a bid price of $81,000. The work was substantially complete by the end of 2012. Contract G entails a traffic signal replacement at the Walnut and Liberty Street intersection. The project was bid in November, 2012 with Miller Cable submitting the low bid of $144,000. Work will continue into Spring 2013. $44,415 was payable on all Merchants Block contracts at the end of 2012.

Burbank Road Sanitary: This project was designed by the Wooster Engineering Division and consists of replacing two existing vitrified clay sanitary sewer lines with a new PVC sanitary sewer. The existing sanitary sewer will be converted to a storm sewer with additional catch basins add in preparation of resurfacing Burbank Road in 2013. Construction cost estimate for this project was $730,000. Underground Utilities submitted the low bid or $703,446 and began work in December 2012. A total of $122,264 was payable to the contractor on December 31, 2012.

Wooster Gateway Projects: This project is located at the intersection of State Route 30 and Madison Avenue adjacent to downtown Wooster. It consists of landscaping elements including trees, shrubs and wildflower plantings. Other design elements include identity and directional signage, minor sidewalk improvements, and site elements. Stout Excavating was award the contract with a bid price of $370,867. $80,581 was outstanding on the contract as of December 31, 2012, $64,286 of which was payable at year end.

Safe Routes to Schools: The City in conjunction with the Wooster City Schools has determined several areas within the city that will benefit from installation of sidewalks; enabling a greater number of students to walk safely to school which should help reduce traffic congestion at many of the elementary schools. With financing through ODOT, the first area to be improved was Melrose Drive from Portage Road to Melrose Elementary School. Terra Valley Excavating was award the contract with a bid price of $68,489. $65,740 of the contract was payable at December 31, 2012. Work will be completed in the spring of 2013.

Encumbrances

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General	$ 2,532,598
Other Governmental	1,854,350
	$ 4,386,948

NOTE 12 - CONTINGENCIES

Enterprise and Special Assessment Bonded Debt

Certain general obligation bonds are being retired by use of revenues generated by the General, Street Maintenance, Water, Water Pollution Control, Storm Drainage, and Special Assessment Debt Service Funds. These bonds are general obligation issues backed by the full faith and credit of the City. Management does not foresee any circumstance that would change the current source of funding for these obligations.

Litigation

During 2012 the City carried a policy of general liability coverage as a member of the Ohio Plan. The maximum exposure to the City was a deductible of $25,000 per case.

At this time, there is one case pending in which the City is a party defendant. The lawsuit involves a collision between a city vehicle and another driver. The plaintiff is seeking damages for personal injury and damage to his vehicle. Because the loss is insured, the maximum exposure, as indicated above, is $25,000.

The City is also the plaintiff in a nuisance case filed against a local industry that treats industrial waste, and as a by-product, periodically generates noxious odors. Because the City is a plaintiff and there are no claims for monetary damages, there is no danger of an adverse money judgment against the City.

Wooster Community Hospital carries separate policies for malpractice and general liability coverage. The maximum malpractice exposure is $25,000 deductible per case, with a total limit of $75,000 per year. The general liability policy has a maximum exposure of $50,000 deductible per claim. Presently there are three pending medical malpractice lawsuits; two medical malpractice claims (not in suit); and two general liability claims (both related to construction projects done by the hospital).

In the case of both the general city government and the hospital, all cases are being vigorously defended. It is not anticipated that any of these cases or claims will have a material adverse impact on the finances of either.

Contingencies Under Grant Provisions

The City participates in several federally assisted programs and is a recipient of several grants. These programs and grants are subject to financial and compliance audits by the grantors or their representatives. As of December 31, 2012, the audits of these grants and programs were complete through 2011 and the City's compliance with applicable requirements has been established. The City's compliance with applicable requirements for 2012 will be established at a future date. The City does not expect any disallowance of grant expenditures.

Other Contingencies

Low and Moderate Income Housing

Wayne Metropolitan Housing Authority (WMHA) and Community Crossroads, Incorporated collectively manage fifteen properties to be made available to low and moderate income housing under grant provisions approved by the Secretary of Housing and Urban Development (HUD). Thirteen properties are owned and managed by WMHA and two are owned and managed by Community Crossroads, Incorporated. The property deeds carry the restriction that the properties must be used for the intended purpose (low and moderate income housing). If the properties are no longer used for the intended purpose, the properties will be transferred back to the City or such other agency as the City determines.

NOTE 13 - CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued certain limited-obligation revenue bonds on behalf of private sector and nonprofit entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property and revenues of those entities, and are payable solely from the resources of those entities. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2012 there was one series of Adjustable Rate Demand Health Care Facilities Bonds outstanding with a principal amount payable of $5,345,000.

NOTE 14 - RISK MANAGEMENT

Risk Pool Membership

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City contracts with Ohio Government Risk Management Plan (the Plan), an Ohio government risk management program. The Plan was formed in June 1988 for the primary purpose of managing third-party liability claims against its members. The Plan provides property, liability, error and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its 760 members. The City's settled claims have not exceeded insurance coverage for the past three years. The Plan has chosen to adopt the forms and endorsements of conventional insurance coverage and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have excess reinsurance coverage above the retention amount. Therefore, the City's only responsible for its self-retention (deductible) amount. The Plan reinsures its coverage 100%, with various reinsurance companies up to a limit of $5,000,000 per occurrence, per member. The City has not had any reduction in insurance coverage in the past three years.

Self-insured Health Care

City employees are provided traditional health care insurance that covers hospitalization and major medical expenses within specified limits. The plan is self-funded by the City and administered by a third-party administrator. The City pays the administrator a monthly fixed fee for various claim administration services on a per enrolled employee basis.

The City pays all claims. The third-party administrator submits weekly funding requests for all processed claims. The City issues payment to the plan administrator who in turn issues individual claim checks. The City carries stop-loss insurance against catastrophic losses. The premiums for these policies are billed monthly by the third-party administrator on a per enrolled employee basis. Third party administrators estimated the claims liability reported in the fund at December 31, 2012. It is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

As of December 31, 2012 the outstanding claims liability was $1,978,614, of which $1,136,444 is attributed to the Hospital and $842,170 is attributed to the City.

Changes in the fund's claims liability amounts 2006 to 2012 are:

	2006	2007	2008	2009	2010	2011	2012
Balance at beginning of year	$2,128,433	$1,627,607	$ 1,809,811	$ 1,282,159	$ 1,523,577	$ 1,434,222	$ 1,502,355
Current year claims	9,391,185	9,485,549	10,193,138	11,710,559	12,737,438	12,461,624	12,043,391
Claim payments	(9,892,011)	(9,303,345)	(10,720,790)	(11,469,141)	(12,826,793)	(12,393,491)	(11,567,132)
Balance at end of year	$1,627,607	$1,809,811	$ 1,282,159	$ 1,523,577	$ 1,434,222	$ 1,502,355	$ 1,978,614

NOTE 15 – LONG-TERM LIABILITIES

Governmental Activities

The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for compensated absences related to internal services are included in governmental activities. Also for governmental activities, the General fund, Permissive Tax fund, and Street Construction Maintenance and Repair fund have been used to liquidate compensated absences of governmental activities in the past.

All special assessment debt is paid through the Debt Service Fund. In the event and to the extent that special assessments are not collected and to pay the debt charges on the bonds representing the City portion, there shall be levied on all the taxable property in the City, in addition to all other taxes, a direct tax annually during the period the bonds are outstanding in an amount sufficient to pay the principal of and interest on the bonds when due. The amount of delinquent special assessments receivable at year-end is $4,854. The remaining general portion of bonds and notes are liquidated by General, Special Revenue, and Capital Project funds.

Compensated Absences

For all employees, except for those that have separated employment as of December 31, 2012 the estimated sick leave payable upon termination is recorded as a long term liability. Compensated absences are reported as a governmental fund liability only if they have matured. Compensated absences are considered to be mature when an employee retires prior to the end of the fiscal period but has not yet been paid for accumulated leave balances as of year end. Vacation accrual in excess of one year is also considered a long-term liability. The General fund, Permissive Tax fund, and Street Construction Maintenance and Repair fund have been used to liquidate compensated absences of governmental activities in the past.

Debt service requirements to maturity

The City's legal debt margin within the 10 ½% limitation was approximately $48.2 million at December 31, 2012. Principal and interest requirements to retire the City's long-term obligations are as follows:

BUSINESS-TYPE ACTIVITY
WATER

	General Obligation Bonds		OWDA Loans		OPWC Loans	
Year	Principal	Interest	Principal	Interest	Principal	Totals
2013	$ 168,600	$ 108,870	$ 126,855	$ 95,077	$ 45,255	$ 544,657
2014	171,200	104,321	131,301	90,632	45,255	542,709
2015	173,800	99,630	135,901	86,030	45,254	540,615
2016	182,650	94,736	140,664	81,267	45,255	544,572
2017	185,250	89,219	145,596	76,334	45,255	541,654
2018-2022	917,500	347,336	808,262	301,394	226,273	2,600,765
2023-2027	896,250	204,452	960,420	149,236	203,959	2,414,317
2028-2032	616,250	45,728	310,765	11,372	181,895	1,166,010
2033-2037	0	0	0	0	69,391	69,391
2038-2039	0	0	0	0	27,756	27,756
	$ 3,311,500	$ 1,094,292	$ 2,759,764	$ 891,342	$ 935,548	$ 8,992,446

BUSINESS-TYPE ACTIVITY
WATER POLLUTION CONTROL FUND

	General Obligation Bonds		OWDA Loans		OPWC Loan	
Year	Principal	Interest	Principal	Interest	Principal	Totals
2013	$ 15,634	$ 10,285	$ 909,739	$ 402,505	$ 2,178	$ 1,340,341
2014	15,634	9,973	936,445	375,798	2,178	1,340,028
2015	15,634	9,660	963,943	348,300	2,178	1,339,715
2016	16,285	9,347	1,111,340	347,522	2,179	1,486,673
2017	16,285	8,981	1,264,962	340,520	2,179	1,632,927
2018-2022	88,592	37,879	6,649,740	1,119,135	10,895	7,906,241
2023-2027	102,271	23,492	4,150,442	284,458	10,895	4,571,558
2028-2032	71,002	5,285	0	0	10,897	87,184
2033-2037	0	0	0	0	10,900	10,900
2038-2039	0	0	0	0	4,360	4,360
	$ 341,337	$ 114,902	$ 15,986,611	$ 3,218,238	$ 58,839	$ 19,719,927

BUSINESS-TYPE ACTIVITY
STORM DRAINAGE FUND

	General Obligation Bonds		OPWC Loans	
Year	Principal	Interest	Principal	Totals
2013	$ 150,000	$ 20,500	$ 15,545	$ 186,045
2014	150,000	17,500	15,545	183,045
2015	150,000	14,500	15,545	180,045
2016	155,000	11,500	15,546	182,046
2017	150,000	8,012	15,546	173,558
2018-2022	155,000	4,262	77,728	236,990
2023-2027	0	0	62,796	62,796
2028-2032	0	0	24,250	24,250
2033-2037	0	0	24,250	24,250
2038-2039	0	0	9,700	9,700
	$ 910,000	$ 76,274	$ 276,451	$ 1,262,725

GOVERNMENTAL ACTIVITIES

	Bonds		OPWC Loans	
Year	Principal	Interest	Principal	Totals
2013	$ 363,995	$ 110,139	$ 22,471	$ 496,605
2014	376,811	114,686	18,161	509,658
2015	347,023	102,798	13,850	463,671
2016	353,034	92,877	13,850	459,761
2017	363,493	82,118	13,851	459,462
2018-2022	1,082,994	252,424	48,538	1,383,956
2023-2027	486,479	111,737	0	598,216
2028-2030	337,746	25,133	0	362,879
	$ 3,711,575	$ 891,912	$ 130,721	$ 4,734,208

CITY OF WOOSTER
WAYNE COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Amount	Balance 12/31/2011	Increases	(Decreases)	Balance 12/31/2012	Amount Due in 2013
BUSINESS-TYPE ACTIVITIES:						
Wooster Community Hospital Fund:						
Compensated Absences	$ 0	$ 3,484,979	$ 3,471,920	$ (3,245,488)	$ 3,711,411	$ 2,506,120
WCH Fund Total	0	3,484,979	3,471,920	(3,245,488)	3,711,411	2,506,120
Water Fund:						
5.4-5.75% 1995 G.O. Bonds	704,045	375,100	0	(33,600)	341,500	33,600
2007 0% OPWC Loan-Intermediate Zone Water Tank (20 years)	416,362	388,606	0	(13,879)	374,727	13,879
2007 3.36% O.W.D.A. Loans - Water Tank and Booster Station (20 years)	3,042,615	2,279,513	0	(85,225)	2,194,288	103,006
2008 0% OPWC Loan - Cleveland/ Portage Waterline (20 years)	295,637	79,698	0	(6,377)	73,321	6,376
2009 4.14% O.W.D.A. Loan - Waterline Replacement (20 years)	384,528	358,658	0	(13,752)	344,906	14,327
2009 3.7% O.W.D.A. Loan - Secondary Transmission Line (20 years)	247,128	229,749	0	(9,179)	220,570	9,522
2010 Refunding Bonds (2.0-2.75%) Beall Avenue (20 years)	710,000	683,750	0	(28,750)	655,000	30,000
2010 Refunding Bonds (2.0-2.75%) Water (20 years)	2,510,000	2,420,000	0	(105,000)	2,315,000	105,000
2011 0% OPWC Loan-Burbank Road Waterline Replacement (20 years)	302,200	302,200	197,800	(12,500)	487,500	25,000
Compensated Absences	0	251,557	35,658	(92,083)	195,132	62,109
Water Fund Total	8,612,515	7,368,831	233,458	(400,345)	7,201,944	402,819
Water Pollution Control Fund:						
3.25% 2005 O.W.D.A. Loan-Sewer Plant Upgrade (7/1/07-1/1/22)	6,088,332	4,559,305	0	(370,852)	4,188,453	383,002
2.67% 2006 O.W.D.A. Loan-Sewer Plant Equipment (7/1/07-1/1/27)	11,851,333	9,704,216	0	(512,950)	9,191,266	526,737
2009 0% OPWC Loan-Landfill Street Sewer Separation (30 years)	65,375	61,017	0	(2,178)	58,839	2,178
2009 1% O.W.D.A. Loan - Bio tower & Sewer Line (15 years)	2,753,629	2,586,892	20,000	0	2,606,892	0
2010 Refunding Bonds (2.0-2.75%) Water Pollution Control (20 years)	370,000	356,320	0	(14,983)	341,337	15,634
Compensated Absences	0	183,143	43,220	(72,605)	153,758	42,682
Water Pollution Control Fund Total	21,128,669	17,450,893	63,220	(973,568)	16,540,545	970,233
Storm Drainage Fund:						
2003 0% OPWC Loan-Mulberry Ave Storm Drainage (1/1/04-7/1/23)	47,888	27,537	0	(2,394)	25,143	2,394
2007 0% OPWC Loan-Grant Area Storm Drainage (1/1/08-7/31/27)	166,000	128,650	0	(8,300)	120,350	8,300
2009 0% OPWC Loan-Landfill Street Sewer Separation (30 years)	145,511	135,809	0	(4,851)	130,958	4,851
2010 Refunding Bonds (2.0-2.75%) Quniby Avenue (20 years)	480,000	420,000	0	(60,000)	360,000	60,000
2010 Refunding Bonds (2.0-2.75%) Storm Water (20 years)	720,000	635,000	0	(85,000)	550,000	90,000
Compensated Absences	0	28,934	1,317	(17,922)	12,329	4,544
Storm Water Fund Total	1,559,399	1,375,930	1,317	(178,467)	1,198,780	170,089
Total Business-Type Activities	$ 31,300,583	$ 29,680,633	$ 3,769,915	$ (4,797,868)	$ 28,652,680	$ 4,049,261

	Original Amount	Balance 12/31/2011	Increases	(Decreases)	Balance 12/31/2012	Amount Due in 2013
GOVERNMENTAL ACTIVITIES:						
Special Assessment:						
1995 General Obligation Bond - 5.4-5.75% (Downtown/Oldman)	$ 1,245,955	$ 349,900	$ 0	$ (31,400)	$ 318,500	$ 31,400
1998 Special Assessment Bond - 6% - Buena Vista	13,234	6,442	0	(768)	5,674	813
1999 Special Assessment Bond - 6% - Oak Hill	106,048	29,188	0	(9,168)	20,020	9,718
1999 Special Assessment Bond - 6% - East Liberty	299,405	82,402	0	(25,883)	56,519	27,436
2000 Special Assessment Bond - 6% - Burbank/Friendsville	26,167	9,336	0	(2,134)	7,202	2,262
2007 Special Assessment Bond - 4.7% - Milltown Rd. Construction	337,361	257,530	0	(18,193)	239,337	18,984
Special Assessment Total	2,028,170	734,798	0	(87,546)	647,252	90,613
Long Term Bonds:						
2007 General Obligation Bond 4.87% - Milltown Road	492,667	393,468	0	(27,807)	365,661	29,016
2010 Refunding Bonds (2.0-2.75%) Municipal Building (20 years)	1,040,000	915,000	0	(130,000)	785,000	125,000
2010 Refunding Bonds (2.0-2.75%) Milltown Road (20 years)	385,000	340,000	0	(50,000)	290,000	45,000
2010 Refunding Bonds (2.0-2.75%) Beall Avenue (20 years)	1,066,000	1,026,588	0	(43,165)	983,423	45,042
2010 Refunding Bonds (2.0-2.75%) Beall Ave-Assessment (20 years)	694,000	668,342	0	(28,103)	640,239	29,324
Long Term Bonds Total	3,677,667	3,343,398	0	(279,075)	3,064,323	273,382
Long Term Loans:						
1998 0% OPWC Loan-Route 585 (1/19/1998 - 1/1/2014)	34,304	10,291	0	(1,715)	8,576	1,715
1998 0% OPWC Loan-East Liberty (9/18/1998 - 1/1/2018)	129,317	21,553	0	(8,621)	12,932	8,621
2007 0% OPWC Loan-East Milltown (7/1/2007 - 12/1/2018)	182,022	121,348	0	(12,135)	109,213	12,135
Long Term Loans Total	345,643	153,192	0	(22,471)	130,721	22,471
Compensated Absences	0	2,113,907	664,277	(918,088)	1,860,096	521,422
Total Governmental Activities	*$ 6,051,480*	*$ 6,345,295*	*$ 664,277*	*$ (1,307,180)*	*$ 5,702,392*	*$ 907,888*

2010 Various Purpose Refunding Bonds

In October 2010, the City issued $7,975,000 general obligation bonds, $2,625,000 of which were issued to partially refund $2,595,000 ($1,185,000 within enterprise funds and $1,410,000 within governmental funds) of outstanding general obligation bonds and finance issuance costs. The balance was used to retire outstanding bond anticipation notes. The bonds were issued for an eight year period with final maturity at December 1, 2018. At the date of the refunding, $2,645,946 ($1,208,259 within enterprise funds and $1,437,687 within governmental funds) were deposited in an irrevocable trust to provide for all future payments on the partially refunded bonds. As of December 31, 2012, $2,000,000 of these bonds is considered defeased.

The premium and issuance costs on these refunded bonds are insignificant amounts that have been recognized in the current year and will not be amortized. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of $50,946, which is also insignificant and will not be amortized over future periods. The issuance resulted in an economic gain of $181,542.

NOTE 16 – FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable for:				
Inventory	$ 55,429	$ 0	$ 189,674	$ 245,103
Total Nonspendable	55,429	0	189,674	245,103
Restricted for:				
Street Construction Maintenance and Repair	0	0	1,420,035	1,420,035
State Highway	0	0	438,825	438,825
Permissive Tax	0	0	587,564	587,564
Debt Service	0	1,080,455	0	1,080,455
Other Purposes	0	0	399,060	399,060
Total Restricted	0	1,080,455	2,845,484	3,925,939
Committed to:				
Economic Development	0	0	121,919	121,919
Economic/Downtown Loan	0	0	19,186	19,186
Total Committed	0	0	141,105	141,105
Assigned for:				
Encumbrances				
Safety	1,669,152	0	0	1,669,152
Health and Social Services	104,479	0	0	104,479
Leisure Services	218,432	0	0	218,432
Environment and Development	6,790	0	0	6,790
Transportation Services	152,657	0	0	152,657
Administrative Services	381,088	0	0	381,088
Capital Improvement	0	0	126,294	126,294
Subsequent Year Appropriations	2,980,140	0	0	2,980,140
Total Assigned	5,512,738	0	126,294	5,639,032
Unassigned (Deficit)	5,801,446	0	(14,156)	5,787,290
Total Fund Balance	$ 11,369,613	$ 1,080,455	$ 3,288,401	$ 15,738,469

NOTE 17 – RESTATEMENT OF FUND BALANCE/NET POSITION

Fund balances have been restated at January 1, 2012, to account for an understatement of other liabilities and reclassification of TIF monies. These adjustments had the following effect on previously reported fund balance/net postion:

	General Fund	Debt Service Fund
Fund balances previously reported, December 31, 2011	$ 11,590,950	$ 757,033
Other liabilities	(865,544)	305,209
Restated fund balances, January 1, 2012	$ 10,725,406	$ 1,062,242

	Governmental Activities
Net position previously reported, December 31, 2011	$ 64,027,343
Other liabilities	(560,335)
Restated Net position, January 1, 2012	$ 63,467,008

NOTE 18 – SUBSEQUENT EVENT

On May 7, 2013, the citizens of Wooster voted to pass a .5% increase in the earned income tax, raising the tax rate from its current 1% to 1.5%, effective January 1, 2014. This increase will provide the funds necessary to maintain our current services and fund our capital improvement projects. It is expected to provide approximately $5 million in additional tax revenues annually.