
City Of Willowick, Ohio

GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 1999

UNI & PANICHI
PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

City Of Willowick, Ohio

GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 1999

CITY OF WILLOWICK, OHIO

FOR THE YEAR ENDED DECEMBER 31, 1999

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STATE OF OHIO
OFFICE OF THE AUDITOR

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City of Willowick
Mayor and Members of Legislative Body

We have reviewed the Independent Auditor's Report of the City of Willowick, Lake County, prepared by Ciuni & Panichi, Inc. for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

June 2, 2000

REPORT OF INDEPENDENT ACCOUNTANTS

Honorable Mayor and Members of
the Legislative Body
City of Willowick
Willowick, Ohio

We have audited the accompanying general-purpose financial statements of the City of Willowick as of and for the year ended December 31, 1999 as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Willowick, as of December 31, 1999 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2000 on our consideration of the City of Willowick's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Ciuni & Panichi Inc

Cleveland, Ohio
March 23, 2000

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CITY OF WILLOWICK, OHIO

GENERAL PURPOSE FINANCIAL STATEMENTS

The general purpose financial statements of the City include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operations and cash flows or its proprietary fund type.

CITY OF WILLOWICK, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,251,322	\$ 1,121,623	\$ 132,698	\$ 2,551,434
Receivables:				
Taxes	2,059,602	1,022,350	168,227	797,175
Accounts	19,928	-	-	19,243
Interest	23,462	-	-	5,896
Intergovernmental	223,926	32,430	150,000	225,000
Interfund	-	-	-	-
Material and Supplies Inventory	6,757	20,043	-	-
Prepaid Items	35,130	6,750	-	-
Fixed Assets (net of accumulated depreciation)	-	-	-	-
<u>Other Debits</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	-	-	-	-
Amount to be Provided from General Government Resources	-	-	-	-
Total Assets and Other Debits	\$ <u>3,620,127</u>	\$ <u>2,203,196</u>	\$ <u>450,925</u>	\$ <u>3,598,748</u>

See accompanying notes to the General Purpose Financial Statements

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-term Obligations</u>	
<u>Enterprise</u>	<u>Agency</u>			
\$ 858,933	\$ 52,419	\$ -	\$ -	\$ 5,968,429
-	-	-	-	4,047,354
273,688	-	-	-	312,859
-	-	-	-	29,358
-	-	-	-	631,356
50,000	-	-	-	50,000
-	-	-	-	26,800
17,829	-	-	-	59,709
504,831	-	12,370,663	-	12,875,494
-	-	-	162,698	162,698
-	-	-	<u>1,610,302</u>	<u>1,610,302</u>
\$ <u>1,705,281</u>	\$ <u>52,419</u>	\$ <u>12,370,663</u>	\$ <u>1,773,000</u>	\$ <u>25,774,359</u>

Continued

CITY OF WILLOWICK, OHIO

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

DECEMBER 31, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Liabilities</u>				
Accounts Payable	\$ 70,570	\$ 25,087	\$ -	\$ 343,798
Accrued Wages	107,666	25,053	-	-
Accrued Compensated Absences	37,347	29,940	-	-
Due to Other Governments	14,835	3,123	-	195
Interfund Payable	-	-	-	50,000
Deferred Revenue	1,571,493	832,350	288,227	667,175
Accrued Pension	12,120	80,511	-	-
Accrued Interest Payable	-	-	-	62,517
Notes Payable	-	-	-	1,400,000
General Obligation Bonds Payable	-	-	-	-
Loans Payable	-	-	-	-
Deposits Held	-	-	-	-
Total Liabilities	<u>1,814,031</u>	<u>996,064</u>	<u>288,227</u>	<u>2,523,685</u>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	-	-	-	-
Retained Earnings:				
Unreserved	-	-	-	-
Fund Balance:				
Reserved for Debt Service	-	-	162,698	-
Reserve for Encumbrances	143,317	42,068	-	725,110
Reserve for Inventory	6,757	20,043	-	-
Unreserved, Undesignated	<u>1,656,022</u>	<u>1,145,021</u>	-	<u>349,953</u>
Total Fund Equity and Other Credits	<u>1,806,096</u>	<u>1,207,132</u>	<u>162,698</u>	<u>1,075,063</u>
Total Liabilities, Fund Equity and Other Credits	\$ <u>3,620,127</u>	\$ <u>2,203,196</u>	\$ <u>450,925</u>	\$ <u>3,598,748</u>

See accompanying notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-term Obligations	
<u>Enterprise</u>	<u>Agency</u>			
\$ 82,086	\$ -	\$ -	\$ -	\$ 521,541
10,167	-	-	-	142,886
48,508	-	-	742,935	858,730
1,366	-	-	-	19,519
-	-	-	-	50,000
-	-	-	-	3,359,245
1,790	-	-	63,046	157,467
-	-	-	-	62,517
-	-	-	120,000	1,520,000
-	-	-	835,000	835,000
-	-	-	12,019	12,019
-	<u>52,419</u>	-	-	<u>52,419</u>
<u>143,917</u>	<u>52,419</u>	-	<u>1,773,000</u>	<u>7,591,343</u>
-	-	12,370,663	-	12,370,663
1,561,364	-	-	-	1,561,364
-	-	-	-	162,698
-	-	-	-	910,495
-	-	-	-	26,800
-	-	-	-	<u>3,150,996</u>
<u>1,561,364</u>	<u>-</u>	<u>12,370,663</u>	<u>-</u>	<u>18,183,016</u>
\$ <u>1,705,281</u>	\$ <u>52,419</u>	\$ <u>12,370,663</u>	\$ <u>1,773,000</u>	\$ <u>25,774,359</u>

CITY OF WILLOWICK, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General</u>	<u>Special Revenue</u>
<u>Revenues</u>		
Property Taxes	\$ 1,657,419	\$ 680,185
Municipal Income Tax	2,085,455	-
Other Local Taxes	292,765	94,336
Intergovernmental	2,028,793	522,046
Charges for Services	18,006	14,483
License and Permits	140,803	-
Fines and Forfeitures	197,068	3,244
Investment Income	298,649	-
Other	<u>42,970</u>	<u>4,674</u>
Total Revenues	6,761,928	1,318,968
<u>Expenditures</u>		
Current:		
Security of Persons and Property	2,332,192	683,162
Public Health	77,062	-
Leisure Time Activities	600,695	147
Community Development	162,037	85,111
Basic Utility Service	637,527	152,456
Transportation	336,002	406,755
General Government	1,248,246	-
Capital Outlay	-	-
Debt Service:		
Principal Retirement	-	40,000
Interest and Fiscal Charges	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,393,761</u>	<u>1,367,631</u>
Excess of Revenues Over (Under) Expenditures	1,368,167	(48,663)

See accompanying notes to the General Purpose Financial Statements

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
\$ 148,483	\$ 921,125	\$ 3,407,212
-	-	2,085,455
20,853	131,566	539,520
32,325	225,000	2,808,164
-	-	32,489
-	-	140,803
-	-	200,312
-	44,022	342,671
-	27,903	75,547
<u>201,661</u>	<u>1,349,616</u>	<u>9,632,173</u>
-	-	3,015,354
-	-	77,062
-	-	600,842
-	-	247,148
-	-	789,983
-	-	742,757
-	-	1,248,246
-	3,979,295	3,979,295
171,010	-	211,010
<u>82,729</u>	<u>67,157</u>	<u>149,886</u>
<u>253,739</u>	<u>4,046,452</u>	<u>11,061,583</u>
(52,078)	(2,696,836)	(1,429,410)

Continued

CITY OF WILLOWICK, OHIO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – ALL GOVERNMENTAL FUND TYPES (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General</u>	<u>Special Revenue</u>
<u>Other Financing Sources (Uses)</u>		
Proceeds from Sale of Fixed Assets	8,010	-
Operating Transfers - In	1,950	320,000
Operating Transfers - Out	<u>(1,460,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,450,040)</u>	<u>320,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(81,873)	271,337
Fund Balances at Beginning of Year	1,886,898	939,268
Increase (Decrease) in Reserve for Inventory	<u>1,071</u>	<u>(3,473)</u>
Fund Balance at Year End	\$ <u>1,806,096</u>	\$ <u>1,207,132</u>

See accompanying notes to the General Purpose Financial Statements

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
-	-	8,010
-	1,292,712	1,614,662
-	<u>(150,000)</u>	<u>(1,610,000)</u>
-	1,142,712	12,672
(52,078)	(1,554,124)	(1,416,738)
214,776	2,629,187	5,670,129
-	-	<u>(2,402)</u>
\$ <u>162,698</u>	\$ <u>1,075,063</u>	\$ <u>4,250,989</u>

CITY OF WILLOWICK, OHIO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL
GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues</u>			
Property Taxes	\$ 1,506,836	\$ 1,633,418	\$ 126,582
Municipal Income Taxes	1,909,509	2,069,917	160,408
Other Local Taxes	270,077	292,765	22,688
Intergovernmental	1,925,568	2,087,325	161,757
Charges for Services	16,611	18,006	1,395
Licenses and Permits	129,892	140,803	10,911
Fines and Forfeitures	184,882	200,413	15,531
Investment Income	277,458	300,766	23,308
Other	47,029	50,981	3,952
Total Revenue	<u>6,267,862</u>	<u>6,794,394</u>	<u>526,532</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property	2,393,881	2,387,432	6,449
Public Health	77,270	77,062	208
Leisure Time Activities	622,660	620,983	1,677
Community Development	165,790	165,344	446
Basic Utility Services	650,311	648,559	1,752
Transportation	374,334	373,325	1,009
General Government	1,291,267	1,287,789	3,478
Total Expenditures	<u>5,575,513</u>	<u>5,560,494</u>	<u>15,019</u>
Excess of Revenues Over (Under) Expenditures	<u>692,349</u>	<u>1,233,900</u>	<u>541,551</u>
<u>Other Financing Sources (Uses)</u>			
Advances - Out	240,000	240,000	-
Operating Transfers - In	1,950	1,950	-
Operating Transfers - Out	(1,460,000)	(1,460,000)	-
Total Other Financing Sources (Uses)	<u>(1,218,050)</u>	<u>(1,218,050)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(525,701)	15,850	541,551
Fund Balance at Beginning of Year	1,038,586	1,038,586	-
Outstanding Encumbrances	<u>196,886</u>	<u>196,886</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>709,771</u>	\$ <u>1,251,322</u>	\$ <u>541,551</u>

Continued

CITY OF WILLOWICK, OHIO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL
GOVERNMENTAL TYPES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 643,964	\$ 667,185	\$ 23,221
Other Local Taxes	91,052	94,336	3,284
Intergovernmental	477,943	532,318	54,375
Charges for Services	13,963	14,483	520
Fines and Forfeitures	5,100	3,244	(1,856)
Other	<u>4,523</u>	<u>4,673</u>	<u>150</u>
Total Revenue	<u>1,236,545</u>	<u>1,316,239</u>	<u>79,694</u>
<u>Expenditures</u>			
Current Operations and Maintenance:			
Security of Persons and Property	728,773	727,780	993
Community Development	96,046	95,285	761
Basic Utility	152,456	152,456	-
Transportation	459,520	459,520	-
Debt Service:			
Principal Retirement	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Expenditures	<u>1,476,795</u>	<u>1,475,041</u>	<u>1,754</u>
Excess of Revenues Over (Under) Expenditures	<u>(240,250)</u>	<u>(158,802)</u>	<u>81,448</u>
<u>Other Financing Sources (Uses)</u>			
Advances - Out	(55,000)	(55,000)	-
Operating Transfers - In	<u>320,000</u>	<u>320,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	24,750	106,198	81,448
Fund Balance at Beginning of Year	962,906	962,906	-
Outstanding Encumbrances	<u>52,519</u>	<u>52,519</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>1,040,175</u>	\$ <u>1,121,623</u>	\$ <u>81,448</u>

Continued

See accompanying notes to the General Purpose Financial Statements

CITY OF WILLOWICK, OHIO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL - ALL
GOVERNMENTAL TYPES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Debt Service Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 146,288	\$ 147,483	\$ 1,195
Other Local Taxes	20,684	20,854	170
Intergovernmental	<u>32,063</u>	<u>32,325</u>	<u>262</u>
Total Revenue	<u>199,035</u>	<u>200,662</u>	<u>1,627</u>
<u>Expenditures</u>			
Debt Service:			
Principle Retirement	321,010	321,010	-
Interest and Fiscal Charges	<u>88,805</u>	<u>88,805</u>	<u>-</u>
Total Expenditures	<u>409,815</u>	<u>409,815</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(210,780)	(209,153)	1,627
<u>Other Financing Sources (Uses)</u>			
Operating Transfers - In	<u>156,075</u>	<u>156,075</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(54,705)	(53,078)	1,627
Fund Balance at Beginning of Year	<u>185,776</u>	<u>185,776</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>131,071</u>	\$ <u>132,698</u>	\$ <u>1,627</u>

Continued

See accompanying notes to the General Purpose Financial Statements

CITY OF WILLOWICK, OHIO

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – ALL
GOVERNMENTAL TYPES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Capital Projects Funds</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Property Taxes	\$ 956,054	\$ 929,126	\$ (26,928)
Other Local Taxes	135,367	131,566	(3,801)
Investment Income	-	38,126	38,126
Other	<u>1,199,540</u>	<u>8,659</u>	<u>(1,190,881)</u>
Total Revenue	<u>2,290,961</u>	<u>1,107,477</u>	<u>(1,183,484)</u>
<u>Expenditures</u>			
Capital Outlay	<u>5,122,967</u>	<u>5,001,242</u>	<u>121,725</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,832,006)</u>	<u>(3,893,765)</u>	<u>(1,061,759)</u>
<u>Other Financing Sources (Uses)</u>			
Proceeds From Sale of Debt	500,000	1,400,000	900,000
Advance - In	631,912	105,000	(526,912)
Operating Transfers - In	1,267,712	1,292,712	25,000
Operating Transfers - Out	<u>(306,075)</u>	<u>(306,075)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>2,093,549</u>	<u>2,491,637</u>	<u>398,088</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(738,457)	(1,402,128)	(663,671)
Fund Balance at Beginning of Year	2,884,654	2,884,654	-
Outstanding Encumbrances	<u>1,068,908</u>	<u>1,068,908</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>3,215,105</u>	\$ <u>2,551,434</u>	\$ <u>(663,671)</u>

See accompanying notes to the General Purpose Financial Statements

CITY OF WILLOWICK, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS –
ENTERPRISE FUND TYPE

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Enterprise</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 1,863,621
<u>Operating Expenses</u>	
Personal Services	321,326
Contractual Services	1,303,458
Depreciation	<u>69,514</u>
Total Operating Expenses	<u>1,694,298</u>
Operating Income	169,323
<u>Non-Operating Revenues (Expenses)</u>	
Property Taxes	<u>33,546</u>
Net Income	202,869
Retained Earnings at Beginning of Year	<u>1,358,495</u>
Retained Earnings at End of Year	\$ <u>1,561,364</u>

See accompanying notes to the General Purpose Financial Statements

CITY OF WILLOWICK, OHIO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY – BUDGET
(NON-GAAP BUDGETARY BASIS) AND ACTUAL – ENTERPRISE FUND TYPE**

FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Enterprise Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Revenues</u>			
Property Taxes	\$ 30,334	\$ 33,546	\$ 3,212
Charges for Services	<u>1,437,666</u>	<u>1,589,933</u>	<u>152,267</u>
Total Revenue	<u>1,468,000</u>	<u>1,623,479</u>	<u>155,479</u>
<u>Expenses</u>			
Current Operations and Maintenance:			
Personal Services	324,857	324,857	-
Contractual Services	<u>1,388,175</u>	<u>1,388,023</u>	<u>152</u>
Total Expenses	<u>1,713,032</u>	<u>1,712,880</u>	<u>152</u>
Excess of Revenues Over (Under) Expenses	(245,032)	(89,401)	155,631
<u>Other Financing Sources (Uses)</u>			
Advances – Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenses and Other Financing Uses	(295,032)	(139,401)	155,631
Fund Balance at Beginning of Year	963,296	963,296	-
Outstanding Encumbrances	<u>35,038</u>	<u>35,038</u>	<u>-</u>
Fund Balance at End of Year	\$ <u>703,302</u>	\$ <u>858,933</u>	\$ <u>155,631</u>

See accompanying notes to the General Purpose Financial Statements

CITY OF WILLOWICK, OHIO

STATEMENT OF CASH FLOWS – ENTERPRISE FUND TYPE

FOR THE YEAR ENDED DECEMBER 31, 1999

Cash Flow from Operating Activities

Cash Flows From Operating Activities:

Cash Received From Customers	\$ 1,589,933
Cash Payments for Contractual Services	(1,333,397)
Cash Payments for Employee Services and Benefits	<u>(324,857)</u>

Net Cash Used in Operating Activities (68,321)

Cash Flows from Non-Capital Financing Activities

Property Taxes	33,546
Advances – Out	<u>(50,000)</u>

Net Cash Used in Non-Capital Financing Activities (16,454)

Cash Flows from Capital and Related Financing Activities

Acquisition of Capital Assets	<u>(19,589)</u>
-------------------------------	-----------------

Net Decrease in Cash and Cash Equivalents (104,364)

Cash and Cash Equivalents Beginning of Year 963,297

Cash and Cash Equivalents End of Year \$ 858,933

Reconciliation of Operating Loss To Net Cash Used in Operating Activities

Operating Income \$ 169,323

Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities

Depreciation	69,514
Changes In Assets and Liabilities:	
Decrease in Accounts Receivable	12,110
Increase in Prepaid Items	(839)
Decrease in Accounts Payable	(318,171)
Increase in Accrued Wages and Benefits	634
Increase in Compensated Absences Payable	2,659
Increase Accrued Pension	181
Decrease in Due to Other Governments	<u>(3,732)</u>

Net Cash Used in Operating Activities \$ (68,321)

See accompanying notes to the General Purpose Financial Statements

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1999

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Willowick have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. THE REPORTING ENTITY

The City of Willowick is a home rule municipal corporation incorporated as a City in 1957 under the laws of the State of Ohio. The City operates under its own charter and is governed by a mayor-council form of government, which was adopted on May 6, 1952.

The Mayor, elected by the voters for a two-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes, and performs the judicial functions of the City. As the chief conservator of the peace, she oversees the enforcement of all laws and ordinances. She also executes all contracts, conveyances, and evidences of indebtedness of the City.

Legislative authority is vested in a seven member council with six members elected from wards and the president of Council elected at large. Members of Council are elected to two year terms. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes.

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to insure that the financial statements are not misleading, consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity".

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation, and wastewater.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes.

The Willoughby-Eastlake School District and the Willoughby-Eastlake Public Library have been excluded from the reporting entity because the City is not financially accountable for these organizations nor does the City approve the budget, the levying of taxes, or the issuance of debt for these organizations.

The Lake County General Health District, a jointly governed organization, is presented in Note 13 to the City's financial statements.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

B. BASIS OF PRESENTATION — FUND ACCOUNTING

The City's accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a set of self-balancing accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types". The City uses the following fund types and account groups:

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions typically are financed. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The following are the City's governmental fund types:

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

Special Revenue Funds — These funds are established to account for the proceeds of specific revenue sources (other than amounts for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds — This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds — These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by a proprietary fund).

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

B. BASIS OF PRESENTATION — FUND ACCOUNTING (CONTINUED)

PROPRIETARY FUND TYPE

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this approach, the focus is upon the determination of net income, financial position and cash flows.

Enterprise Fund — The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUND TYPE

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

Agency Funds — Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

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

General Fixed Assets Account Group — The general fixed assets account group is used to account for all general fixed assets of the City other than those accounted for in the proprietary fund.

General Long-Term Obligations Account Group — The general long-term obligations account group is used to account for all unmatured long-term indebtedness of the City that is not a specific liability of the proprietary fund.

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is utilized for reporting purposes by the governmental and agency funds. Under this method of accounting, the City recognizes revenue and other financing sources when they become both measurable and available (i.e. collectible within the current period or within 31 days thereafter) to finance current City operations. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

C. BASIS OF ACCOUNTING (CONTINUED)

Revenues considered susceptible to accrual at the end of the year include employer withheld income taxes, interest on investments, state-levied locally shared taxes (including motor vehicles license fees, gasoline taxes, and local government assistance), and reimbursements due from federally funded projects for which corresponding expenditures have been made. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Property taxes not due in the current year are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999 but not intended to finance 1999 activities have also been recorded as deferred revenue. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

D. BUDGET

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

TAX BUDGET

During the first Council meeting in July, the Mayor presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

D. BUDGET (CONTINUED)

ESTIMATED RESOURCES

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include encumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the fiscal amended official certificate of estimated resources issued during 1999.

APPROPRIATIONS

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of Council. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

LAPSING OF APPROPRIATIONS

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not re-appropriated as part of the subsequent year appropriations.

ENCUMBRANCES

As part of formal budgetary control, purchase order, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine the maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as a reservations of fund balances for subsequent-year expenditures for governmental funds and as note disclosure for the proprietary fund.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

E. CASH AND CASH EQUIVALENTS

Cash received by the City is deposited into several bank accounts. Monies for all funds, including the enterprise fund, are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through the City's records. Each fund's interest in the pooled bank accounts is presented as "cash and cash equivalents" on the combined balance sheet. During fiscal year 1999, investments were limited to money market deposit accounts and STAR OHIO. STAR OHIO is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR OHIO is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR OHIO are valued at STAR OHIO's share price which is the price the investment could be sold for on December 31, 1999. All investment earnings accrue to the general fund except those specifically related to certain capital projects and the proprietary fund.

The City utilizes a financial institution to service bonded debt as principal and interest come due. The balance in this account is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal and Escrow Agents" and represent deposit or short term investments in certificate of deposits with an original maturity of three months or less.

For purposes of the statement of cash flows and for presentation on the combined balance sheet, investments with an original maturity of three months or less are considered to be cash equivalents. Investments with an original maturity of more than three months are reported as investments.

F. INTERFUND ASSETS AND LIABILITIES

Short-term interfund loans are classified as "Interfund Receivables/Payables."

G. INVENTORY

Inventory is stated at cost for governmental funds and at the lower of cost or market for the proprietary fund on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary fund when used.

H. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. FIXED ASSETS AND DEPRECIATION

General fixed 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 (recorded and accounted for) in the general fixed assets account group. Infrastructure fixed assets such as streets, storm sewers and drains are not capitalized by the City and are not reported as part of the general fixed assets account group.

Fixed assets utilized in the proprietary fund are capitalized in the fund.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

I. FIXED ASSETS AND DEPRECIATION (CONTINUED)

Fixed asset values were determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not practicably determinable, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the useful lives of the related fixed assets.

The City has elected not to record depreciation in the general fixed assets account group. Depreciation for the proprietary fund fixed assets is determined by allocating the cost of fixed assets over the estimated useful lives of the assets on a straight-line basis. The estimated useful lives are as follows:

Buildings	45 Years
Improvements Other than Buildings (Sewer Lines)	50 Years
Machinery and Equipment	5-15 Years

J. LONG-TERM OBLIGATIONS

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in that fund.

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the presentation of short term note liability in the fund that received the note proceeds, with long-term obligations presented in the general long-term obligations account group. Principal and interest payments on matured general long-term obligations and special assessment debt are reported in the debt service fund. To comply with GAAP reporting requirements, the City's debt retirement has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

K. COMPENSATED ABSENCES

In conformity with GASB 16, vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

K. COMPENSATED ABSENCES (CONTINUED)

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

L. FUND EQUITY

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditure including amounts that are legally segregated for a specific future use. Fund balances are reserved for encumbrances and inventories of supplies and material.

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. MEMORANDUM ONLY — TOTAL COLUMNS

The "Total" columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. FINANCIAL REPORTING AND ACCOUNTING FOR PROPRIETARY FUNDS

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities. The adoption of this approach to accounting for proprietary activities by the City required no change from prior years.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 2 — BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances — Budget and Actual (Budget Basis) — All Governmental Fund Types and the Statement of Revenues, Expenses and Changes in Fund Equity — Budget and Actual (Budget Basis) — Enterprise Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major difference between the budget basis and the GAAP basis (generally accepted accounting principles) are:

- 1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- 2) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- 3) Encumbrances are treated as expenditures for all funds (budget) rather than as a reservation of fund balances for governmental fund types (GAAP).
- 4) Short-term note proceeds and note principal retirement for governmental funds are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- 5) State statute requires short-term note debt to be repaid from the debt service fund (budget) as opposed to the fund that received the proceeds (GAAP). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements for governmental funds to the budgetary basis statements on a fund type basis.

	<u>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses - All Governmental Fund Types</u>			
<u>Projects</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ (81,873)	\$ 271,337	\$ (52,078)	\$ (1,554,124)
Increase (Decrease) Due to:				
Revenue Accruals	264,454	(2,728)	(1,000)	1,112,861
Expenditure Accruals	30,155	(109,892)	-	108,043
Encumbrances Outstanding	<u>(196,886)</u>	<u>(52,519)</u>	<u>-</u>	<u>(1,068,908)</u>
Budget Basis	\$ <u>15,850</u>	\$ <u>106,198</u>	\$ <u>(53,078)</u>	\$ <u>(1,402,128)</u>

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 2 — BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

Net Income/Excess of Revenues Over Expenses — Enterprise Fund Type

GAAP Basis — Net Income	\$ <u>202,869</u>
Increase (Decrease) Due to:	
Revenue Accruals	(273,688)
Expense Accruals	(103,058)
Depreciation Expense	69,514
Encumbrances Outstanding	<u>(35,038)</u>
Budget Basis — Excess of Revenues over Expenses	\$ <u>(139,401)</u>

NOTE 3 — DEPOSITS AND INVESTMENTS

State statutes require the classification of moneys held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Interim monies may be invested in the following obligations provided they mature or are redeemable within two years from the date of principal and interest;

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 3 — DEPOSITS AND INVESTMENTS (CONTINUED)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in divisions (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's Investment Pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the finance director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

GASB Statement 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reserve Repurchase Agreements" requires disclosures to help assess actual and potential future deposit and investment market and credit risk. The following information regarding deposits and investments is presented using the categories of risk identified in GASB Statement 3.

A. DEPOSITS

At year-end, the carrying amount of the City's deposits was \$559,808 and the bank balance was \$654,298. Of the bank balance:

1. \$100,000 was covered by federal depository insurance.
2. \$554,298 was uncollateralized and uninsured. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

B. INVESTMENTS

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Carrying Value</u>	<u>Fair Value</u>
Investment in State Treasurer's Investment Pool	\$ <u>5,408,621</u>	\$ <u>5,408,621</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less.

NOTE 4 -- TAXES

A. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last update was completed in 1994. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 4 -- TAXES (CONTINUED)

A. PROPERTY TAXES (CONTINUED)

The full tax rate for all City operations for the year ended December 31, 1999 was \$19.94 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property	\$ 191,289,490
Public Utility Property	4,507,970
Tangible Personal Property	<u>6,133,589</u>
Total Valuation	\$ <u>201,931,049</u>

B. INCOME TAXES

The City levies a municipal income tax of two percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case the City allows a credit of 87.5 percent of the tax paid to another municipality to a maximum of the total amount assessed. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are received by the General Fund.

NOTE 5 -- RECEIVABLES

Receivables at December 31, 1999 primarily consisted of taxes, accounts (billings for user charged services), intergovernmental receivables, entitlement or shared revenues, special assessments and interest on investments. All receivables are considered fully collectible.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 5 — RECEIVABLES (CONTINUED)

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General Fund:	
Local Government	\$ 120,892
Estate Tax	71,485
Grants	19,707
Local Government — Revenue Assistance	11,842
Total General Fund	<u>223,926</u>
Special Revenue Funds:	
Gasoline\Motor Vehicle License Tax	25,695
Permissive Tax	6,735
Total Special Revenue Fund	<u>32,430</u>
Debt Service:	
Lake County	<u>150,000</u>
Capital Projects:	
Grants	<u>225,000</u>
TOTAL	\$ <u>631,356</u>

Lake County has acquired land and plant facilities from the City of Willowick. In exchange, the County has agreed to pay directly to the City of Willowick, when due, amounts sufficient to service the City's long-term debt funding requirements relating to the assets.

NOTE 6 — FIXED ASSETS

A summary of the proprietary fund's fixed assets at December 31, 1999 follows:

	<u>Balances</u> <u>12-31-98</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>12-31-99</u>
Improvements Other than Buildings (Sewer Lines)	\$ 3,010,878	\$ -	\$ -	\$ 3,010,878
Machinery and Equipment	<u>506,674</u>	<u>19,589</u>	<u>-</u>	<u>526,263</u>
Total	3,517,552	19,589	-	3,537,141
Less accumulated depreciation	<u>(2,962,796)</u>	<u>(69,514)</u>	<u>-</u>	<u>(3,032,310)</u>
Net Fixed Assets	\$ <u>554,756</u>	\$ <u>(49,925)</u>	\$ <u>-</u>	\$ <u>504,831</u>

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 6 — FIXED ASSETS (CONTINUED)

Changes in general fixed assets during 1999 were as follows:

	Balances 12-31-98	Additions	Deductions	Balances 12-31-99
Land	\$ 738,242	\$ -	\$ -	\$ 738,242
Buildings and Improvements	3,110,112	3,420,687	45,728	6,485,071
Land Improvements	149,681	185,174	675	334,180
Machinery and Equipment	3,433,459	258,971	119,337	3,573,093
Construction in Progress	<u>3,058,236</u>	<u>1,466,128</u>	<u>3,284,287</u>	<u>1,240,077</u>
Total	\$ <u>10,489,730</u>	\$ <u>5,330,960</u>	\$ <u>3,450,027</u>	\$ <u>12,370,663</u>

NOTE 7 — LONG-TERM OBLIGATIONS

Change in long-term obligations of the City during 1999 were as follows:

	Outstanding 12-31-98	Additions	(Reductions)	Outstanding 12-31-99
GENERAL LONG-TERM OBLIGATIONS				
7.25% Street Improvement Series 1986-1 (Waterlines)	\$ 170,000	\$ -	\$ (20,000)	\$ 150,000
7.25% Street Improvement Series 1986-1 (Bayridge)	620,000	-	(75,000)	545,000
6.875% Municipal Center 1976	<u>210,000</u>	<u>-</u>	<u>(70,000)</u>	<u>140,000</u>
Total General Obligation Bonds	\$ <u>1,000,000</u>	\$ <u>-</u>	\$ <u>(165,000)</u>	\$ <u>835,000</u>
OTHER OBLIGATIONS				
Mortgage Note	\$ 160,000	\$ -	\$ (40,000)	\$ 120,000
0% OPWC Loan	18,029	-	(6,010)	12,019
Compensated Absences	712,609	30,326	-	742,935
Capital Lease Obligations	5,100	-	(5,100)	-
Accrued Pension	<u>64,566</u>	<u>-</u>	<u>(1,520)</u>	<u>63,046</u>
Total Other Obligations	\$ <u>960,304</u>	\$ <u>30,326</u>	\$ <u>(52,630)</u>	\$ <u>938,000</u>
Total General Long-Term Obligations and Other Obligations	\$ <u>1,960,304</u>	\$ <u>30,326</u>	\$ <u>(217,630)</u>	\$ <u>1,773,000</u>

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 7 — LONG-TERM OBLIGATIONS (CONTINUED)

General obligation bonds will be paid from the debt service fund. The waterline debt is paid from reimbursement from Lake County to the debt service fund. The police pension liability will be paid from taxes receipted in the police pension special revenue fund. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from special revenue fund moneys.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 1999 are as follows:

	General Obligations Bonds	Ohio Public Works Loan	Police Pension	Mortgage Note
2000	\$ 225,013	\$ 6,010	\$ 3,207	\$ 40,000
2001	213,313	6,009	3,207	40,000
2002	131,613	-	3,207	40,000
2003	129,725	-	3,207	-
2004	122,475	-	3,207	-
2005 to 2009	232,838	-	16,036	-
2010 to 2035	-	-	81,641	-
Totals	\$ <u>1,054,977</u>	\$ <u>12,019</u>	\$ <u>113,712</u>	\$ <u>120,000</u>

NOTE 8 — NOTE DEBT

The City's note activity for the year ended December 31, 1999 is as follows:

	Balances 12-31-98	Additions	Deductions	Balances 12-31-99
Capital Projects Fund:				
4.05% Fire Pumper	\$ 150,000	\$ -	\$ (150,000)	\$ -
3.75% Manry Park Improvement	-	600,000	-	600,000
6.0% Sanitary Sewer Improvement	-	800,000	-	800,000
Total Notes	\$ <u>150,000</u>	\$ <u>1,400,000</u>	\$ <u>(150,000)</u>	\$ <u>1,400,000</u>

These notes are backed by the full faith and credit of Willowick City and mature within one year. The note liability was reflected in the fund which received the proceeds. The notes are generally issued in anticipation of long-term bond refinancing and are refinanced until such bonds are issued.

NOTE 9 — OPERATING LEASES

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the City's account groups.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 9 — OPERATING LEASES (CONTINUED)

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 1999:

<u>Year Ending</u> <u>December 31</u>	<u>Amounts</u>
2000	\$ 12,312
2001	12,312
2002	12,312
2003	12,312
2004	<u>2,052</u>
Total minimum payments required	\$ <u>51,300</u>

NOTE 10 — EMPLOYEE BENEFITS — COMPENSATED ABSENCES

Employees earn vacation and sick leave at different rates which are affected by length of service. Sick leave accrual is continuous, without limit. Overtime worked is always paid to employees on the paycheck for the period in which it was worked.

Upon retirement, an employee can be paid for his/her accumulated hours of sick leave up to 960 hours, except fire department employees, who are part time and do not accumulate sick leave. Upon retirement, termination, or death of the employee, vacation is paid for the total time accumulated for the employee.

For governmental funds, the current portion of unpaid compensated absences is the amount to be paid using available expendable resources, and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. At December 31, 1999, these amounts were \$67,287 and \$742,935, respectively. The full amount of accrued vacation is classified as current, as it must be taken within the next calendar year and thus will be paid using available expendable resources.

In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability. The liability for compensated absences in the proprietary fund at December 31, 1999 was \$48,508.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 11 — DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEE RETIREMENT SYSTEM

The City of Willowick contributes to the Public Employees Retirement System of Ohio ("System"), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. The System provides retirement and disability benefits, annual cost of living adjustments and death benefits to Plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The System issues a stand alone financial report. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 9.35 percent. The contribution rates are determined actuarially. The City's contributions to the System for the years ended December 31, 1999, 1998, and 1997 were \$211,514, \$195,049, and \$165,852, respectively, equal to the required contributions for each year.

B. OHIO POLICE AND FIRE PENSION FUND

The City of Willowick 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 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. The 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 the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers. The City of Willowick contributions to OP&F for the years ending December 31, 1999, 1998, and 1997 were \$234,096, \$229,689, and \$216,981, respectively, equal to the required contributions for each year.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 1999, the liability of the City was \$58,474, payable in semiannual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the General Long-Term Obligations Account Group.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 12 — POST-EMPLOYMENT BENEFITS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care based on the authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care in 1999.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to PERS.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health and medicare, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062. The City of Willowick's actual contributions for 1999 which were used to fund postemployment benefits were \$95,008.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2 percent of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

B. OHIO POLICE AND FIRE PENSION FUND

The OP&F provides postretirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen whether or not the child is attending school or under the age of twenty two if attending school full-time or on a two-thirds basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that costs paid from the Funds of the OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5 percent of covered payroll of which 7.0 percent was applied to postemployment health care expenses. The Ohio Revised code provides the statutory authority allowing the OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. The Board defined allocation was 6.5 percent and 7.0 percent of covered payroll in 1998 and 1999, respectively. The allocation is 7.25 percent in 2000. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 12 — POST-EMPLOYMENT BENEFITS — CONTINUED

B. OHIO POLICE AND FIRE PENSION FUND — CONTINUED

The number of participants eligible to receive health care benefits as of December 31, 1998 was 11,424 (the latest information available) for police. The City's actual contributions for 1999 that were used to fund post-employment benefits were \$84,040 for police. The Fund's total health care expenses for the year ending December 31, 1998 (the latest information available) were \$78,596,790, net of member contributions of \$5,331,515.

NOTE 13 — JOINTLY GOVERNED ORGANIZATION

LAKE COUNTY GENERAL HEALTH DISTRICT

The Lake County General Health District, a jointly governed organization, provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, oversees the operation of the District. The members are elected to staggered five year terms. Two members are elected by the City of Mentor. The remaining 13 members are elected by the various mayors of villages, chairmen of the township trustees, and the County Commissioners. Five townships, nine villages, and nine cities, including the City of Willowick, participate in the District. The City contributed \$77,062 during 1999 for the operation of the District.

NOTE 14 — INTERFUND ASSETS AND LIABILITIES

INTERFUND RECEIVABLE/PAYABLE

	<u>Receivable</u>	<u>Payable</u>
Sewer Revenue Enterprise Fund	\$ 50,000	\$ -
Euclid Parallel Sewer Project Capital Project Fund	<u>-</u>	<u>50,000</u>
Total	<u>\$ 50,000</u>	<u>\$ 50,000</u>

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 15 — RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1999, the City contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>		
Transcontinental Insurance Co.	Property	\$	1,000
	General Liability		-
	Inland Marine		250
	Boilers and Machinery		500
	Vehicles:		
	Comprehensive		100
	Collision		250
	Fire Errors and Omissions		-
	Employee Dishonest and Forgery		1,000
	Umbrella		-
	Coregis	Police	
Ohio Farmers Insurance	Public Officials		5,000

Willowick participates in the Ohio Municipal League public risk pool for workers' compensation. The Group Rating Plan is administered by Gates McDonald who was paid \$2,867 in 1999. The OML Group Rating Plan is intended to achieve lower workers' compensation premium rates for the participants, and result in the establishment of a safer working environment. There are no additional contributions required by a participant other than their annual fee.

CITY OF WILLOWICK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1999

NOTE 16 — OPERATING TRANSFERS

The City's Combined Statement of Revenue, Expenditures, and Changes in Fund Balances-Budget (Non-GAAP Budgetary Basis) and Actual — All Governmental Fund Types displays operating transfers-in and-out for the year ended December 31, 1999. A reconciliation of operating transfers, including fiduciary funds not budgeted are as follows:

	<u>Operating Transfers-In</u>	<u>Operating Transfers-Out</u>
General Fund	\$ 1,950	\$ 1,460,000
Special Revenue Funds:		
State Highway	25,000	-
Senior Citizen Center	120,000	-
Police Pension	175,000	-
Debt Service Fund	156,075	-
Capital Project Funds:		
Capital Improvement	-	150,000
Recreation Improvement	2,712	-
Police and Fire Capital Improvement Fund	-	156,075
Manry Park Improvement	1,290,000	-
Agency Funds:		
Security Deposits	-	4,662
Totals	\$ <u>1,770,737</u>	\$ <u>1,770,737</u>

NOTE 17 — CONTINGENCIES/PENDING LITIGATION

The City is involved in various litigation, claims, and inquiries (including PERS) most of which are routine to the nature of a municipality. It is the opinion of the City's management that the ultimate settlement of such litigation will not result in a material adverse effect on the City's financial position and results of operations.

NOTE 18 — SUBSEQUENT EVENTS

The City has been awarded a grant from the Ohio Public Works Commission for sanitary sewer rehabilitation in the amount of \$299,000. The grant agreement will be released by the Commission on July 1, 2000.

The City of Willowick is implementing a major sewer rehabilitation project during the period 1999 through 2004. Approximately \$500,000 will be spent on the assessment of the project; however, engineer estimates show that the total cost of the project may be as high as \$10 million. The City will rollover \$800,000 in bond anticipation notes in March 2000 that were originally issued in order to cover the initial costs of the project. Upon completion, the total cost of the project will be financed through bonds.

**Report on Compliance and on Internal Control
Required by *Government Auditing Standards***

Honorable Mayor and Members of
the Legislative Body
City of Willowick
Willowick, Ohio

We have audited the financial statements of the City of Willowick, as of and for the year ended December 31, 1999, and have issued our report thereon dated March 23, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Willowick's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Willowick, Ohio, in a separate letter dated March 23, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Willowick's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the City Council, Management, and the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi Inc.

Cleveland, Ohio
March 23, 2000

CITY OF WILLOWICK, OHIO

SCHEDULE OF FINDINGS

DECEMBER 31, 1999

1. Summary of Auditor's Results

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No

2. Findings Related to the Financial Statements Required to Be Reported in Accordance with GAGAS

None.

3. Other Findings

None.

CITY OF WILLOWICK, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 1999

There were no prior audit findings.

CITY OF WILLOWICK
30435 LAKESHORE BOULEVARD
WILLOWICK, OHIO 44095
(440) 585-3700

Response to Findings Associated With
Audit Conducted in Accordance with *Government Auditing Standards*
for the Year Ended December 31, 1999

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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Not applicable



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF WILLOWICK

LAKE COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JUNE 13, 2000