

CITY OF WILLARD

HURON COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2009

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



Mary Taylor, CPA
Auditor of State

City Council
City of Willard
631 S. Myrtle Avenue
P.O. Box 367
Willard, Ohio 44890

We have reviewed the *Report of Independent Accountants* of the City of Willard, Huron County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. 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 Willard is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 19, 2010

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**CITY OF WILLARD
HURON COUNTY
AUDIT REPORT
For the Year Ended December 31, 2009**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1 -2
Management’s Discussion and Analysis	3 - 18
Statement of Net Assets	19
Statement of Activities	20
Balance Sheet – Governmental Funds	22
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – (Non-GAAP Basis) General Fund	28
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –(Non-GAAP Basis) Electric System Sale Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –(Non-GAAP Basis) CDBG Fund	30
Statement of Net Assets – Proprietary Funds	31
Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds	32
Statement of Cash Flows – Proprietary Funds	33
Statement of Fiduciary Net Assets	34
Notes to the Basic Financial Statements	35 - 67
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	68
Schedule of Prior Audit Findings	70

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REPORT OF INDEPENDENT ACCOUNTANTS

City of Willard
Huron County
631 Myrtle Avenue
Willard, Ohio 44890

To the City Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Willard, Huron County, Ohio, (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Willard, Huron County, Ohio, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, Electric System Sale Fund and CDBG Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
June 15, 2010

CITY OF WILLARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 UNAUDITED

The management's discussion and analysis of the City of Willard's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The total net assets of the City decreased \$78,042. Net assets of governmental activities decreased \$102,343 or 0.77% from 2008 net assets and net assets of business-type activities increased \$24,301 or 0.18% over 2008 net assets.
- General revenues accounted for \$3,716,104 or 71.70% of total governmental activities revenue. Program specific revenues accounted for \$1,466,545 or 28.30% of total governmental activities revenue.
- The City had \$5,284,992 in expenses related to governmental activities; \$1,466,545 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$3,818,447 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$3,716,104.
- The general fund had revenues and other financing sources of \$3,231,454 in 2009. The expenditures and other financing uses of the general fund totaled \$3,302,373 in 2009. The net decrease in fund balance for the general fund was \$70,919 or 3.61%.
- The electric system sale fund had revenues of \$27,556 in 2009. The net increase in fund balance for the electric system sale fund was \$27,556 or 1.57%.
- The CDBG fund had revenues of \$101,142 in 2009. The expenditures of the CDBG fund totaled \$107,463 in 2009. The net decrease in fund balance for the CDBG fund was \$6,321 or 7.97%.
- The bond retirement fund had revenues and other financing sources of \$520,214 in 2009. The expenditures of the bond retirement fund totaled \$590,756 in 2009. The net decrease in fund balance for the bond retirement fund was \$70,542 or 18.56%.
- The income tax capital improvement fund had revenues and other financing sources of \$545,875 in 2009. The expenditures of the income tax capital improvement fund, totaled \$528,514 in 2009. The net increase in fund balance for the income tax capital improvement fund was \$17,361 or 2.77%.
- Net assets for the business-type activities, which are made up of the sewer, water and storm water enterprise funds, increased in 2009 by \$24,301 over 2008 net assets. This increase in net assets was due primarily to decreasing liabilities.
- In the general fund, the actual revenues and other financing sources came in \$104,617 more than they were in the final budget and actual expenditures and other financing uses were \$727,458 less than the amount in the final budget. The final budgeted revenues were \$125,000 more than the original budget, and final budgeted expenditures were \$57,090 more than the amount in the original budget.

CITY OF WILLARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 UNAUDITED

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and State grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's sewer, water and storm water operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 10.

CITY OF WILLARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 UNAUDITED

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, electric system sale fund, CDBG fund, bond retirement fund and income tax capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 22-30 of this report.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and storm water management functions. The City's sewer and water enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 31-33 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are the City's fiduciary fund type. The basic fiduciary fund financial statements can be found on page 34 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 35-67 of this report.

CITY OF WILLARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Government-Wide Financial Analysis

The table below provides a summary of the City's net assets for 2009 and 2008.

	Net Assets					
	Governmental Activities		Business-type Activities		2009	2008
	2009	2008	2009	2008	Total	Total
<u>Assets:</u>						
Current and other assets	\$ 7,748,873	\$ 8,276,101	\$ 7,104,024	\$ 4,433,597	\$ 14,852,897	\$ 12,709,698
Capital assets, net	8,381,752	8,102,659	11,453,286	11,688,285	19,835,038	19,790,944
Total assets	16,130,625	16,378,760	18,557,310	16,121,882	34,687,935	32,500,642
<u>Liabilities:</u>						
Long-term liabilities	1,195,201	907,351	165,796	1,761,617	1,360,997	2,668,968
Other liabilities	1,666,685	2,100,327	1,712,285	375,337	3,378,970	2,475,664
Total liabilities	2,861,886	3,007,678	1,878,081	2,136,954	4,739,967	5,144,632
<u>Net assets:</u>						
Invested in capital assets, net of related debt	6,420,220	5,966,226	9,992,472	9,969,997	16,412,692	15,936,223
Restricted	4,347,218	4,110,206	-	-	4,347,218	4,110,206
Unrestricted	2,501,301	3,294,650	4,016,757	4,014,931	6,518,058	7,309,581
Total net assets	\$ 13,268,739	\$ 13,371,082	\$ 14,009,229	\$ 13,984,928	\$ 27,277,968	\$ 27,356,010

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2009, the City's assets exceeded liabilities by \$27,277,968. At year-end, net assets were \$13,268,739 and \$14,009,229 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 61.95% of total assets. Capital assets include land, construction in progress, land improvements, buildings, equipment, vehicles, infrastructure and utility plant in service. Capital assets, net of related debt to acquire the assets at December 31, 2009, were \$6,420,220 and \$9,992,472 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net assets, \$4,347,218, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net assets of \$2,501,301 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF WILLARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The table below shows the changes in net assets for fiscal year 2009 and 2008.

	Change in Net Assets					
	Governmental Activities		Business-type Activities		2009 Total	2008 Total
	2009	2008	2009	2008		
Revenues:						
Program revenues:						
Charges for services	\$ 746,863	\$ 703,003	\$ 3,196,059	\$ 3,218,140	\$ 3,942,922	\$ 3,921,143
Operating grants and contributions	280,314	341,194	-	-	280,314	341,194
Capital grants and contributions	<u>439,368</u>	<u>232,250</u>	<u>-</u>	<u>-</u>	<u>439,368</u>	<u>232,250</u>
Total program revenues	<u>1,466,545</u>	<u>1,276,447</u>	<u>3,196,059</u>	<u>3,218,140</u>	<u>4,662,604</u>	<u>4,494,587</u>
General revenues:						
Property taxes	375,178	411,229	-	-	375,178	411,229
Income taxes	2,658,876	2,640,780	-	-	2,658,876	2,640,780
Unrestricted grants and entitlements	615,167	629,479	-	-	615,167	629,479
Investment earnings	52,952	253,900	40,491	73,768	93,443	327,668
Miscellaneous	<u>13,931</u>	<u>32,080</u>	<u>67,339</u>	<u>6,839</u>	<u>81,270</u>	<u>38,919</u>
Total general revenues	<u>3,716,104</u>	<u>3,967,468</u>	<u>107,830</u>	<u>80,607</u>	<u>3,823,934</u>	<u>4,048,075</u>
Total revenues	<u>5,182,649</u>	<u>5,243,915</u>	<u>3,303,889</u>	<u>3,298,747</u>	<u>8,486,538</u>	<u>8,542,662</u>
Expenses:						
General government	828,398	717,216	-	-	828,398	717,216
Security of persons and property	2,851,833	2,579,735	-	-	2,851,833	2,579,735
Public health and welfare	46,685	48,748	-	-	46,685	48,748
Transportation	898,453	1,013,850	-	-	898,453	1,013,850
Community environment	292,061	246,457	-	-	292,061	246,457
Leisure time activity	291,616	293,021	-	-	291,616	293,021
Interest and fiscal charges	75,946	58,771	-	-	75,946	58,771
Sewer	-	-	1,891,618	1,857,574	1,891,618	1,857,574
Water	<u>-</u>	<u>-</u>	<u>1,387,970</u>	<u>1,275,875</u>	<u>1,387,970</u>	<u>1,275,875</u>
Total expenses	<u>5,284,992</u>	<u>4,957,798</u>	<u>3,279,588</u>	<u>3,133,449</u>	<u>8,564,580</u>	<u>8,091,247</u>
Transfers	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	(102,343)	316,117	24,301	135,298	(78,042)	451,415
Net assets at beginning of year	<u>13,371,082</u>	<u>13,054,965</u>	<u>13,984,928</u>	<u>13,849,630</u>	<u>27,356,010</u>	<u>26,904,595</u>
Net assets at end of year	<u>\$ 13,268,739</u>	<u>\$ 13,371,082</u>	<u>\$ 14,009,229</u>	<u>\$ 13,984,928</u>	<u>\$ 27,277,968</u>	<u>\$ 27,356,010</u>

CITY OF WILLARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 UNAUDITED

Governmental Activities

Governmental activities net assets decreased \$102,343 in 2009. This decrease is a result of decreasing revenues coming in less than increasing expenses versus amounts reported in the prior year.

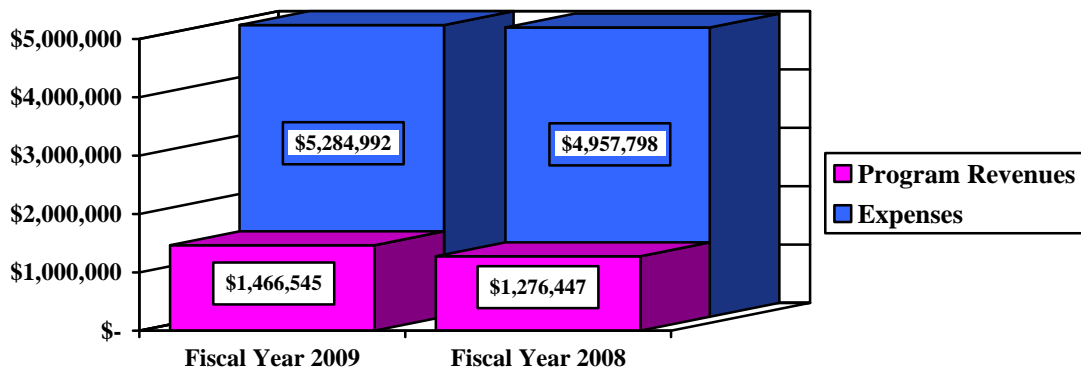
Security of persons and property which primarily supports the operations of the police and fire department accounted for \$2,851,833 or 33.30% of the total expenses of the City. Security of persons and property expenses were partially funded by \$502,746 in direct charges to users of the services. General government expenses totaled \$828,398. General government expenses were partially funded by \$84,056 in direct charges to users of the services.

The State and federal government contributed to the City a total of \$280,314 in operating grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$3,716,104 and amounted to 71.70% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$3,034,054. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue and property tax reimbursements received from the State, making up \$615,167.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities. As program revenues are not sufficient to cover total governmental expenses for 2009.

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF WILLARD, OHIO

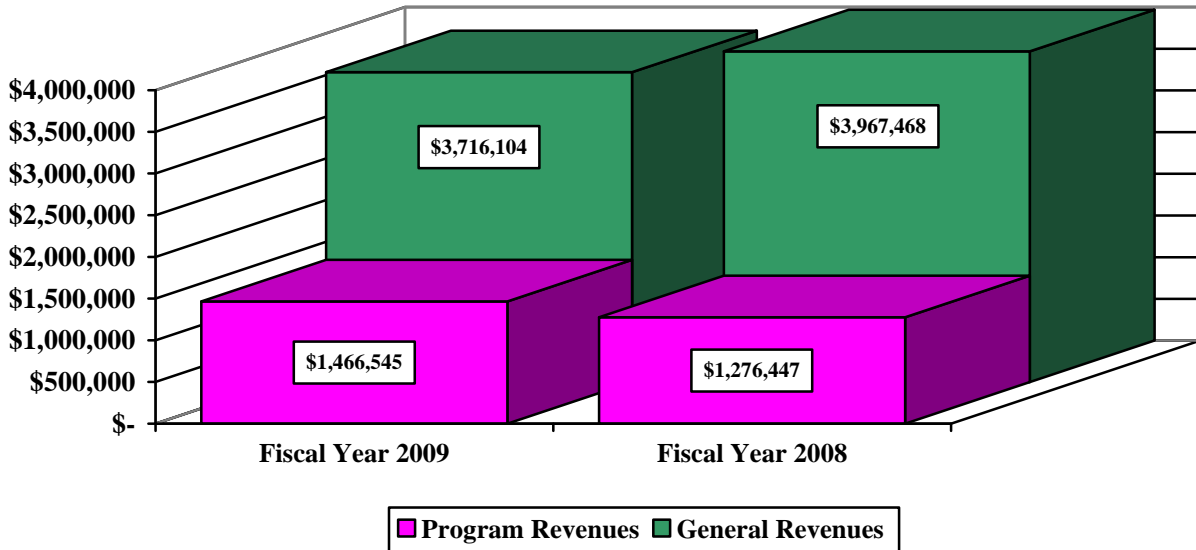
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Governmental Activities

	Total Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2009</u>	Net Cost of Services <u>2008</u>
Program expenses:				
General government	\$ 828,398	\$ 717,216	\$ 744,342	\$ 601,188
Security of persons and property	2,851,833	2,579,735	2,345,181	1,973,558
Public health and welfare	46,685	48,748	35,430	32,689
Transportation	898,453	1,013,850	230,449	564,101
Community environment	292,061	246,457	287,001	241,570
Leisure time activity	291,616	293,021	100,098	209,474
Interest and fiscal charges	<u>75,946</u>	<u>58,771</u>	<u>75,946</u>	<u>58,771</u>
Total	<u>\$ 5,284,992</u>	<u>\$ 4,957,798</u>	<u>\$ 3,818,447</u>	<u>\$ 3,681,351</u>

The dependence upon general revenues for governmental activities is apparent, with 72.25% of expenses supported through taxes and other general revenues. The chart below illustrates the City's program revenues versus general revenues for 2009 and 2008.

Governmental Activities – General and Program Revenues

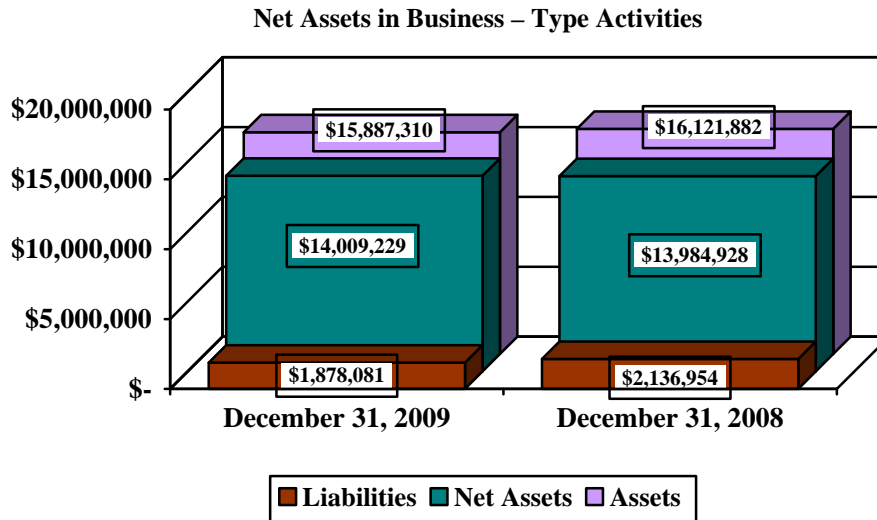


CITY OF WILLARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Business-type Activities

Business-type activities include the sewer, water and storm water enterprise funds. These programs had program revenues of \$3,196,059, general revenues of \$107,830 and expenses of \$3,279,588 for 2009. The graph below shows the business-type activities assets, liabilities and net assets at year-end 2009 and 2008.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds (as presented on the balance sheet on pages 22-23) reported a combined fund balance of \$6,203,315, which is \$504,007 more than last year's total of \$5,699,308. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2009 for all major and non-major governmental funds.

CITY OF WILLARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED

	Fund Balances (Deficits) <u>12/31/09</u>	Fund Balances (Deficits) <u>12/31/08</u>	Increase (Decrease) <u></u>
Major funds:			
General	\$ 1,897,785	\$ 1,968,704	\$ (70,919)
Electric system sale	1,781,477	1,753,921	27,556
CDBG	(85,651)	(79,330)	(6,321)
Bond retirement	(450,597)	(380,055)	(70,542)
Income tax capital improvement	643,005	625,644	17,361
Other nonmajor governmental funds	<u>2,417,296</u>	<u>1,810,424</u>	<u>606,872</u>
Total	<u>\$ 6,203,315</u>	<u>\$ 5,699,308</u>	<u>\$ 504,007</u>

General Fund

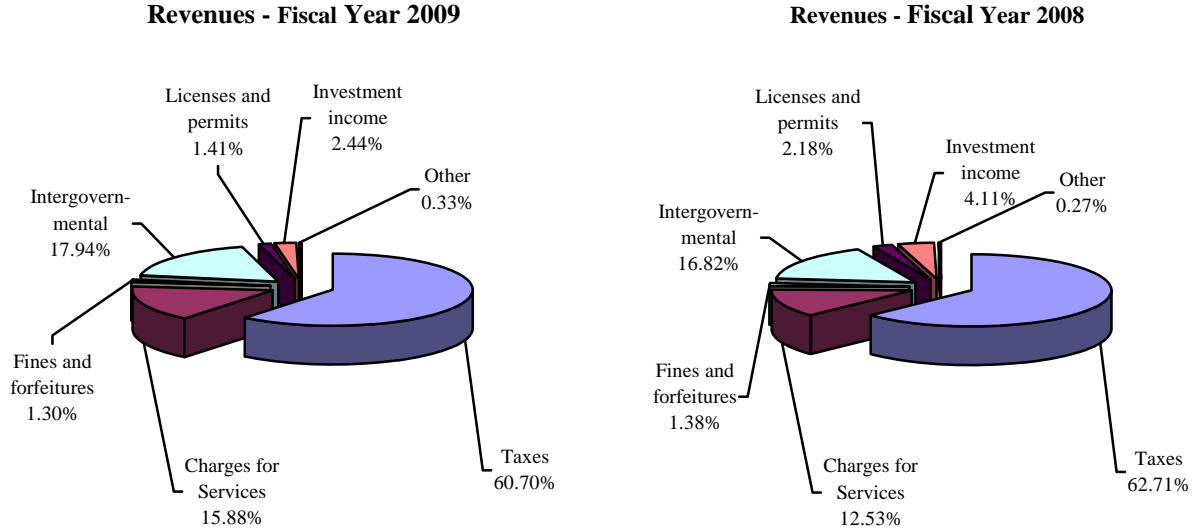
The City's general fund balance decreased \$70,919. The table that follows assists in illustrating the revenues of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
Revenues			
Taxes	\$ 1,959,198	\$ 2,120,429	(7.60) %
Charges for services	512,677	423,414	21.08 %
Fines and forfeitures	42,093	46,627	(9.72) %
Intergovernmental	579,436	568,820	1.87 %
Licenses and permits	45,365	73,986	(38.68) %
Investment income	78,607	139,285	(43.56) %
Other	<u>10,558</u>	<u>8,877</u>	18.94 %
Total	<u>\$ 3,227,934</u>	<u>\$ 3,381,438</u>	(4.54) %

Tax revenue represents 60.70% of all general fund revenue. Tax revenue decreased 7.60% from the prior year due to the economic slowdown and high unemployment causing lower income tax revenues. The increase in intergovernmental revenue is due to an increase in the amount of property tax reimbursements, such as homestead and rollback and tangible personal property tax phase-out reimbursement, received from the State. Charges for services increased 21.08% due to an increased amount of emergency rescue calls. The decrease in licenses and permits is due to less cable franchise fee revenues received during 2009. The decrease in investment income is due to decreased interest rates in 2009 compared to 2008.

CITY OF WILLARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**



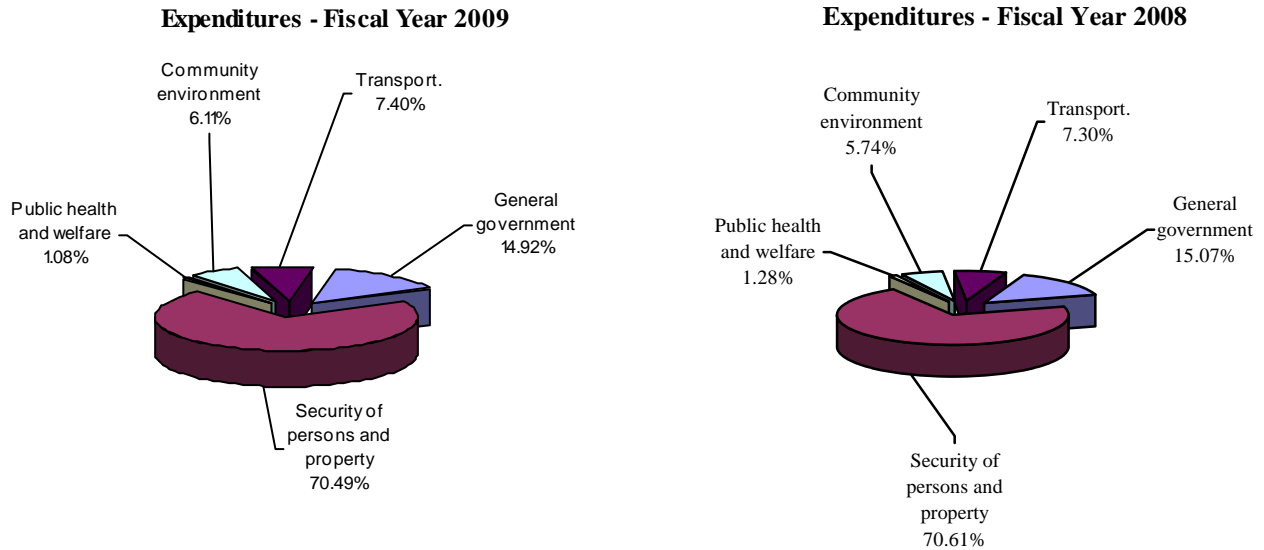
The table that follows assists in illustrating the expenditures of the general fund.

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
General government	\$ 490,368	\$ 475,191	3.19
Security of persons and property	2,316,760	2,226,174	4.07
Public health and welfare	35,297	40,209	(12.22)
Community environment	243,331	180,863	34.54
Transportation	<u>201,217</u>	<u>229,878</u>	(12.47)
 Total	 <u>\$ 3,286,973</u>	 <u>\$ 3,152,315</u>	 4.27

The City increased total general fund expenditures by 4.27%. The increase in expenditures can be attributed to the increased cost of materials and supplies, such as fuel, increasing health care costs and regular and customary wage increases.

CITY OF WILLARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 UNAUDITED



Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund and major special revenue funds. In the general fund, the actual revenues and other financing sources came in \$104,617 more than they were in the final budget and actual expenditures and other financing uses were \$727,458 less than the amount in the final budget. Final budgeted revenues and other financing sources were \$125,000 less than the original budgeted revenues and other financing sources. Final budgeted expenditures were \$57,090 more than the original budgeted expenditures.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

Capital Assets and Debt Administration

Capital Assets

At the end of 2009, the City had \$19,835,038 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings, equipment, vehicles, infrastructure and utility plant in service. Of this total, \$8,381,752 was reported in governmental activities and \$11,453,286 was reported in business-type activities. See Note 9 for further description of capital assets. The following table shows fiscal 2009 balances compared to 2008:

CITY OF WILLARD, OHIO

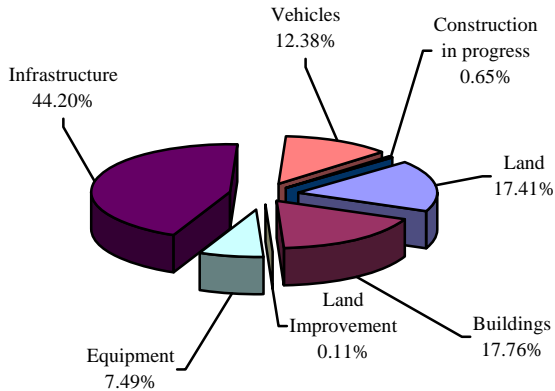
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED

**Capital Assets at December 31
(Net of Depreciation)**

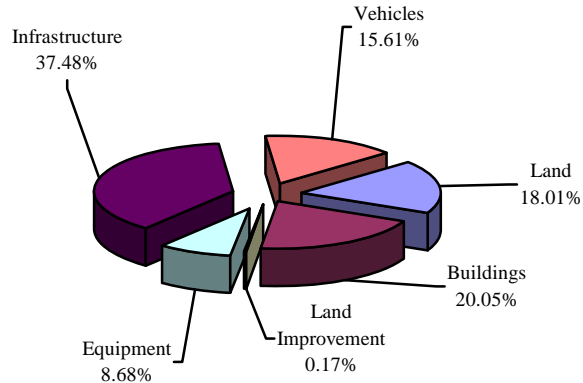
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 1,458,892	\$ 1,458,892	\$ 1,005,061	\$ 1,005,061	\$ 2,463,953	\$ 2,463,953
Construction in progress	54,502	-	-	-	54,502	-
Buildings	1,488,974	1,625,022	1,850,071	2,093,432	3,339,045	3,718,454
Land improvements	8,766	13,446	55,830	63,655	64,596	77,101
Equipment	628,201	703,144	431,039	367,642	1,059,240	1,070,786
Vehicles	1,037,515	1,264,578	110,141	84,616	1,147,656	1,349,194
Utility plant in service	-	-	8,001,144	8,073,879	8,001,144	8,073,879
Infrastructure	3,704,902	3,037,577	-	-	3,704,902	3,037,577
Totals	\$ 8,381,752	\$ 8,102,659	\$ 11,453,286	\$ 11,688,285	\$ 19,835,038	\$ 19,790,944

The following graphs show the breakdown of governmental capital assets by category for 2009 and 2008.

Capital Assets - Governmental Activities 2009



Capital Assets - Governmental Activities 2008



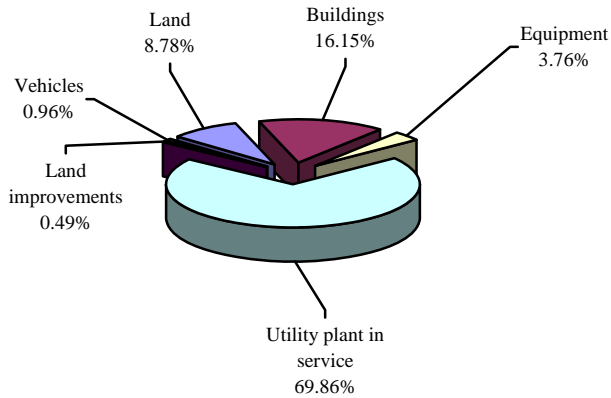
The City's infrastructure is the largest capital asset category. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 44.20% of the City's total governmental capital assets.

CITY OF WILLARD, OHIO

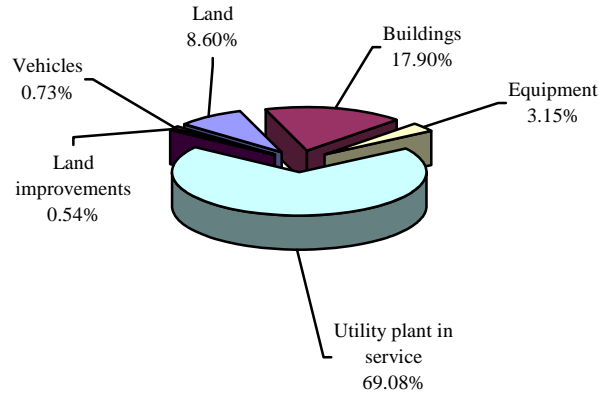
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The following graphs show the breakdown of business-type capital assets by category for 2009 and 2008.

Capital Assets - Business-type Activities 2009



Capital Assets - Business-type Activities 2008



The City's largest business-type capital asset category is utility plant in service, which includes water and sewer lines and the water plant. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's utility plant in service (cost less accumulated depreciation) represents approximately 69.86% of the City's total business-type capital assets.

Debt Administration

The long-term liabilities of the governmental and business-type activities have been restated. See Note 13 for detail. The City had the following long-term obligations outstanding at December 31, 2009 and 2008.

Governmental Activities

	<u>2009</u>	<u>2008</u>
USDA fire truck bond	\$ -	\$ 370,000
General obligation bonds	1,100,000	-
Issue II loans	<u>316,532</u>	<u>296,433</u>
Total long-term obligations	<u>\$ 1,416,532</u>	<u>\$ 666,433</u>

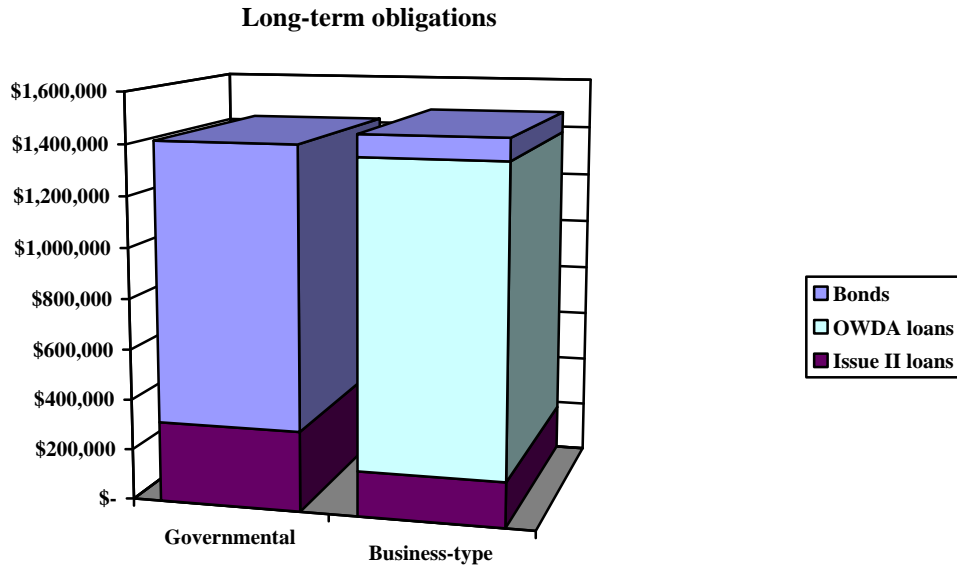
Business-type Activities

	<u>2009</u>	<u>2008</u>
OWDA loans	\$ 1,197,809	\$ 1,326,940
General obligation bonds	85,000	-
Issue II loans	<u>178,005</u>	<u>191,348</u>
Total long-term obligations	<u>\$ 1,460,814</u>	<u>\$ 1,518,288</u>

CITY OF WILLARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

A comparison of the long-term obligations by category is depicted in the chart below.



Further detail on the City's long-term obligations can be found in Note 13 to the financial statements.

Economic Conditions and Outlook

The City of Willard currently is home to about 6,800 residents and serves an additional 3,500 area residents through our fire and rescue department as well as our water department. We are the second largest city in Huron County and are proud to be home to several successful manufacturing plants including RR Donnelley & Sons, MTD, Pepperidge Farms and Guardian Manufacturing. These factories employ nearly 4,000 workers from the Willard area.

The City currently has a 1.375% income tax, a portion of which is earmarked for capital improvements, maintenance and repair; an equal portion is used to provide funds for payment of service debt on bonds, notes, loans and other obligations issued prior to January 1, 2005, and the remainder is allocated to various other funds of the City for operational expenses. Income tax collections for 2009 were approximately \$2.63 million (on a cash-basis). Local taxes account for about 26% of the City of Willard's revenue sources.

There was no growth in the City's revenue in 2009. The City was not only able to maintain services and activities normally provided to the residents but some areas were increased. Our recreation department held its annual festival in the park, fireworks display and summer concert series. The City's swimming pool and parks were able to remain open to area residents. The recycling program was expanded to include drop off tire and oil recycling. The City extended its hours of operation at the compost facility. We also had a spring and a fall trash clean up.

The City is pursuing every opportunity to secure grants and funding from State programs to repair streets throughout the City. Several blocks of Myrtle Avenue and a section of Pearl Street were reconstructed primarily due to the award of a Downtown Revitalization Grant. During this project it was determined that the traffic light at Myrtle and Emerald was no longer needed and stop signs were installed to control traffic flow. This saved the City thousands of dollars and also helped with liability issues.

CITY OF WILLARD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009 UNAUDITED

The south end of Myrtle Avenue from Walton Street to Perry Street (approximately 1,600 feet) was reconstructed. This project came in around 60% less than the original bid estimate. Another section of Myrtle Avenue, from Perry Street to Howard Street, will be reconstructed in 2010. The City of Willard is struggling to maintain the streets due to the economic conditions at a local level. The City needs to resurface at least 10 blocks of streets annually to keep up with the current deterioration of our streets.

The City of Willard will receive stimulus money to widen and reconstruct the US 224 and St Rt 99 intersection. The engineering, relocation of utilities and acquisition of land was completed in 2009. The road widening and reconstruction should begin in the fall of 2010.

The City has utilized land on Keefer Street to begin building a new Soccer Complex. The funding for this project came from grants and local donations. The Recreation Department and several volunteer from the community have worked extremely hard to make this project possible. This group has raised over \$180,000 of the \$213,000 needed to complete this project as originally designed. There has been little to no cost to the City for this project. This project will add 4 practice fields and one main field with bleacher seating over approximately 12 acres. The grading and drainage was completed in 2009. The restroom facility and parking lot will be completed in 2010. If the remaining \$33,000 is raised, bleacher seating will be added; until then the City will utilize used bleacher seating.

The City also completed two waterline projects in 2009. Approximately 800 feet of 8 inch waterline was replaced on Pearl Street. Approximately 4,000 feet of 10 inch waterline was installed on St. Rt. 598 to complete a loop just east of the City limits. The completion of this loop will be helpful during repairs and maintenance on the water system. These two projects combined came in nearly 80% under the bid estimates.

The City was able to thoroughly address a storm water drainage issue in the 900 block of Armstrong. This work consisted of clearing and cleaning approximately 300 feet of property line and grading to allow water to drain properly. This will allow backyards to drain and not harbor mosquitoes and also minimize street and highway flooding in this area.

The maintenance department was able to complete some small projects throughout the City. The fueling and heliport area at the airport was paved. This area is used primarily for life flight helicopters and local air traffic. A new electrical service and power station was added to the Gazebo on Myrtle Avenue. This has improved the use of the Gazebo for community related events in the downtown. LED lighting and battery backups were installed at the St Rt 99 and St Rt 103 intersection. This LED light system uses 90% less energy and will last 10 times longer than incandescent lamps. The battery backup system will permit the traffic light to operate normally for up to eight hours in the event of a power failure.

The City also completed the second phase of our Clearwell painting project. In 2008 the inside of the Clearwell was painted and in 2009 the exterior was sandblasted and painted.

The year 2010 will prove to be another tightly budgeted year due to the lack of growth in the City's economy. Revenues are down approximately \$400,000 from previous years. Employment levels are at all time lows. Income tax collections are lower than normal. There are a growing number of housing foreclosures within the City. This increases the number of housing complaints and puts an added stress on the maintenance crews.

On a positive note, most of our larger projects are coming in lower than the bid estimates. We have been able to take advantage of this by expanding the scope of the project.

Local businesses are taking advantage of the Downtown Revitalization Grant. This grant is designed to provide a 50% match to local businesses for renovating and updating businesses in the downtown area. The matching portion is a 5 year forgivable loan. Many businesses have replaced their awnings, made repairs to their roof, and replaced windows to name a few. The City will be replacing several trash receptacles and benches in the downtown in 2010.

CITY OF WILLARD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Ms. Jody Wagoner, Director of Finance, at 631 S. Myrtle Ave. P.O. Box 367, Willard, Ohio 44890.

**BASIC
FINANCIAL STATEMENTS**

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CITY OF WILLARD, OHIO

STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 5,988,180	\$ 3,210,212	\$ 9,198,392
Cash and cash equivalents in segregated accounts	256,022	-	256,022
Receivables (net of allowances for uncollectibles):			
Income taxes	497,943	-	497,943
Real and other taxes	369,304	-	369,304
Accounts	182,776	937,391	1,120,167
Special assessments	87,691	-	87,691
Due from other governments	297,450	-	297,450
Prepayments	43,633	26,787	70,420
Materials and supplies inventory	25,874	214,341	240,215
Restricted assets:			
Cash and cash equivalents - restricted	-	45,293	45,293
Capital assets:			
Land	1,458,892	1,005,061	2,463,953
Construction in progress	54,502	-	54,502
Depreciable capital assets, net	6,868,358	10,448,225	17,316,583
Total capital assets	<u>8,381,752</u>	<u>11,453,286</u>	<u>19,835,038</u>
Total assets	<u>16,130,625</u>	<u>15,887,310</u>	<u>32,017,935</u>
Liabilities:			
Accounts payable	101,325	37,025	138,350
Accrued wages	64,614	45,989	110,603
Due to other governments	139,560	37,259	176,819
Accrued interest payable	8,024	230	8,254
Notes payable	545,000	-	545,000
Unearned revenue	340,163	-	340,163
Payable from restricted assets:			
Refundable deposits payable	-	45,293	45,293
Long-term liabilities:			
Due within one year	341,255	277,124	618,379
Due in more than one year	1,321,945	1,435,161	2,757,106
Total liabilities	<u>2,861,886</u>	<u>1,878,081</u>	<u>4,739,967</u>
Net assets:			
Invested in capital assets, net of related debt	6,420,220	9,992,472	16,412,692
Restricted for:			
Capital projects	959,859	-	959,859
Transportation projects	512,303	-	512,303
Community environment projects	451,819	-	451,819
Police and fire purposes	313,568	-	313,568
Recreation	243,008	-	243,008
Perpetual care	14,907	-	14,907
Electric system sale	1,781,477	-	1,781,477
Other purposes	70,277	-	70,277
Unrestricted	<u>2,501,301</u>	<u>4,016,757</u>	<u>6,518,058</u>
Total net assets	<u>\$ 13,268,739</u>	<u>\$ 14,009,229</u>	<u>\$ 27,277,968</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WILLARD, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 828,398	\$ 84,056	\$ -	\$ -
Security of persons and property.	2,851,833	502,756	3,896	-
Public health and welfare	46,685	11,255	-	-
Transportation	898,453	76,133	273,052	318,819
Community environment.	292,061	5,060	-	-
Leisure time activity.	291,616	67,603	3,366	120,549
Interest and fiscal charges	75,946	-	-	-
Total governmental activities	<u>5,284,992</u>	<u>746,863</u>	<u>280,314</u>	<u>439,368</u>
Business-type activities:				
Sewer	1,891,618	1,825,253	-	-
Water	1,387,970	1,370,806	-	-
Total business-type activities	<u>3,279,588</u>	<u>3,196,059</u>	<u>-</u>	<u>-</u>
Total primary government.	<u>\$ 8,564,580</u>	<u>\$ 3,942,922</u>	<u>\$ 280,314</u>	<u>\$ 439,368</u>

General revenues:

Property taxes levied for:

- General purposes
 - Recreation
 - Police and fire pension.
 - Capital projects
- Income taxes levied for:
- General purposes
 - Special revenue
 - Capital projects
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous

Total general revenues.

Change in net assets.

Net assets at beginning of year

Net assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (744,342)	\$ -	\$ (744,342)
(2,345,181)	-	(2,345,181)
(35,430)	-	(35,430)
(230,449)	-	(230,449)
(287,001)	-	(287,001)
(100,098)	-	(100,098)
(75,946)	-	(75,946)
<u>(3,818,447)</u>	<u>-</u>	<u>(3,818,447)</u>
-	(66,365)	(66,365)
-	(17,164)	(17,164)
-	(83,529)	(83,529)
<u>(3,818,447)</u>	<u>(83,529)</u>	<u>(3,901,976)</u>
256,318	-	256,318
40,908	-	40,908
25,845	-	25,845
52,107	-	52,107
1,719,300	-	1,719,300
393,701	-	393,701
545,875	-	545,875
615,167	-	615,167
52,952	40,491	93,443
13,931	67,339	81,270
<u>3,716,104</u>	<u>107,830</u>	<u>3,823,934</u>
(102,343)	24,301	(78,042)
<u>13,371,082</u>	<u>13,984,928</u>	<u>27,356,010</u>
<u>\$ 13,268,739</u>	<u>\$ 14,009,229</u>	<u>\$ 27,277,968</u>

CITY OF WILLARD, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u>	<u>Electric System Sale</u>	<u>CDBG</u>	<u>Bond Retirement</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,596,935	\$ 1,781,477	\$ 114,349	\$ 99,002
Cash in segregated accounts.	-	-	-	-
Receivables (net of allowance for uncollectibles):				
Income taxes	-	-	-	-
Real and other taxes	292,910	-	-	-
Accounts	182,522	-	-	-
Interfund loans	210,000	-	-	-
Special assessments	33,856	-	-	-
Due from other governments.	191,450	-	-	-
Prepayments	32,661	-	-	-
Materials and supplies inventory	8,850	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,549,184</u>	<u>\$ 1,781,477</u>	<u>\$ 114,349</u>	<u>\$ 99,002</u>
Liabilities:				
Accounts payable.	\$ 29,553	\$ -	\$ -	\$ -
Accrued wages	50,997	-	-	-
Interfund loan payable	-	-	200,000	-
Due to other governments	112,108	-	-	-
Accrued interest payable.	-	-	-	4,599
Notes payable.	-	-	-	545,000
Deferred revenue	189,177	-	-	-
Unearned revenue.	269,564	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>651,399</u>	<u>-</u>	<u>200,000</u>	<u>549,599</u>
Fund balances:				
Reserved for encumbrances	21,079	-	-	-
Reserved for prepayments	32,661	-	-	-
Reserved for materials and supplies inventory.	8,850	-	-	-
Reserved for unclaimed monies	3,897	-	-	-
Reserved for perpetual care.	-	-	-	-
Reserved for electric system sale.	-	1,575,000	-	-
Unreserved, undesignated (deficit), reported in:				
General fund.	1,831,298	-	-	-
Special revenue funds	-	206,477	(85,651)	-
Debt service funds	-	-	-	(450,597)
Capital projects funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances.	<u>1,897,785</u>	<u>1,781,477</u>	<u>(85,651)</u>	<u>(450,597)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 2,549,184</u>	<u>\$ 1,781,477</u>	<u>\$ 114,349</u>	<u>\$ 99,002</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Income Tax Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 708,675	\$ 1,687,742	\$ 5,988,180
-	256,022	256,022
-	497,943	497,943
-	76,394	369,304
-	254	182,776
-	-	210,000
-	53,835	87,691
-	106,000	297,450
-	10,972	43,633
-	17,024	25,874
<u>\$ 708,675</u>	<u>\$ 2,706,186</u>	<u>\$ 7,958,873</u>
\$ 64,170	\$ 7,602	\$ 101,325
-	13,617	64,614
-	10,000	210,000
1,500	25,952	139,560
-	-	4,599
-	-	545,000
-	161,120	350,297
-	70,599	340,163
<u>65,670</u>	<u>288,890</u>	<u>1,755,558</u>
101,873	21,640	144,592
-	10,972	43,633
-	17,024	25,874
-	-	3,897
-	14,907	14,907
-	-	1,575,000
-	-	1,831,298
-	2,087,442	2,208,268
-	-	(450,597)
541,132	265,311	806,443
<u>643,005</u>	<u>2,417,296</u>	<u>6,203,315</u>
<u>\$ 708,675</u>	<u>\$ 2,706,186</u>	<u>\$ 7,958,873</u>

CITY OF WILLARD, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009

Total governmental fund balances		\$ 6,203,315
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		8,381,752
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Income taxes	\$ 35,874	
Real and other taxes	29,141	
Special assessments	87,691	
Intergovernmental revenues	197,591	
Total		350,297
In the statement of activities interest is accrued on outstanding bonds, notes and loans payable, whereas in governmental funds, interest expenditures are reported when due.		(3,425)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Compensated absences	(246,668)	
Bonds payable	(1,100,000)	
Issue II loans payable	(316,532)	
Total		(1,663,200)
Net assets of governmental activities		\$ 13,268,739

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF WILLARD, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General</u>	<u>Electric System Sale</u>	<u>CDBG</u>	<u>Bond Retirement</u>
Revenues:				
Income taxes	\$ 1,719,300	\$ -	\$ -	\$ -
Real and other taxes	239,898	-	-	-
Charges for services	512,677	-	-	-
Licenses and permits	45,365	-	-	-
Fines and forfeitures	42,093	-	-	-
Intergovernmental	579,436	-	101,142	-
Investment income	78,607	27,556	-	2,726
Rental income	-	-	-	-
Contributions and donations	2,500	-	-	-
Other	8,058	-	-	488
Total revenues	<u>3,227,934</u>	<u>27,556</u>	<u>101,142</u>	<u>3,214</u>
Expenditures:				
Current:				
General government	490,368	-	-	69,274
Security of persons and property	2,316,760	-	-	-
Public health and welfare	35,297	-	-	-
Transportation	243,331	-	-	-
Community environment	201,217	-	25,663	-
Leisure time activity	-	-	-	-
Capital outlay	-	-	81,800	-
Debt service:				
Principal retirement	-	-	-	479,901
Interest and fiscal charges	-	-	-	41,581
Total expenditures	<u>3,286,973</u>	<u>-</u>	<u>107,463</u>	<u>590,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,039)</u>	<u>27,556</u>	<u>(6,321)</u>	<u>(587,542)</u>
Other financing sources (uses):				
Sale of bonds	-	-	-	505,000
Issue II loans	-	-	-	-
Sale of capital assets	3,520	-	-	-
Transfers in	-	-	-	12,000
Transfers out	(15,400)	-	-	-
Total other financing sources (uses)	<u>(11,880)</u>	<u>-</u>	<u>-</u>	<u>517,000</u>
Net change in fund balances	(70,919)	27,556	(6,321)	(70,542)
Fund balances (deficit) at beginning of year	1,968,704	1,753,921	(79,330)	(380,055)
Fund balances (deficit) at end of year	<u>\$ 1,897,785</u>	<u>\$ 1,781,477</u>	<u>\$ (85,651)</u>	<u>\$ (450,597)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Income Tax Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 545,875	\$ 421,513	\$ 2,686,688
-	125,482	365,380
-	107,074	619,751
-	-	45,365
-	880	42,973
-	622,911	1,303,489
-	11,137	120,026
-	36,495	36,495
-	74,792	77,292
-	1,644	10,190
545,875	1,401,928	5,307,649
-	167,790	727,432
-	177,970	2,494,730
-	16,423	51,720
-	484,709	728,040
-	10,033	236,913
-	306,563	306,563
528,514	326,677	936,991
-	75,000	554,901
-	33,291	74,872
528,514	1,598,456	6,112,162
17,361	(196,528)	(804,513)
-	770,000	1,275,000
-	30,000	30,000
-	-	3,520
-	3,400	15,400
-	-	(15,400)
-	803,400	1,308,520
17,361	606,872	504,007
625,644	1,810,424	5,699,308
\$ 643,005	\$ 2,417,296	\$ 6,203,315

CITY OF WILLARD, 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, 2009

Net change in fund balances - total governmental funds		\$ 504,007
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	\$ 957,028	
Current year depreciation	<u>(675,778)</u>	
Total		281,250
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.		
Capital asset disposal	(37,244)	
Accumulated depreciation on disposal	<u>35,087</u>	
Total		(2,157)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(27,812)	
Real and other taxes	15,850	
Special assessments	(6,052)	
Intergovernmental revenues	(52,294)	
Interest	<u>(58,212)</u>	
Total		(128,520)
Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		554,901
Proceeds of loans and bonds are other financing sources in the governmental funds, but they increase liabilities on the statement of net assets.		
		(1,305,000)
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.		
		(1,074)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(5,750)</u>
Change in net assets of governmental activities		\$ <u>(102,343)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WILLARD, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,719,300	\$ 1,719,300	\$ 1,719,300	\$ -
Property and other taxes.	272,200	272,200	239,898	(32,302)
Charges for services.	406,700	406,700	405,803	(897)
Licenses and permits	43,700	43,700	45,365	1,665
Fines and forfeitures	51,000	51,000	42,093	(8,907)
Intergovernmental.	523,370	523,370	585,743	62,373
Investment income	125,000	-	78,607	78,607
Other	10,000	10,000	10,558	558
Total revenues	<u>3,151,270</u>	<u>3,026,270</u>	<u>3,127,367</u>	<u>101,097</u>
Expenditures:				
Current:				
General government	625,504	667,604	509,360	158,244
Security of persons and property.	2,763,850	2,778,840	2,330,273	448,567
Public health and welfare	61,534	61,534	37,376	24,158
Transportation	290,952	290,952	241,138	49,814
Community environment.	253,225	253,225	206,550	46,675
Total expenditures	<u>3,995,065</u>	<u>4,052,155</u>	<u>3,324,697</u>	<u>727,458</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(843,795)</u>	<u>(1,025,885)</u>	<u>(197,330)</u>	<u>828,555</u>
Other financing sources (uses):				
Sale of capital assets	-	-	3,520	3,520
Advance out	(200,000)	(200,000)	(200,000)	-
Transfers out	(15,400)	(15,400)	(15,400)	-
Total other financing sources (uses)	<u>(215,400)</u>	<u>(215,400)</u>	<u>(211,880)</u>	<u>3,520</u>
Net change in fund balance	(1,059,195)	(1,241,285)	(409,210)	832,075
Fund balance at beginning of year.	1,910,446	1,910,446	1,910,446	-
Prior year encumbrances appropriated.	46,265	46,265	46,265	-
Fund balance at end of year	<u>\$ 897,516</u>	<u>\$ 715,426</u>	<u>\$ 1,547,501</u>	<u>\$ 832,075</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WILLARD, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ELECTRIC SYSTEM SALE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Investment income	\$ 68,900	\$ 20,900	\$ 27,556	\$ 6,656
Total revenues	<u>68,900</u>	<u>20,900</u>	<u>27,556</u>	<u>6,656</u>
Net change in fund balance	68,900	20,900	27,556	6,656
Fund balance at beginning of year.	<u>1,753,921</u>	<u>1,753,921</u>	<u>1,753,921</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,822,821</u>	<u>\$ 1,774,821</u>	<u>\$ 1,781,477</u>	<u>\$ 6,656</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WILLARD, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 CDBG
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 272,000	\$ 47,500	\$ 101,142	\$ 53,642
Total revenues	<u>272,000</u>	<u>47,500</u>	<u>101,142</u>	<u>53,642</u>
Expenditures:				
Current:				
Community environment	400,000	44,137	25,663	18,474
Capital outlay	81,632	93,432	81,800	11,632
Total expenditures	<u>481,632</u>	<u>137,569</u>	<u>107,463</u>	<u>30,106</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(209,632)</u>	<u>(90,069)</u>	<u>(6,321)</u>	<u>83,748</u>
Other financing sources (uses):				
Advance in	400,000	200,000	200,000	-
Advance out	<u>(236,000)</u>	<u>(89,000)</u>	<u>(89,000)</u>	-
Total other financing sources (uses)	<u>164,000</u>	<u>111,000</u>	<u>111,000</u>	-
Net change in fund balance	(45,632)	20,931	104,679	83,748
Fund balance at beginning of year	3,738	3,738	3,738	-
Prior year encumbrances appropriated	<u>5,932</u>	<u>5,932</u>	<u>5,932</u>	-
Fund balance (deficit) at end of year	<u>\$ (35,962)</u>	<u>\$ 30,601</u>	<u>\$ 114,349</u>	<u>\$ 83,748</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WILLARD, OHIO

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2009

	Business-type Activities -Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents.	\$ 1,432,792	\$ 1,682,281	\$ 95,139	\$ 3,210,212
Receivables (net of allowance for uncollectibles):				
Accounts	537,695	399,696	-	937,391
Prepayments.	12,870	13,917	-	26,787
Materials and supplies inventory	159,954	54,387	-	214,341
Restricted assets:				
Equity in pooled cash and cash equivalents	-	45,293	-	45,293
Total current assets	<u>2,143,311</u>	<u>2,195,574</u>	<u>95,139</u>	<u>4,434,024</u>
Noncurrent assets:				
Capital assets:				
Land.	442,180	562,881	-	1,005,061
Depreciable capital assets, net.	5,081,944	5,366,281	-	10,448,225
Total capital assets	<u>5,524,124</u>	<u>5,929,162</u>	<u>-</u>	<u>11,453,286</u>
Total noncurrent assets	<u>5,524,124</u>	<u>5,929,162</u>	<u>-</u>	<u>11,453,286</u>
Total assets	<u>7,667,435</u>	<u>8,124,736</u>	<u>95,139</u>	<u>15,887,310</u>
Liabilities:				
Current liabilities:				
Accounts payable.	10,365	26,660	-	37,025
Accrued wages	27,448	18,541	-	45,989
Compensated absences	83,326	42,638	-	125,964
Due to other governments	21,988	15,271	-	37,259
Accrued interest payable	-	230	-	230
Payable from restricted assets:				
Refundable deposits payable	-	45,293	-	45,293
Current portion of general obligation bonds	-	40,000	-	40,000
Current portion of OWDA loans	74,328	23,489	-	97,817
Current portion of Issue II loans.	2,420	10,923	-	13,343
Total current liabilities	<u>219,875</u>	<u>223,045</u>	<u>-</u>	<u>442,920</u>
Long-term liabilities:				
General obligation bonds	-	45,000	-	45,000
OWDA loans	851,900	248,092	-	1,099,992
Issue II loans	35,086	129,576	-	164,662
Compensated absences.	92,853	32,654	-	125,507
Total long-term liabilities.	<u>979,839</u>	<u>455,322</u>	<u>-</u>	<u>1,435,161</u>
Total liabilities	<u>1,199,714</u>	<u>678,367</u>	<u>-</u>	<u>1,878,081</u>
Net assets:				
Invested in capital assets, net of related debt.	4,560,390	5,432,082	-	9,992,472
Unrestricted	<u>1,907,331</u>	<u>2,014,287</u>	<u>95,139</u>	<u>4,016,757</u>
Total net assets	<u>\$ 6,467,721</u>	<u>\$ 7,446,369</u>	<u>\$ 95,139</u>	<u>\$ 14,009,229</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WILLARD, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor	Total
Operating revenues:				
Charges for services.	\$ 1,825,253	\$ 1,363,306	\$ -	\$ 3,188,559
Tap-in fees.	-	7,500	-	7,500
Other	16,417	50,922	-	67,339
	<u>1,841,670</u>	<u>1,421,728</u>	<u>-</u>	<u>3,263,398</u>
Operating expenses:				
Personal services	1,089,057	753,638	-	1,842,695
Contract services	94,748	84,603	-	179,351
Materials and supplies	76,091	204,105	-	280,196
Depreciation.	390,286	239,546	-	629,832
Utilities.	217,525	90,017	-	307,542
Other	6,842	4,217	-	11,059
Total operating expenses.	<u>1,874,549</u>	<u>1,376,126</u>	<u>-</u>	<u>3,250,675</u>
Operating income (loss).	<u>(32,879)</u>	<u>45,602</u>	<u>-</u>	<u>12,723</u>
Nonoperating revenues (expenses):				
Interest revenue.	20,483	20,008	-	40,491
Interest expense and fiscal charges	(13,246)	(11,844)	-	(25,090)
Other nonoperating expenses.	(3,823)	-	-	(3,823)
Total nonoperating revenues (expenses)	<u>3,414</u>	<u>8,164</u>	<u>-</u>	<u>11,578</u>
Changes in net assets	(29,465)	53,766	-	24,301
Net assets at beginning of year.	<u>6,497,186</u>	<u>7,392,603</u>	<u>95,139</u>	<u>13,984,928</u>
Net assets at end of year.	<u>\$ 6,467,721</u>	<u>\$ 7,446,369</u>	<u>\$ 95,139</u>	<u>\$ 14,009,229</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WILLARD, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2009

Business-type Activities - Enterprise Funds

	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from customers.	\$ 1,700,068	\$ 1,406,748	\$ -	\$ 3,106,816
Cash received from other operations	16,417	68,112	-	84,529
Cash payments for personal services	(1,066,660)	(759,665)	-	(1,826,325)
Cash payments for contract services.	(93,750)	(84,120)	-	(177,870)
Cash payments for materials and supplies.	(92,601)	(201,412)	-	(294,013)
Cash payments for utilities.	(218,114)	(88,959)	-	(307,073)
Cash payments for other expenses	(6,592)	(8,655)	-	(15,247)
Net cash provided by operating activities.	<u>238,768</u>	<u>332,049</u>	<u>-</u>	<u>570,817</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(34,310)	(360,523)	-	(394,833)
Principal retirement.	(101,005)	(410,292)	-	(511,297)
Interest and fiscal charges.	(20,254)	(20,906)	-	(41,160)
Sale of bonds.	-	125,000	-	125,000
Sale of notes.	-	125,000	-	125,000
Net cash used in capital and related financing activities	<u>(155,569)</u>	<u>(541,721)</u>	<u>-</u>	<u>(697,290)</u>
Cash flows from investing activities:				
Interest received.	20,483	20,008	-	40,491
Net cash provided by investing activities.	<u>20,483</u>	<u>20,008</u>	<u>-</u>	<u>40,491</u>
Net increase (decrease) in cash and cash equivalents	103,682	(189,664)	-	(85,982)
Cash and cash equivalents at beginning of year	1,329,110	1,917,238	95,139	3,341,487
Cash and cash equivalents at end of year	<u>\$ 1,432,792</u>	<u>\$ 1,727,574</u>	<u>\$ 95,139</u>	<u>\$ 3,255,505</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (32,879)	\$ 45,602	\$ -	\$ 12,723
Adjustments:				
Depreciation	390,286	239,546	-	629,832
Changes in assets and liabilities:				
Increase in materials and supplies inventory.	(8,324)	2,177	-	(6,147)
Increase in accounts receivable	(125,185)	43,442	-	(81,743)
Decrease in prepayments	998	483	-	1,481
Increase in accounts payable.	(8,525)	1,574	-	(6,951)
Increase in payable from restricted assets.	-	5,252	-	5,252
Decrease in accrued wages and benefits	1,397	799	-	2,196
Increase in due to other governments.	3,421	2,611	-	6,032
Increase in compensated absences payable.	17,579	(9,437)	-	8,142
Net cash provided by operating activities	<u>\$ 238,768</u>	<u>\$ 332,049</u>	<u>\$ -</u>	<u>\$ 570,817</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF WILLARD, OHIO

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 33,785
Total assets.	<u>\$ 33,785</u>
Liabilities:	
Deposits held and due to others.	\$ 33,785
Total liabilities	<u>\$ 33,785</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - DESCRIPTION OF THE CITY

The City of Willard ("The City") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution of the State of Ohio.

The City was originally organized as the Village of Chicago Junction in 1874. The name was changed to the Village of Willard in 1917, which became the City of Willard in 1959 as a home rule municipal corporation under the laws of the State of Ohio. The City operates under a council-manager form of government and provides the following services as authorized by its charter: public safety, public services, recreation and development.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has the option to also apply FASB guidance issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to apply this FASB guidance. The most significant of the City's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Willard, this includes police protection, street maintenance and repairs, planning and zoning, parks and recreation, water, sewer and storm water. The operation of each of these activities is directly controlled by Council through the budgetary process.

The City of Willard owns and is responsible for the lighting and any major repairs and improvements of the Willard Airport. Rental fees for use of public property and proceeds from the sale of airplane fuel are collected by the City; however, minor repairs, services, and operations at the airport are provided by a private business and its related financial statements are not included in the financial statements of the City.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Mercy Hospital is a non-profit corporation privately owned by Willard Area Hospital, Inc. The Board is appointed by the Willard Area Hospital, Inc., whose board members are appointed from private citizens within the community. Although the City originally purchased the land, built the building and had issued debt relating to capital improvements, the administration of the hospital is controlled by the Mercy staff. A lease agreement was entered into in 1968 and on December 31, 2013, the property and operations of the hospital will be returned and to be managed by the City unless Willard Area Hospital, Inc. exercises its purchase option. The financial statements of the hospital are not included with the financial statements of the City of Willard. See Note 10 for detail.

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 deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

B. Basis of Presentation - Fund Accounting

The City's BFS consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General - The general fund accounts for all financial resources except those required to be accounted for in another fund. This includes, but is not limited to, police and fire protection, public health activities, cemetery, and the general administration of City functions.

Electric System Sale - This fund accounts for the proceeds and interest income from the sale of the City's electric system. The proceeds of the sale, \$1,575,000, may not be used for any purpose without the vote of the citizens of Willard. Interest income in this fund may be used for any purpose.

CDBG - This fund accounts for the Community Development Block Grant program. The revenues of this fund are primarily used for infrastructure improvement.

Bond retirement - This fund accounts for the accumulation of resources for, and payment of, long-term debt principal, interest and related costs.

Income tax capital improvement - This fund accounts for income tax receipts that are used for the acquisition and construction of capital assets.

Other governmental funds of the City are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; and (b) grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds - Proprietary fund reporting focuses on changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise funds or internal service funds. The City has no internal service funds.

Enterprise funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewer - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Water - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The City's nonmajor enterprise fund accounts for the provision of storm drainage runoff services to the residents and commercial users located within the City.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has four agency funds used to account for cash deposits in lieu of bonds for contracts formally bid, insurance money received by part-time and retired employees who are paying a portion of their health insurance, money received in cases of suspected arson and refundable deposits for use of City owned duck blinds.

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and agency funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance year 2010 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as unearned revenue. Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2009, are recorded as deferred revenue in the governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

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 appropriations resolution, 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 appropriations cannot exceed estimated resources, as certified. 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 - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year, for the period of January 1, to December 31 of the following year.

Estimated Resources - The County Budget Commission certifies its actions to the City by September 1. As part of this process, the City receives the official certificate of estimated resources, which states the projected cash receipts of each fund. On or about January 1, this certificate is amended to include an unencumbered cash balances from the preceding year.

Appropriations - An annual appropriation ordinance must be passed by April 1 of each preceding 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 be modified during the year by an ordinance of Council.

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 reappropriated as part of the subsequent year appropriations.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the City's budgetary basis of accounting. For GAAP reporting purposes, encumbrances outstanding at year end are reported as reservations of fund balances for governmental funds since they do not constitute expenditures or liabilities.

CITY OF WILLARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Inventories of Materials and Supplies

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

I. Prepayments

Payments made to vendors for services that will benefit beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed.

J. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During 2009, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such nonnegotiable certificates of deposit and repurchase agreements, are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office that 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 shares price which is the price the investment could be sold for on December 31, 2009.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2009 amounted to \$78,607, which included \$49,621 assigned from other funds of the City.

For purpose of presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

An analysis of the City’s investment account at year end is provided in Note 4.

K. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000. The City’s infrastructure consists of streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	20-50 years	20-50 years
Buildings	50 years	50 years
Equipment	5-20 years	5-20 years
Vehicles	5 years	5 years
Infrastructure	40 years	-----
Utility plant in service	-----	40-80 years

L. Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributed 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. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

CITY OF WILLARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sick leave benefits are accrued as 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 (severance) payments and by those employees for whom it is probable they will become eligible to receive termination (severance) benefits in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

N. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

O. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

CITY OF WILLARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Fund Balance Reserves

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The City reports a reservation of fund balance for amounts representing encumbrances outstanding, materials and supplies, perpetual care, electric system sale, prepayments and unclaimed monies in the governmental fund financial statements.

Q. Restricted Assets

Amounts held as deposits for water service are restricted and can only be expended for the return of such deposit, or to apply to the customer's account when the service is discontinued.

R. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

S. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements.

T. Net Assets

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

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2009.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

For 2009, the City has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", and GASB Statement No. 57 "Other Postemployment Benefit (OPEB) Measurements by Agent Employers and Agent Multiple-Employers".

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the City.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the City.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the City.

GASB Statement No. 57 establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the City.

B. Deficit Fund Balance

The following fund had a deficit fund balances as of December 31, 2009:

<u>Major governmental funds:</u>	<u>Deficit</u>
Bond retirement fund	\$ 450,597
CDBG fund	85,651

The deficit fund balances in the bond retirement fund resulted from notes payable being recorded as liabilities within these funds. The CDBG fund deficit resulted from an interfund loan payable. The general fund is liable for any deficit and provides operating transfers when cash is required, not when accruals occur.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS

Monies held by the City are classified by State statute 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 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 in 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 monies may be deposited or invested in the following:

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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 treasurer 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 in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year end, the City had \$750 in undeposited cash on hand which is included on the financial statements of the City as part of "equity in pooled cash and cash equivalents", but is not considered part of the City's carrying amount of deposits at year end.

B. Cash in Segregated Accounts

At year end, the City had \$256,022 deposited with a financial institution for monies related to the municipal road fund permissive tax. These amounts are included in the City's depository balance below.

C. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of all City deposits, including cash in segregated accounts, was \$9,150,686. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2009, \$6,692,648 of the City's bank balance of \$9,456,705 was exposed to custodial risk as discussed below, while \$2,764,057 was covered by the FDIC.

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% 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 a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all 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 WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2009, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	Investment Maturity 6 months or <u>less</u>
STAR Ohio	\$ 126,034	\$ 126,034
Total	<u>\$ 126,034</u>	<u>\$ 126,034</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 126,034	100.00%
Total	<u>\$ 126,034</u>	<u>100.00%</u>

E. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,150,686
Investments	126,034
Cash in segregated accounts	256,022
Cash on hand	<u>750</u>
Total	<u>\$ 9,533,492</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 6,244,202
Business-type activities	3,255,505
Agency funds	<u>33,785</u>
Total	<u>\$ 9,533,492</u>

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 5 - INTERFUND ACTIVITY

- A. Interfund transfers for the year ended December 31, 2009, consisted of the following, as reported on the fund financial statements:

<u>Transfer From</u>	<u>Transfer To</u>		<u>Total</u>
	<u>Bond Retirement</u>	<u>Nonmajor Governmental</u>	
General	\$ 12,000	\$ 3,400	\$ 15,400
Total	\$ 12,000	\$ 3,400	\$ 15,400

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund loans consisted of the following at December 31, 2009, as reported on the fund financial statements.

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	CDBG	\$ 200,000
General	Nonmajor governmental	10,000
Total		\$ 210,000

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at December 31, 2009 are reported on the statement of net assets.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that 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 revaluated every six years. 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 statute permits later payment dates to be established.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Beginning in calendar year 2009 tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property tax collections in calendar year 2009 represent delinquent collections.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2009-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Willard. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2009 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2009 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2009 was \$4.30 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 58,931,440
Commercial/industrial/mineral	27,535,440
Tangible personal property	11,456,410

Public utility

Real	1,619,700
Personal	<u>2,975,250</u>

Total assessed value	<u>\$ 102,518,240</u>
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CITY OF WILLARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 7 - LOCAL INCOME TAX

The City levies an income tax of 1.375% on the gross salaries, wages and other personnel service compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a full credit for taxes paid to other Ohio municipalities, up to the percentage which would be due to the City.

All the revenue received from income tax is recorded directly into the City income tax fund. The costs of operating the income tax department and income tax refunds are expended from this fund. Pursuant to 197.14 of the City Charter, at least 40% of the remaining funds shall be allocated to capital improvements, maintenance and repair. The remaining balance shall be used in accordance with ordinances adopted and approved by Council.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2009, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "Due from other governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2009, as well as intended to finance 2009 operations.

A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Income taxes	\$ 497,943
Real and other taxes	369,304
Accounts	182,776
Special assessments	87,691
Due from other governments	297,450

Business-type activities:

Accounts	937,391
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Receivables have been disaggregated on the face of the BFS. The only receivable not expected to be collected within the subsequent year is the special assessments receivable which are collected over the life of the assessments.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - CAPITAL ASSETS

A. Governmental capital asset activity for the year ended December 31, 2009, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> 1/1/09	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 12/31/09
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,458,892	\$ -	\$ -	\$ 1,458,892
Construction in progress	<u>-</u>	<u>54,502</u>	<u>-</u>	<u>54,502</u>
Total capital assets, not being depreciated	<u>1,458,892</u>	<u>54,502</u>	<u>-</u>	<u>1,513,394</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	154,328	-	-	154,328
Buildings	4,018,866	13,900	-	4,032,766
Equipment	2,230,187	48,533	(22,450)	2,256,270
Vehicles	2,496,821	62,297	(14,794)	2,544,324
Infrastructure	<u>4,214,762</u>	<u>777,796</u>	<u>-</u>	<u>4,992,558</u>
Total capital assets, being depreciated	<u>13,114,964</u>	<u>902,526</u>	<u>(37,244)</u>	<u>13,980,246</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(140,882)	(4,680)	-	(145,562)
Buildings	(2,393,844)	(149,948)	-	(2,543,792)
Equipment	(1,527,043)	(121,319)	20,293	(1,628,069)
Vehicles	(1,232,243)	(289,360)	14,794	(1,506,809)
Infrastructure	<u>(1,177,185)</u>	<u>(110,471)</u>	<u>-</u>	<u>(1,287,656)</u>
Total accumulated depreciation	<u>(6,471,197)</u>	<u>(675,778)</u>	<u>35,087</u>	<u>(7,111,888)</u>
Total capital assets, being depreciated, net	<u>6,643,767</u>	<u>226,748</u>	<u>(2,157)</u>	<u>6,868,358</u>
Governmental activities capital assets, net	<u>\$ 8,102,659</u>	<u>\$ 281,250</u>	<u>\$ (2,157)</u>	<u>\$ 8,381,752</u>

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities capital asset activity for the year ended December 31, 2009, was as follows:

<u>Business-type activities:</u>	<u>Balance</u> <u>1/1/09</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/09</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,005,061	\$ -	\$ -	\$ 1,005,061
Total capital assets, not being depreciated	<u>1,005,061</u>	<u>-</u>	<u>-</u>	<u>1,005,061</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	78,249	-	-	78,249
Buildings	6,411,584	-	-	6,411,584
Equipment	4,925,169	126,255	(3,500)	5,047,924
Vehicles	303,935	60,650	-	364,585
Utility plant in service	<u>11,091,323</u>	<u>207,928</u>	<u>-</u>	<u>11,299,251</u>
Total capital assets, being depreciated	<u>22,810,260</u>	<u>394,833</u>	<u>(3,500)</u>	<u>23,201,593</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(14,594)	(7,825)	-	(22,419)
Buildings	(4,318,152)	(243,361)	-	(4,561,513)
Equipment	(4,557,527)	(62,858)	3,500	(4,616,885)
Vehicles	(219,319)	(35,125)	-	(254,444)
Utility plant in service	<u>(3,017,444)</u>	<u>(280,663)</u>	<u>-</u>	<u>(3,298,107)</u>
Total accumulated depreciation	<u>(12,127,036)</u>	<u>(629,832)</u>	<u>3,500</u>	<u>(12,753,368)</u>
Total capital assets, being depreciated, net	<u>10,683,224</u>	<u>(234,999)</u>	<u>-</u>	<u>10,448,225</u>
Business-type activities capital assets, net	<u>\$ 11,688,285</u>	<u>\$ (234,999)</u>	<u>\$ -</u>	<u>\$ 11,453,286</u>

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - CAPITAL ASSETS - (Continued)

C. Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 110,086
Security of persons and property	326,822
Public health and welfare	3,991
Transportation	146,446
Community environment	55,896
Leisure time activities	<u>32,537</u>
Total depreciation expense - governmental activities	<u>\$ 675,778</u>

Business-type activities:

Sewer	\$ 390,286
Water	<u>239,546</u>
Total depreciation expense - business-type activities	<u>\$ 629,832</u>

NOTE 10 - LEASE

The City has a lease with the Willard Area Hospital, Inc., a non-profit corporation, for the operation of the hospital facilities. The terms of the lease state that the City will undertake improvements to the hospital and the lessee (hospital) will make lease payments of:

1. Basic rent, \$1.00 per year
2. Monthly amount to pay the interest on the bonds
3. Monthly amount to pay the principal on the bonds
4. Monthly amount to provide payments in the debt service reserve fund
5. Monthly amount to provide the payments in the contingency reserve fund

This revenue was paid to a trustee, with the exception of the basic rent which is paid to the City's general fund. During 1994, the bonds were repaid in full to the trustee and the debt service reserve and the contingency reserve were released.

When the lessee discontinues operations of the hospital, the City is required to either operate the hospital or find another operator for the hospital. Upon expiration of the lease or its termination for any reason, after paying the accounts payable, all of the assets of the lessee, including cash on hand, accounts receivable, stocks, bonds, and all other property, real or personal, used in connection with the operation of the hospital facilities shall become the property of the City immediately with the exception of any funds or securities which had been transferred to the lessee by way of gift, endowment, bequest, devise, annuity, insurance or similar method which will remain the property of the lessee.

CITY OF WILLARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 11 - VACATION, SICK LEAVE AND ACCUMULATED UNPAID EMPLOYEE BENEFITS

Vacation is earned and accrued monthly based upon the years of service, ranging from 4 hours/month to 20 hours/month. Vacation may be accrued up to two full years. Accrued vacation is paid at termination unless the employee has not completed one full year of service. The total obligation for vacation accrual for the City as a whole amounted to \$276,017 at December 31, 2009. Sick leave accumulates at a rate of 10 hours/month for all full-time employees. Accumulation of sick leave is limited to 1,440 hours. The amount payable to an eligible retiree is 35% of the unused accumulated sick leave.

The pay-off of the sick leave provision is also applicable in the case of death. The maximum liability to the City for accumulated sick leave vested employees on December 31, 2009 was \$222,122.

The City has a union agreement with the Fraternal Order of Police. This agreement covers all the full-time policemen and dispatchers except the chief of police and probationary employees in the first sixty days of employment. Non-union employees are governed by the charter and ordinances. The City has historically matched the union employees pay increases and other benefits.

The agreement states that 35% of accrued unpaid sick leave will be paid to an employee when he retires from active service with the City and qualifies and begins to receive pension payments under the Ohio Public Employees Retirement System (OPERS) or other State operated pension and retirement programs. Sick leave may be accumulated to a total of 180 working days or 1,440 hours. A full-time employee shall be entitled to a cash payment, equal to 35% of his daily wage, of any unused sick leave accumulated in the current year above the 180 day limit. This payment is made during the last pay period each year. After an employee has worked for the City for one year, he is entitled to vacation leave following his anniversary date. An employee may accumulate two years of unused vacation. No employee shall be compensated for any vacation not taken unless he is leaving the service of the City.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - NOTES PAYABLE

The City had the following bond anticipation notes outstanding at December 31, 2009:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Balance 12/31/2008</u>	<u>Issued</u>	<u>Reductions</u>	<u>Balance 12/31/2009</u>
Governmental activities:						
<u>Bond retirement fund:</u>						
Fire station	2008	3.40%	\$ 650,000	\$ -	\$ (650,000)	\$ -
Fire station	2009	3.75%	-	500,000	(500,000)	-
Street improvement	2009	2.75%	-	175,000	-	175,000
Fire truck	2009	2.75%	-	370,000	-	370,000
<u>TIF improvement fund:</u>						
Industrial park	2008	3.40%	820,000	-	(820,000)	-
Industrial park	2009	3.75%	-	770,000	(770,000)	-
Total governmental activities			<u>1,470,000</u>	<u>1,815,000</u>	<u>(2,740,000)</u>	<u>545,000</u>
Business-type activities:						
<u>Water fund:</u>						
Various improvements note	2008	3.40%	200,000	-	(200,000)	-
Various improvements note	2009	3.75%	-	125,000	(125,000)	-
Total business-type activities			<u>200,000</u>	<u>125,000</u>	<u>(325,000)</u>	<u>-</u>
Total notes payable			<u>\$ 1,670,000</u>	<u>\$ 1,940,000</u>	<u>\$(3,065,000)</u>	<u>\$ 545,000</u>

Bond anticipation notes - fire station: The fire station debt was incurred in anticipation of the issuance of bonds for the purpose of constructing a new fire station. On January 22, 2009, the City retired the 2008 note and issued a new note for \$500,000. The 2009 note matured on May 27, 2009. On April 16, 2009, the City issued bonds in the amount of \$505,000, the proceeds of which were used to retire the 2009 note (see Note 13).

Bond anticipation notes - industrial park: The industrial park debt was incurred in anticipation of the issuance of bonds for the purpose of developing the industrial park. On January 22, 2009, the City retired the 2008 note and issued a new note for \$770,000. The 2009 note matured on May 27, 2009. On April 16, 2009, the City issued bonds in the amount of \$770,000, the proceeds of which were used to retire the 2009 note (see Note 13).

Bond anticipation notes - water improvement: The debt was incurred in anticipation of the issuance of bonds for the purpose of water system improvements. On January 22, 2009, the City retired the 2008 note and issued a new note for \$125,000. The 2009 note matured on May 27, 2009. On April 16, 2009, the City issued bonds in the amount of \$125,000, the proceeds of which were used to retire the 2009 note (see Note 13).

Bond anticipation notes - street improvement: On September 10, 2009, the City issued \$175,000 in street improvement bond anticipation notes. The debt was incurred in anticipation of the issuance of bonds for the purpose of street improvements. These notes bear an interest rate of 2.75% and mature on September 9, 2010. These notes are recorded as a liability in the bond retirement fund, which is the fund that received the proceeds.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - NOTES PAYABLE - (Continued)

Bond anticipation notes - fire truck: On September 10, 2009, the City issued \$370,000 in fire truck bond anticipation notes. The debt was incurred to retire the USDA fire truck bonds discussed in Note 13. These notes bear an interest rate of 2.75% and mature on September 9, 2010. These notes are recorded as a liability in the bond retirement fund, which is the fund that received the proceeds.

NOTE 13 - LONG-TERM OBLIGATIONS

A. During 2009, the following changes occurred in governmental activities long-term obligations:

Governmental activities:	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Balance 12/31/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/09</u>	<u>Amounts Due in One Year</u>
<u>Issue II loans:</u>							
Pearl Street repavement	1999	0.00%	\$ 77,343	\$ -	\$ (3,516)	\$ 73,827	\$ 10,546
East Howard repavement I	2002	0.00%	2,586	-	(96)	2,490	286
East Howard repavement II	2003	0.00%	39,305	-	(1,228)	38,077	3,685
Ash Street reconstruction I	2005	0.00%	33,676	-	(990)	32,686	2,972
North Main reconstruction	2005	0.00%	33,397	-	(1,012)	32,385	3,036
Ash Street reconstruction II	2006	0.00%	110,126	-	(3,059)	107,067	9,177
Myrtle Avenue curbs and ramps	2009	0.00%	-	30,000	-	30,000	1,500
Total Issue II loans			<u>296,433</u>	<u>30,000</u>	<u>(9,901)</u>	<u>316,532</u>	<u>31,202</u>
<u>Bond payable:</u>							
USDA fire truck bond	2008	4.38%	370,000	-	(370,000)	-	-
Industrial park	2009	3.0-4.5%	-	770,000	(75,000)	695,000	65,000
Fire station	2009	3.0-3.5%	-	505,000	(100,000)	405,000	95,000
Total bonds payable			<u>370,000</u>	<u>1,275,000</u>	<u>(545,000)</u>	<u>1,100,000</u>	<u>160,000</u>
<u>Other long-term obligations:</u>							
Compensated absences			<u>240,918</u>	<u>173,340</u>	<u>(167,590)</u>	<u>246,668</u>	<u>150,053</u>
Total governmental activities long-term obligations			<u>\$ 907,351</u>	<u>\$ 1,478,340</u>	<u>\$ (722,491)</u>	<u>\$ 1,663,200</u>	<u>\$ 341,255</u>

Issue II loans: These loans were issued for the purpose of repaving Pearl Street, Howard Street, Ash Street, North Main and Myrtle Street. Funding came from Issue II monies in the form of a note payable that is to be repaid from local funds over a period of 20 years from the bond retirement fund. These loans are interest free.

Bonds payable: On November 5, 2008, the City issued \$370,000 in USDA bonds for the acquisition of a fire truck. The bonds bore an interest rate of 4.38% and mature on October 1, 2018. The bonds were paid from the capital reserve fund. The City retired these bonds during 2009 by using the proceeds of the fire truck bond anticipation notes discussed in Note 12.

On April 16, 2009, the City issued \$770,000 in industrial park bonds. The proceeds of these bonds were used to retire the industrial park bond anticipation note discussed in Note 12. These bonds bear interest rates ranging from 3% to 4.5% and mature on December 1, 2018. These bonds are being paid from the TIF improvement fund into which all service payments in lieu of taxes are to be deposited.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

On April 16, 2009, the City issued \$505,000 in fire station bonds. The proceeds of these bonds were used to retire the fire station bond anticipation notes discussed in Note 12. These bonds bear interest rates ranging from 3% to 3.5% and mature on December 1, 2013. These bond are being retired from the bond improvement fund.

Compensated absences: The liability reported in the statement of net assets for governmental activities compensated absences will be paid from the fund from which the employee's salaries are paid, which, for the City, is the general fund and the following nonmajor governmental funds: income tax fund, street construction, maintenance & repair fund and the recreation fund.

The following is the summary of the City's future annual debt service and interest requirements for governmental activities obligations:

Year Ending December 31,	Issue II Loans			Bonds Payable		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 31,202	\$ -	\$ 31,202	\$ 160,000	\$ 39,775	\$ 199,775
2011	21,302	-	21,302	170,000	34,575	204,575
2012	21,302	-	21,302	175,000	29,050	204,050
2013	21,302	-	21,302	180,000	23,800	203,800
2014	21,302	-	21,302	75,000	17,500	92,500
2015 - 2019	106,517	-	106,517	340,000	38,099	378,099
2020 - 2024	70,875	-	70,875	-	-	-
2025 - 2029	22,730	-	22,730	-	-	-
	<u>\$ 316,532</u>	<u>\$ -</u>	<u>\$ 316,532</u>	<u>\$ 1,100,000</u>	<u>\$ 182,799</u>	<u>\$ 1,282,799</u>

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

B. During 2009, the following changes occurred in the City's business-type long-term obligations:

Business-type activities:	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Balance 12/31/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/09</u>	<u>Amounts Due in One Year</u>
<u>Bonds payable:</u>							
Water system improvement	2009	3-3.25%	\$ -	\$ 125,000	\$ (40,000)	\$ 85,000	\$ 40,000
Total bonds payable			<u>-</u>	<u>125,000</u>	<u>(40,000)</u>	<u>85,000</u>	<u>40,000</u>
<u>OWDA loans:</u>							
Drinking water loan	2000	2.00%	305,950	-	(34,369)	271,581	23,489
Water pollution loan	2000	1.20%	205,910	-	(24,151)	181,759	16,343
Sewer loan	2001	2.20%	367,274	-	(37,244)	330,030	25,517
Storm water loan	1998	1.20%	288,880	-	(37,190)	251,690	25,167
Storm water loan	2001	2.20%	<u>158,926</u>	<u>3,823</u>	<u>-</u>	<u>162,749</u>	<u>7,301</u>
Total OWDA loans			<u>1,326,940</u>	<u>3,823</u>	<u>(132,954)</u>	<u>1,197,809</u>	<u>97,817</u>
<u>Issue II loans:</u>							
Water line	1996	0.00%	29,797	-	(3,973)	25,824	3,973
Myrtle Avenue	2006	0.00%	121,625	-	(6,950)	114,675	6,950
Woodbine Street	2005	0.00%	<u>39,926</u>	<u>-</u>	<u>(2,420)</u>	<u>37,506</u>	<u>2,420</u>
Total Issue II loans			<u>191,348</u>	<u>-</u>	<u>(13,343)</u>	<u>178,005</u>	<u>13,343</u>
<u>Other long-term obligations:</u>							
Compensated absences			<u>243,329</u>	<u>143,028</u>	<u>(134,886)</u>	<u>251,471</u>	<u>125,964</u>
Total business type activities long-term obligations			<u>\$ 1,761,617</u>	<u>\$ 271,851</u>	<u>\$ (321,183)</u>	<u>\$ 1,712,285</u>	<u>\$ 277,124</u>

Issue II loans: These loans were issued for the purpose of advancing funds so as to improve the Tiffin Street water line, the Myrtle Avenue water line system and the Woodbine Street sewer system. Funding for the project came from the local funds and the above-mentioned note for a period of 20 years. The loans are interest free. The water line and Myrtle Avenue loans are to be repaid from the water fund. The Woodbine Avenue loan is to be repaid from the sewer fund.

OWDA loans:

Drinking water loan: The debt was incurred in 2000 to pay the cost of improvements to the water plant. The project was funded by local funds which were borrowed from the OWDA. A cooperative agreement was entered into in 2000 to finance the local portion. The loan is payable from revenues of the water fund. This loan bears an interest rate of 2.0% and matures on July 1, 2020.

CITY OF WILLARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Water pollution loan: The debt was incurred in 2000 to pay the cost of improvements to the storm water drainage system. The project was funded by local funds which were borrowed from the Ohio EPA but administered by the OWDA. A cooperative agreement was entered into in 2000 to finance the local portion. The loan is payable from revenues of the sewer fund. This loan bears an interest rate of 1.20% and matures on July 1, 2020.

Sewer loan: The debt was incurred in 2001 to pay the cost of improvements to the sewer line on South Main Street. The project was funded by local funds which were borrowed from the Ohio EPA but administered by the OWDA. A cooperative agreement was entered into in 2001 to finance the local portion. The loan is payable from revenues of the sewer fund. This loan bears an interest rate of 2.20% and matures on July 1, 2021.

Storm water loan 1998: The debt was incurred in 1998 to pay the cost of improvements to the storm water drainage system and the wastewater treatment plant. The projects were funded by local funds which were borrowed from the Ohio EPA but administered by the OWDA. A cooperative agreement with OWDA was entered into in 1998 to finance the local portion. The loan is payable from the sewer fund. This loan bears an interest rate of 1.20% and matures on July 1, 2019.

Storm water loan 2001: The debt was incurred in 2001 to the cost of improvements to the storm water drainage system at U.S. Route 224 - Section A. The project was funded by local funds which were borrowed from the Ohio EPA but administered by the OWDA. A cooperative agreement was entered into in 2001 to finance the local portion. The loan is payable from the sewer fund. This loan bears an interest rate of 2.20% and matures on July 1, 2021.

Bond payable: On April 16, 2009, the City issued \$125,000 in water improvement bonds. The proceeds of these bonds were used to retire the water improvement notes discussed in Note 12. These bonds bear interest rates ranging from 3% to 3.25% and mature on December 1, 2011. The bonds are a liability of the water fund.

Compensated absences: The liability reported the statement of net assets for business-type activities compensated absences will be paid from the fund from which the employee's salaries are paid, which, for the City, is the water fund and the sewer fund.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is the summary of the City's future annual debt service and interest requirements for business-type activities obligations:

Year Ending December 31,	Issue II Loans			OWDA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 13,343	\$ -	\$ 13,343	\$ 97,817	\$ 19,322	\$ 117,139
2011	13,343	-	13,343	105,039	19,242	124,281
2012	13,343	-	13,343	106,892	17,389	124,281
2013	13,343	-	13,343	108,778	15,504	124,282
2014	13,343	-	13,343	110,701	13,582	124,283
2015 - 2019	52,806	-	52,806	569,559	37,784	607,343
2020 - 2024	46,850	-	46,850	99,023	1,781	100,804
2025 - 2026	11,634	-	11,634	-	-	-
	<u>\$ 178,005</u>	<u>\$ -</u>	<u>\$ 178,005</u>	<u>\$ 1,197,809</u>	<u>\$ 124,604</u>	<u>\$ 1,322,413</u>

Year Ending December 31,	Bonds Payable		
	Principal	Interest	Total
2010	\$ 40,000	\$ 2,763	\$ 42,763
2011	45,000	1,462	46,462
	<u>\$ 85,000</u>	<u>\$ 4,225</u>	<u>\$ 89,225</u>

C. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2009, the City's total debt margin was \$8,471,861 and the unvoted debt margin was \$5,013,832.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City participates with other cities in the Buckeye Ohio Risk Management Agency, Inc. (BORMA, Inc.), in jointly funded risk financing programs administered by Arthur J. Gallagher & Co. BORMA, Inc. includes two separate pools which provide separate and distinct coverages.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 14 - RISK MANAGEMENT - (Continued)

The first pool provides comprehensive automobile liability, automobile physical damage, comprehensive general liability, crime and property liability, and public officials' liability coverage up to specific limits. The pool includes the following municipalities: Archbold, Bowling Green, Defiance, Huron, Napoleon, Sandusky and Willard. Member contributions are calculated annually to produce a sufficient sum of money within the pool to fund administrative expenses and to create reserves for claims. As of December 31, 2009, the pool had cash reserves of \$760,255. The amount of risk retained with the pool is \$150,000 per claim subject to a maximum of \$1,880,000 combined.

Claims in excess of the \$150,000 up to \$1,880,000 are covered by various insurance carriers.

The second pool is for employee benefits and includes life insurance, accidental death and dismemberment insurance, health insurance and prescription drug insurance. Each member has an option on the coverage it has elected to provide for its employees. Willard provides to its employees all available options offered by the pool. The employee benefits pool includes the following municipalities: Archbold, Bowling Green, Carey, Clyde, Defiance, Fayette, Hicksville, Macedonia, Napoleon, Oberlin, Oregon, Sandusky, Upper Sandusky and Willard. As of December 31, 2009, the pool had cash reserves of \$4,876,508.

Premiums are paid to the employee benefits pool at a cost of \$1,325.04 for family coverage and \$480.09 for single party coverage. Life insurance monthly premiums are \$5.10. During 2009, the City paid \$815,491 into the pool for coverage. The cost of coverage is paid by the fund that pays the salary of the individual employees. The amount of the risk retained within the employee is \$125,000 per individual with excess claims coverage provided by Sun Life.

BORMA, Inc. has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims. The probability of this occurring is considered remote due to the adequacy of the pool reserves and premium levels, therefore, no amount have been reserved in the financial statements. Audited financial statements are maintained separately by BORMA, Inc.

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

NOTE 15 - PENSION PLANS

A. 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 that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 15 - PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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 that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and 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 Plan. The 2009 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%. The City's contribution rate for 2009 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63% of covered payroll.

The City's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008 and 2007 were \$192,731, \$166,613 and \$184,405, respectively; 88.94% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

B. 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 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 statements 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.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2009, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$151,853 and \$49,316 for the year ended December 31, 2009, \$128,366 and \$76,361 for the year ended December 31, 2008 and \$118,753 and \$49,095 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 77.29% has been contributed for 2009.

CITY OF WILLARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 16 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but not does mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00% of covered payroll (17.63% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008 and 2007 were \$139,359, \$166,613 and \$121,465, respectively; 88.94% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

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

CITY OF WILLARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care 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 statements 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.

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 to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% 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 into 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, 2009, 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 the 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.

CITY OF WILLARD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$80,393 and \$19,297 for the year ended December 31, 2009, \$67,959 and \$29,880 for the year ended December 31, 2008 and \$62,869 and \$19,211 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 77.29% has been contributed for 2009.

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general, electric system sale and CDBG funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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 (budget) rather than as a reservation of fund balance (GAAP); and,
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented.

Net Change in Fund Balance

	<u>General</u>	Electric <u>System Sale</u>	<u>CDBG</u>
Budget basis	\$ (409,210)	\$ 27,556	\$ 104,679
Net adjustment for revenue accruals	100,567	-	-
Net adjustment for expenditure accruals	(11,710)	-	-
Net adjustment for other sources/uses	200,000	-	(111,000)
Adjustment for encumbrances	<u>49,434</u>	<u>-</u>	<u>-</u>
GAAP basis	<u>\$ (70,919)</u>	<u>\$ 27,556</u>	<u>\$ (6,321)</u>

CITY OF WILLARD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 18 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2009.

B. Litigation

The City is party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceeds will not have a material effect, if any, on the financial condition of the City.

NOTE 19 - RESTRICTED ASSETS

Restricted assets are specifically restricted for repayment to water customers who were required to make deposits for the guarantee of payment of water and sewer bills. Restricted cash and cash equivalents designated by the City or provided by operations are equally offset by a fund balance/retained earnings reserve or liability. Restricted assets at December 31, 2009 are comprised of the following:

	Cash and Cash <u>Equivalents</u>
Water fund:	
Customer deposits	<u>\$ 45,293</u>

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

City of Willard
Huron County
631 Myrtle Avenue
Willard, Ohio 44890

To the City Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Willard, Huron County Ohio (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's financial statements and have issued our report thereon dated June 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

Charles E. Harris and Associates, Inc.

June 15, 2010

CITY OF WILLARD
HURON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2009

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-Willard-01	Capital assets/Cash adjustments/GAAP conversion	Yes	Finding no longer valid
2008-Willard-02	ORC 5705.36(A) – amending certificates of estimated resources	Yes	Finding no longer valid



Mary Taylor, CPA
Auditor of State

CITY OF WILLARD

HURON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 29, 2010