



Dave Yost • Auditor of State

**CITY OF WILLOUGHBY
LAKE COUNTY**

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Dave Yost • Auditor of State

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

City of Willoughby
Lake County
One Public Square
Willoughby, Ohio 44094

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willoughby, Lake County, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 28, 2013, wherein we noted the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

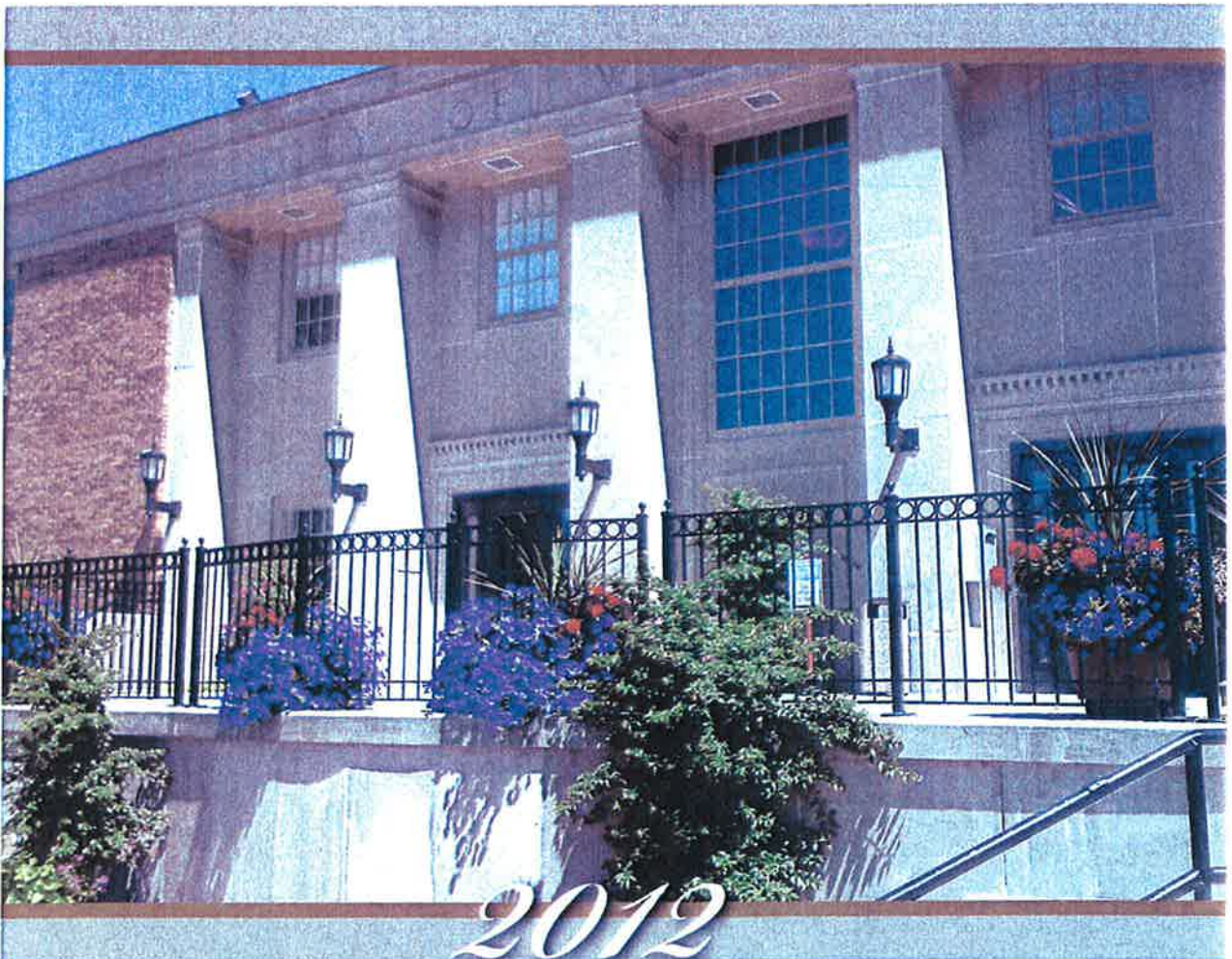
May 28, 2013



The City of Willoughby, Ohio

2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2012



2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2012

The City of
Willoughby, Ohio

Publication of the Comprehensive Annual Financial Report of the City of Willoughby has been made possible by the personnel of the Finance Department.

Director of Finance

Raymond J. Rogowski

Deputy Finance Director

Diane C. Bosley, CPA

Staff Accountant

Cher Hoffman

Secretary

Mia A. Cook

Finance Staff

Nancy Kukoleck
Veronica Novotney
Christine Pedersen
Debbie Schreibman

The City of
Willoughby, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012

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City Of Willoughby

David E. Anderson
Mayor and Safety Director

May 28, 2013

To the Mayor, Members of Council and
Residents of the City of Willoughby, Ohio:

The Comprehensive Annual Financial Report (CAFR) of the City of Willoughby for the fiscal year ended December 31, 2012 is hereby submitted. State law requires that all public offices shall file a financial report for each fiscal year. The law also requires that the report be submitted within one hundred fifty days of the close of the fiscal year.

The City of Willoughby, and specifically the Finance Department, assumes responsibility for the accuracy, completeness, fairness of presentation, and all disclosures contained within this report. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- 1) the cost of a control should not exceed the benefits likely to be derived; and
- 2) the valuation of costs and benefits requires estimates and judgments by management.

The City's financial statements have been audited by Dave Yost, Auditor of State for the State of Ohio. The goal of the audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2012, are free of material misstatement. The audit involved testing evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluation of the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented at the front of the financial section of this report.

The Management discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative summarizing and analyzing the basic financial statements. The MD&A compliments this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The Village of Willoughby was incorporated in 1853 under laws of the State of Ohio. On June 19, 1951, a voter-approved charter became effective establishing the City of Willoughby and a Mayor-Council form of government. The City is 9.9 square miles and serves a population of 22,268. The City, a suburb of Cleveland, is located in Lake County within Northeastern Ohio.

The City operates and is governed by its Charter. The City is also subject to some general laws applicable to all cities. Under the Ohio Constitution, the City may exercise all powers of local self-government and police powers to the extent that they do not conflict with applicable general laws.

Legislative authority is vested in a seven-member Council which is elected for a two-year term. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to city services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades and other municipal services. The presiding officer is the President, who is elected by the Council for a one-year term. The Charter establishes certain administrative departments. Council may establish divisions of those departments and additional departments. The Council serves the citizens of Willoughby on a part-time basis.

The City's Chief Executive and Administrative Officer is the Mayor who is elected by the voters for a four-year term. The Mayor appoints, subject to the approval of Council, all the directors of the City departments. The Mayor serves full-time as both Mayor and Safety Director.

The City of Willoughby provides a full range of services including:

- ◆ police and fire protection
- ◆ parks
- ◆ sanitary sewers
- ◆ aviation services through Lost Nation Airport
- ◆ the construction and maintenance of roads and other infrastructure
- ◆ cultural and recreation activities

Water service is provided to the City by Lake County and is under the supervision and governance of the Lake County Commissioners and is included in their own separately released financial report. The Willoughby-Eastlake School District and the Willoughby Library do not meet the criteria for inclusion in these financial statements.

The City of Willoughby maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The City's annual appropriated budget includes all funds except agency funds. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) for those funds paying wages is at the branch level and within each branch at the account classification level of personal services and benefits. For other account classifications including services and supplies, capital and transfers the level of control selected by Council is at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

LOCAL ECONOMY

The City's economic base is highly diversified. Willoughby is home to the eighth largest number of manufacturing firms in the State of Ohio. The City is home to companies such as Momentive Performance Material, Bescast Inc. and Fluid Line Products.

In addition to our significant manufacturing base the City is also home to Lake Health which has managed to remain an independent health care system while establishing partnerships with the world renowned Cleveland Clinic for heart surgery and University Hospital System of Cleveland for world class cancer care. The City also offers a full compliment of commercial areas and retail establishments as well as a vital historic downtown. The City has several new residential construction projects ranging from condominiums to

stand alone houses with valuations of \$185,000 to \$450,000 exclusive of land costs which in many cases exceed \$100,000. These new developments compliment our existing neighborhoods and business areas.

MAJOR INITIATIVES

The City continues work on various sewer projects throughout the City. The Madison Skiff project was substantially completed in 2012. Construction was completed on the Kirtland Rd project in 2012. Plans were underway for a sewer crossing under Interstate 90 in 2013.

In excess of \$1.5 million dollars was spent on road rehabilitation and resurfacing. This was accomplished with funds from a road levy provided by the voters of the City.

In July 2012, the City implemented private pay trash collection. Up until this time the City had provided and paid for the service utilizing a private firm. The City made this decision as a result of a recommendation by the fiscal review task force and cuts in State funds that would no longer be available to pay for this service. This reduction in service will save the City approximately \$1.3 million on an annual basis. Residents of Willoughby now have curbside recycling as part of this service.

RELEVANT FINANCIAL POLICIES

Union contracts were negotiated and completed in 2010. The three year contracts were settled for no wage increase in the first year and 2% wage increases in the following two years of the agreement. The contracts included an employee contribution of 10% of the total health care cost on a bi-weekly basis as well as deductibles, out of pocket maximums and increased co-pays on office visits and prescription drugs. All negotiations were completed in a timely manner. The contracts expire in 2013 and negotiations are nearly completed with all bargaining units.

LONG TERM FINANCIAL PLANNING

The Mayor and Council appointed ten members of the community from various professions to review operations of the City and to take an unbiased review of City practices and policies. The task force met with City Directors and Chiefs for informational sessions. The task force proposed a series of revenue increases and spending reductions to span short, intermediate and long term time frames. The administration and Council have implemented some of these proposals immediately, resulting in cost savings in 2011 and 2012. Among policies implemented was the shifting of paying for trash pickup from the City to private pay by residents. This will create short and long term savings by removing that cost from the responsibility of the City.

AWARDS & ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Willoughby for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. This was the 26th consecutive year that the City of Willoughby has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City of Willoughby published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

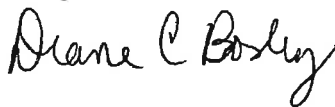
The preparation of the Comprehensive Annual Financial Report, on a timely basis, was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of Mayor Anderson and the whole Council, preparation of this report would not have been possible.

Respectfully submitted,



Raymond J. Rogowski
Finance Director



Diane C. Bosley, CPA
Deputy Finance Director



The City of Willoughby, Ohio

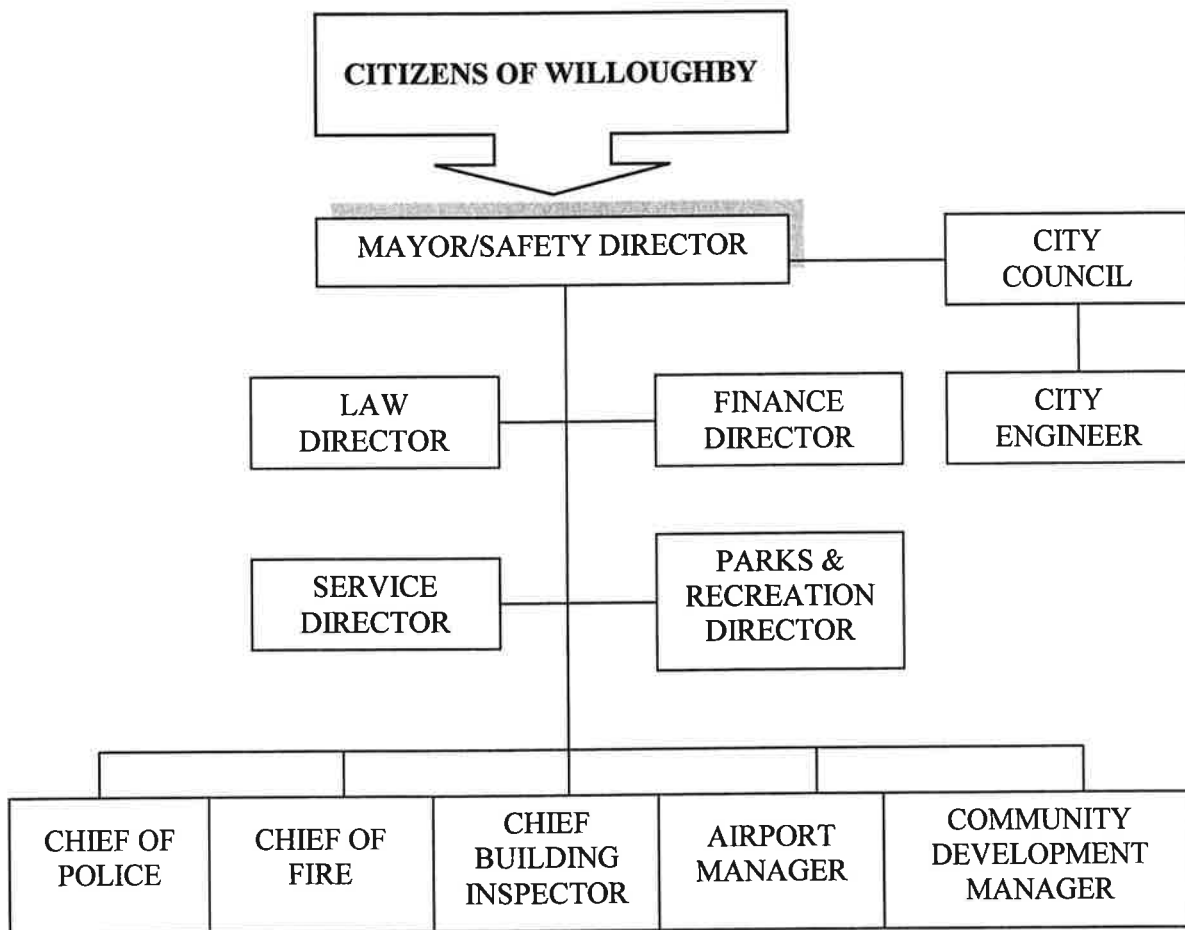


Enriched by its History

PREPARED FOR ITS FUTURE

ORGANIZATIONAL CHART

The City of
Willoughby, Ohio



ELECTED & APPOINTED OFFICIALS

The City of
Willoughby, Ohio

Mayor
David E. Anderson

CITY COUNCIL

Ward 3
Jerome P. Ranally / President

Ward 1
Christopher W. Woodin

Ward 4
Robert E. Carr

Ward 6
Robert J. Harrold

Ward 2
Robert A. Fiala

Ward 5
Karen T. Manning

Councilman-At-Large
Jeffrey H. Black

Director of Finance
Raymond J. Rogowski

Director of Public Service
Angelo Tomaselli

Director of Law
John W. Wiles

*Director of
Parks & Recreation*
Judean Banker

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Willoughby
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morille

President

Jeffrey R. Enos

Executive Director



The City of Willoughby™



The City of Willoughby, Ohio



FINANCIAL INFORMATION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Willoughby
Lake County
One Public Square
Willoughby, Ohio 44094

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willoughby, Lake County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the 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 Willoughby, Lake County, Ohio, as of December 31, 2012 and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, during 2012, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The financial section's combining statements and individual fund schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2013, 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 and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

May 28, 2013

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**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

The discussion and analysis of the City of Willoughby's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the transmittal letter, financial statements and the notes to those financial statements to enhance their understanding of the City's performance.

Financial Highlights

The assets and deferred outflows of resources of the City of Willoughby exceeded liabilities and deferred inflows by \$96,753,566. Assets and deferred outflows of resources in Governmental activities exceeded liabilities and deferred inflows of resources by \$65,908,268 and \$30,845,298 in Business-Type activities.

Total liabilities and deferred inflows of resources of the City of Willoughby increased \$ 404,051 as compared to 2011. The total liabilities and deferred inflows of resources of governmental activities increased by \$1,234,882 and the total liabilities and deferred inflows of business type-activities decreased by \$830,831. The primary reason for these changes was the transfer of the new golf debt liability to the General Bond Fund for repayment.

The total net position-unrestricted of the City is \$5,315,573, an increase of \$1,331,703 from 2011.

The overall financial condition of the City did not materially change from 2011 to 2012.

Using This Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements - Reporting the City of Willoughby as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, nonfinancial factors such as the City's tax base, change in property and income tax laws, and the condition of the capital assets should also be considered.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Both the statement of net position and the statement of activities use the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

In the statement of net position and the statement of activities, we divide the City into two kinds of activities:

- ◆ **Governmental activities:** most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, and charges for service fund most of these activities.
- ◆ **Business-type activities:** the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's airport, sewer system, and golf course operations are reported here.

Government-wide financial statements can be found starting on page 16 of this report.

Fund Financial Statements - Reporting the City of Willoughby's Most Significant Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City of Willoughby, 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.

Governmental Funds are used to account for fundamentally 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 the balance 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. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets and deferred outflow of resources that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds.

The City maintains 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General fund, Capital Projects fund, and General Bond Retirement fund; these are considered to be major funds.

The General fund is the government's primary operating fund. It accounts for all financial resources of the City except those that are required to be accounted for in a separate fund. The Capital Projects fund is the City's primary fund for the purchase of capital assets not required for purchase by a separate fund.

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

The General Bond Retirement fund accounts for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Data from the other governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for each of its funds. A budgetary comparison statement (non-GAAP basis) has been provided for each governmental and proprietary fund to demonstrate budgetary compliance.

Proprietary Funds - 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 fund, Airport fund and Golf Course fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Airport and Golf Course funds as they are considered major.

The basic proprietary fund financial statements can be found starting on page 23 of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The City has only agency funds to report within the fiduciary fund category. Agency funds are reported on a full accrual basis and only present the statement of Fiduciary assets and liabilities.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 28 of this report.

Other Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain other information that the City believes readers will find useful.

After the notes to the basic financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual detailed budgetary comparisons for all funds. This information can be found starting on page 68 of this report.

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Government-wide Financial Analysis

As noted earlier, the statement of net position looks at the City as a whole and can prove to be a useful indicator of the City's financial position. The statement of net position and the statement of activities are divided into the following categories:

- ◆ Assets
- ◆ Deferred Outflows of Resources
- ◆ Liabilities
- ◆ Deferred Inflows of Resources
- ◆ Net Position (Assets plus Deferred Outflows minus Deferred Inflows plus Liabilities)
- ◆ Program Expenses and Revenues
- ◆ General Revenues
- ◆ Net Position Beginning and End of Year

The City of Willoughby as a Whole

By far, the largest portion of the City's net position, 81% reflects its investment in capital assets (e.g. land, infrastructure, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses those capital assets to provide services to its citizens; consequently these assets are not available for future spending. Although the City's investment is reported net of related debt and any deferred outflows/inflows of resources, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. The following table provides a summary of the City's net position for 2012 compared to 2011.

	City of Willoughby's Net Position					
	Governmental Activities		Business-type Activities		Total Government	
	2012	2011-restated	2012	2011-restated	2012	2011-restated
Current and other assets	33,384,184	32,254,140	(1,239,506)	(2,107,709)	32,144,678	30,146,431
Capital assets	64,222,164	65,497,770	44,779,257	44,791,457	109,001,421	110,289,227
Total Assets	97,606,348	97,751,910	43,539,751	42,683,748	141,146,099	140,435,658
Total Deferred Outflows of Resources	92,961	0	41,437	0	134,398	0
Current and other liabilities	7,812,241	10,792,999	944,860	4,009,246	8,757,101	14,802,245
Long term liabilities outstanding	20,827,146	16,159,819	11,791,030	9,557,475	32,618,176	25,717,294
Total Liabilities	28,639,387	26,952,818	12,735,890	13,566,721	41,375,277	40,519,539
Total Deferred Inflows of Resources	3,151,654	3,603,341	0	0	3,151,654	3,603,341
Net Position:						
Net Investment in						
Capital Assets	44,429,348	47,342,597	33,796,268	32,503,232	78,225,616	79,845,829
Restricted	12,876,012	12,190,644	336,365	292,434	13,212,377	12,483,078
Unrestricted (deficit)	8,602,908	7,662,510	(3,287,335)	(3,678,640)	5,315,573	3,983,870
Total Net Position	65,908,268	67,195,751	30,845,298	29,117,026	96,753,566	96,312,777

An additional portion of the City's net position, 13.7% represents resources that have been restricted on how they may be used. The remaining balance of net position - unrestricted of \$5,315,573 may be used to meet the City's ongoing obligations to citizens and creditors.

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

At the end of the current fiscal year, the City was able to report positive balances in governmental activities and the total government categories of net position. Business-type activities show a net unrestricted deficit of \$3,287,335 which is primarily attributable to liabilities of the Airport fund consisting of amounts that are due to other funds.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current and prior year.

City of Willoughby's Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011-restated	2012	2011-restated
Revenues						
Program Revenues						
Charges for Services	4,995,097	4,885,432	5,993,314	5,618,111	10,988,411	10,503,543
Operating Grants, Contributions & Interest	64,819	593,812			64,819	593,812
Capital Grants & Contributions	442,498	119,678	272,009	470,256	714,507	589,934
General Revenues						
Municipal Income Taxes	16,859,759	15,419,498			16,859,759	15,419,498
Property & Other Local Taxes	4,341,117	4,576,797			4,341,117	4,576,797
Grants & Entitlements	3,427,327	5,936,611			3,427,327	5,936,611
Investment Earnings	124,318	194,153	2,799	2,537	127,117	196,690
Miscellaneous	15,938	13,115	11,535	5,354	27,473	18,469
Total Revenues	30,270,873	31,739,096	6,279,657	6,096,258	36,550,530	37,835,354
Expenses						
General Government	6,799,745	7,422,339			6,799,745	7,422,339
Security of Persons & Property	14,516,764	14,533,487			14,516,764	14,533,487
Public Health & Welfare	400,280	445,762			400,280	445,762
Community Environment	843,269	892,978			843,269	892,978
Leisure Time Activities	2,005,597	2,129,458			2,005,597	2,129,458
Transportation	3,529,728	3,875,203			3,529,728	3,875,203
Basic Utility Services	1,121,995	1,747,166			1,121,995	1,747,166
Interest & Fiscal Charges	626,291	491,465			626,291	491,465
Golf Course			965,662	997,471	965,662	997,471
Sewer			5,026,112	5,245,572	5,026,112	5,245,572
Airport-restated			274,298	265,534	274,298	265,534
Total Expenses	29,843,669	31,537,858	6,266,072	6,508,577	36,109,741	38,046,435
Excess(Deficiency) Prior to Transfers	427,204	201,238	13,585	(412,319)	440,789	(211,081)
Transfers	(1,714,687)	(75,000)	1,714,687	75,000	0	0
Change in Net Position	(1,287,483)	126,238	1,728,272	(337,319)	440,789	(211,081)
Net Position Beginning of Year -restated	67,195,751	67,069,513	29,117,026	29,454,345	96,312,777	96,523,858
Net Position End of Year	65,908,268	67,195,751	30,845,298	29,117,026	96,753,566	96,312,777

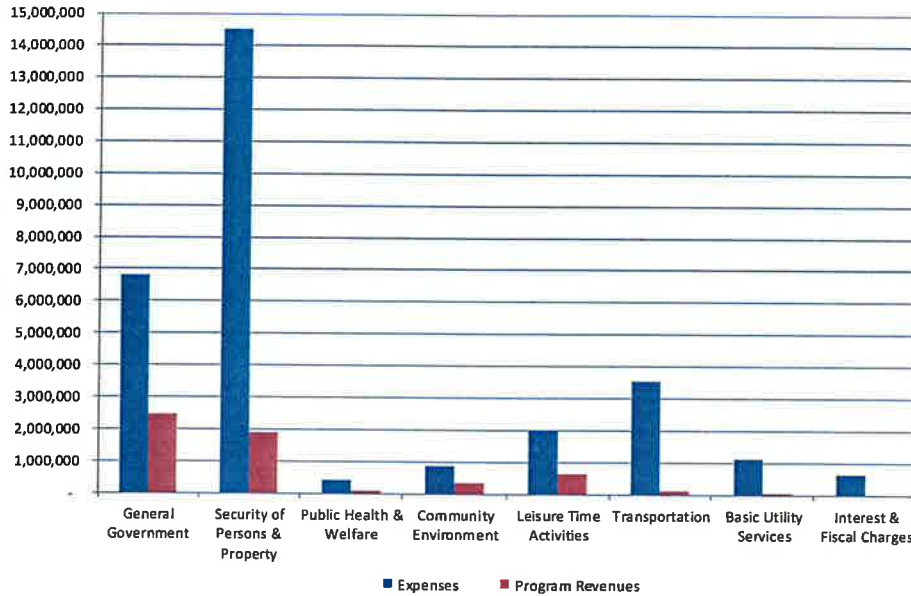
Governmental Activities

Income tax in governmental funds was up 9.3%. Property and other local taxes decreased slightly in 2012. Grants and entitlements decreased by 42% mainly from a decrease in estate tax of over \$ 1.8 million and a decrease in local government funds of approximately \$500,000. Investment earnings were down 36% in a continued declining interest rate environment. There was an overall decrease in revenue of 4.6%.

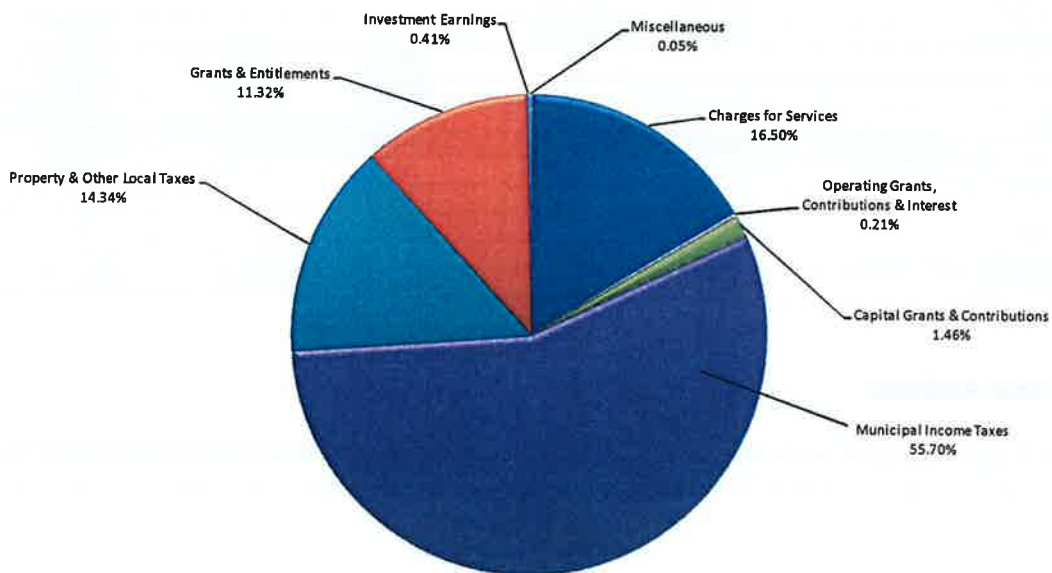
CITY OF WILLOUGHBY, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2012

Expenses in governmental activity decreased over 5% in 2012. The most substantial decrease was almost 36% for Basic Utility. In July of 2012, residents of the City began paying for trash collection. Full time employment at the City as well as related benefit costs were reduced again in 2012 which accounts for the other reduction of expenses.

Expenses & Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

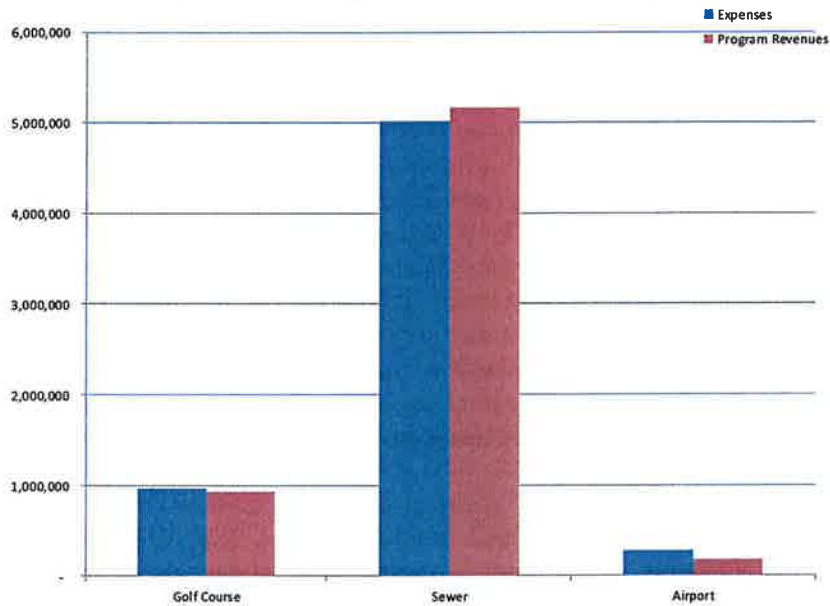


**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

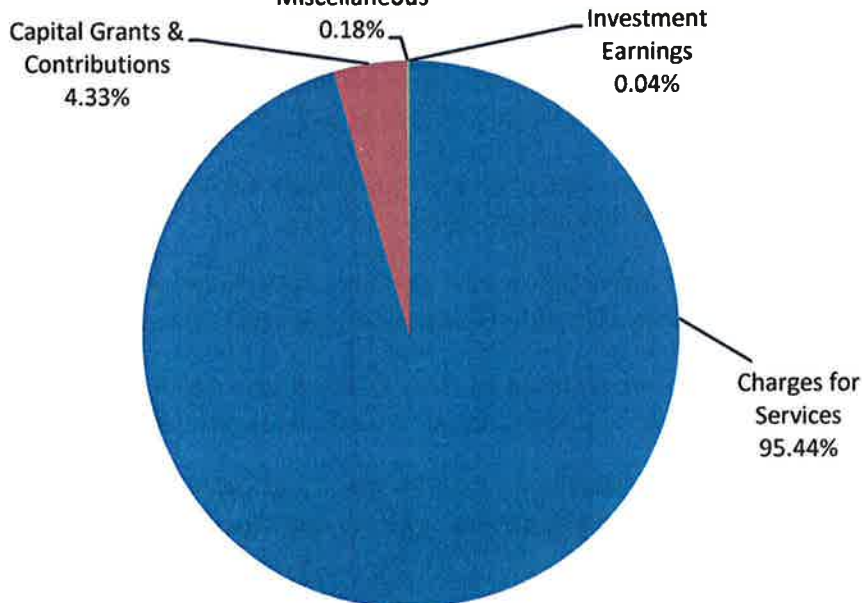
Business-Type Activities

Business-type activities account for 32% of the City of Willoughby's total net position. The Golf Course and Sewer Funds both saw increased revenues for 2012. Expenses decreased by 3.7% in 2012 compared to 2011. Most expenses remained stable with the exception of the reduction in depreciation resulting from the new policy of adding salvage value to major assets.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Financial Analysis of the City of Willoughby'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 of Willoughby's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

Fund balances are the differences between assets and deferred outflows of resources compared to liabilities and deferred inflows of resources reported in a governmental fund. The nonspendable fund balance includes amounts that are not in spendable form, or amounts that are required to be maintained intact. Restricted fund balance include amounts that can be spent only for the specific purposes stipulated by external providers, such as grant providers or bondholders, as well as amounts that are restricted constitutionally or through legislation. Committed fund balance includes amounts that can be used only for specific purposes that are determined by a formal action of the City's highest level of decision-making authority. Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official and applies to remaining resources in any governmental fund other than the general fund. Unassigned fund balance includes all amounts not contained in other classifications for the general fund and deficit fund balances in any other governmental fund.

At the end of the current fiscal year, the City of Willoughby's governmental funds report combined ending fund balances of \$17,268,898. Nonspendable fund balance of \$1,970,821 includes interfund loans, prepaids, inventory, and cemetery investments. Fund balances in the amount of \$7,696,117 are restricted primarily for roads and infrastructure, municipal court purposes, police and fire department operations, and debt service. The General Bond Retirement fund balance increase is primarily because of cash generated from the issuance and refinancing of debt. Committed fund balance of \$371,992 is for capital improvements and is a slight increase from 2011. Assigned fund balance of \$2,082,503 includes future severance payments and other amounts for all of the program functions of government in the General Fund. Unassigned fund balance of \$5,147,465 represents all of the remaining funds, \$7,362,945 of the General Fund reduced by the deficit unassigned balance (\$2,215,480) of the Capital Projects fund.

Proprietary Funds - The City's proprietary fund statements provide similar information to that found in the government-wide financial statements, but in more detail.

Net Position - unrestricted of the Golf Course fund reflect a deficit of (\$812,680) compared to (\$785,451) in 2011. The amount due to other funds is \$773,903 and is most significantly for debt payments.

Net position - unrestricted of the Sewer fund increased from \$1,603,441 to \$2,019,930. The increase in Net position - unrestricted is primarily in the Current Assets in Cash and Investments of the Sewer Fund.

Net position - unrestricted of the Airport fund carry a deficit balance of (\$4,494,585). The accumulated deficit is caused by past advances and debt payments that had to be made for the airport from other funds.

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

General Fund Budgetary Highlights – Adjustments to total budget required to be made for the General Fund in 2012 was for a transfer to the Capital Fund. The year saw revenues exceeding forecasts by \$1.2 million and expenditures over \$2.2 million under the amounts requested. Income tax and most other categories of revenue exceeded forecasts. The City Administration and Council continue to closely monitor and tighten expenditures by the General fund departments in light of economic uncertainty. The City chooses to operate within its original budget framework even though forecasts may be exceeded on the revenue side and expenditures will be contained.

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2012, was \$109,001,421 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, as well as infrastructure including roads, sidewalks, bridges, traffic signals, street lights, storm sewers, curbs and gutters.

The City's investment in capital assets reflects an increase of 1.5% over the prior year for governmental activities and 1% over for business-type activities. These changes are calculated before depreciation.

	City of Willoughby's Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011-restated	2012	2011-restated
Land	7,747,042	7,747,042	10,008,483	10,008,483	17,755,525	17,755,525
Construction in Progress	4,739,241	4,693,514	115,903	1,137,796	4,855,144	5,831,310
Buildings	22,295,295	22,248,284	19,473,633	19,364,211	41,768,928	41,612,495
Improvements	13,842,071	13,797,763	46,642,623	44,976,821	60,484,694	58,774,584
Machinery & Equipment	11,519,048	10,648,585	4,870,290	4,753,136	16,389,338	15,401,721
Infrastructure	48,212,474	47,599,320			48,212,474	47,599,320
Total Capital Assets	108,355,171	106,734,508	81,110,932	80,240,447	189,466,103	186,974,955
Accumulated Depreciation	(44,133,007)	(41,236,738)	(36,331,675)	(35,448,990)	(80,464,682)	(76,685,728)
Capital Assets (Net)	64,222,164	65,497,770	44,779,257	44,791,457	109,001,421	110,289,227

Major capital asset events during 2012 were as follows:

The City completed a road repaving and rehabilitation project utilizing road and bridge levy funds.

The City purchased six new patrol cruisers for the police department, one new fire rescue squad and four service department vehicles.

Sewer Projects included completion of the Madison/Skiff Sewer Replacement and the Kirtland Rd Sanitary Sewer.

The City received grant money to purchase two Mobile Live Fire Trainer System Trailers and received donations of two Lifepak 15 Defibrillators.

Additional information regarding capital assets can be found starting on page 50 of the notes to the basic financial statements.

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Outstanding Debt - The City's outstanding debt increased by \$433,991.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	General Obligation Bonds	14,249,338	9,449,500			14,249,338
Special Assessment Bonds	140,000	170,000			140,000	170,000
Enterprise Bonds w/ G.O. Commitment			3,755,000	2,148,450	3,755,000	2,148,450
OWDA & OPWC	11,439	12,673	7,269,426	6,702,774	7,280,865	6,715,447
Capital Notes Payable	5,625,000	8,693,000	0	3,437,000	5,625,000	12,130,000
Police Pension Liability	106,310	109,125			106,310	109,125
TOTAL	20,132,087	18,434,298	11,024,426	12,288,224	31,156,513	30,722,522

State Law limits the amount of debt a city can issue in general obligation bonds to 10.5% of assessed valuation. The City had an assessed valuation of \$655,191,000 at the end of 2012. The City has borrowed 45.3% of our limitation and some debt that is in our total is not subject to that limitation by state law because the debt was actually issued by another party (i.e. O.W.D.A. or O.P.W.C.).

Short-term debt decreased by \$6,505,000 with the issuance of bonds. The City has outstanding notes of \$5,625,000 for the Riverside Commons Special Assessment. Additional information regarding the City's debt can be found starting on page 58 of the notes to the financial statements.

Economic Factors and Next Year's Budget

The City of Willoughby has remained strong despite a challenging environment of the state and national economy. The City has not reduced its commitment to provide services. With the leadership of the Mayor and Council, a task force on fiscal strategies was assembled. This group of interested citizens guided and recommended several changes and adjustments in the operations of the City. The Mayor and Council have adopted several of the ideas in 2011 and 2012 and continue to explore ways to provide services with resources being reduced. The City has done necessary capital improvements and continues to maintain the roads with the help of the road and bridge levy.

The City of Willoughby will continue to monitor the local, regional and national economy and make business decisions that best provide services to our citizens.

Requests for Information

This financial report is designed to provide a general overview of the City of Willoughby for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Willoughby, One Public Square, Willoughby, Ohio, 44094.



The City of Willoughby™

CITY OF WILLOUGHBY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in City Treasury Cash and Investments	\$ 15,626,200	\$ 2,176,946	\$ 17,803,146
Inventory	317,401	47,915	365,316
Accrued Interest Receivable	22,094	4,317	26,411
Accounts Receivable	307,746	198,141	505,887
Prepaid Items	2,278	2,328	4,606
Intergovernmental Receivable	2,099,126	909,082	3,008,208
Taxes Receivable	8,979,034	0	8,979,034
Internal Balances	5,250,966	(5,250,966)	0
Restricted Assets -Cash	0	672,731	672,731
Special Assessments Receivable	779,339	0	779,339
Nondepreciable Capital Assets	12,486,283	10,124,386	22,610,669
Depreciable Capital Assets, Net	51,735,881	34,654,871	86,390,752
TOTAL ASSETS	97,606,348	43,539,751	141,146,099
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	92,961	41,437	134,398
TOTAL DEFERRED OUTFLOWS OF RESOURCES	92,961	41,437	134,398
LIABILITIES			
Accounts Payable	325,549	719,801	1,045,350
Matured Compensated Absences Payable	68,885	0	68,885
Salaries, Wages and Benefits Payable	1,733,995	96,386	1,830,381
Accrued Interest Payable	54,289	123,342	177,631
Property Taxes Payable	0	5,315	5,315
Intergovernmental Payable	1,583	16	1,599
Notes Payable	5,625,000	0	5,625,000
Matured Bonds and Interest Payable	2,940	0	2,940
Long-Term Liabilities:			
Due Within One Year	2,555,724	1,031,795	3,587,519
Due In More Than One Year	18,271,422	10,759,235	29,030,657
TOTAL LIABILITIES	28,639,387	12,735,890	41,375,277
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	3,151,654	0	3,151,654
TOTAL DEFERRED INFLOWS OF RESOURCES	3,151,654	0	3,151,654
NET POSITION			
Net Investment in Capital Assets	44,429,348	33,796,268	78,225,616
Restricted for:			
Capital Projects	3,795,721	0	3,795,721
Debt Service	5,020,933	0	5,020,933
Equipment Replacement	0	336,365	336,365
Street Construction Maintenance and Repair	1,811,957	0	1,811,957
Security of Persons	1,093,389	0	1,093,389
Municipal Court	730,153	0	730,153
Other Purposes	161,107	0	161,107
Permanent Fund Purpose:			
Nonexpendable - Cemetery Fund	262,752	0	262,752
Unrestricted (Deficit)	8,602,908	(3,287,335)	5,315,573
TOTAL NET POSITION	\$ 65,908,268	\$ 30,845,298	\$ 96,753,566

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 6,799,745	\$ 2,446,009	\$ 0	\$ 0	\$ (4,353,736)		\$ (4,353,736)
Security of Persons and Property	14,516,764	1,566,154	64,819	252,973	(12,632,818)		(12,632,818)
Public Health and Welfare	400,280	88,306	0	0	(311,974)		(311,974)
Community Environment	843,269	331,712	0	0	(511,557)		(511,557)
Leisure Time Activities	2,005,597	561,386	0	86,012	(1,358,199)		(1,358,199)
Transportation	3,529,728	1,485	0	103,438	(3,424,805)		(3,424,805)
Basic Utility Services	1,121,995	45	0	75	(1,121,875)		(1,121,875)
Interest and Fiscal Charges	626,291	0	0	0	(626,291)		(626,291)
TOTAL GOVERNMENTAL ACTIVITIES	29,843,669	4,995,097	64,819	442,498	(24,341,255)		(24,341,255)
BUSINESS-TYPE ACTIVITIES							
Golf Course	965,662	925,495	0	0		\$ (40,167)	(40,167)
Sewer	5,026,112	4,890,932	0	272,009		136,829	136,829
Airport	274,298	176,887	0	0		(97,411)	(97,411)
TOTAL BUSINESS-TYPE ACTIVITIES	6,266,072	5,993,314	0	272,009		(749)	(749)
TOTAL	\$36,109,741	\$10,988,411	\$64,819	\$714,507	(24,341,255)	(749)	(24,342,004)
GENERAL REVENUES							
Property Taxes Levied for:							
					1,132,450		1,132,450
					1,452,559		1,452,559
					895,729		895,729
Income Taxes Levied for:							
					16,859,759		16,859,759
Other Taxes							
					167,245		167,245
					248,747		248,747
					194,715		194,715
					249,672		249,672
					3,427,327		3,427,327
					124,318	2,799	127,117
					15,938	11,535	27,473
TOTAL GENERAL REVENUE					24,768,459	14,334	24,782,793
Transfers					(1,714,687)	1,714,687	0
TOTAL GENERAL REVENUES AND TRANSFERS					23,053,772	1,729,021	24,782,793
CHANGE IN NET POSITION					(1,287,483)	1,728,272	440,789
NET POSITION BEGINNING OF YEAR- Restated					67,195,751	29,117,026	96,312,777
NET POSITION END OF YEAR					\$ 65,908,268	\$ 30,845,298	\$ 96,753,566

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2012

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>GENERAL BOND RETIREMENT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Equity in City Treasury Cash and Investments	\$7,593,180	\$3,761,867	\$689,204	\$3,581,949	\$15,626,200
Inventory-Supplies	118,191	0	0	199,210	317,401
Accrued Interest Receivable	14,814	7,280	0	0	22,094
Accounts Receivable	277,777	27,744	0	2,225	307,746
Prepaid Items	2,278	0	0	0	2,278
Due from Other Governments	1,446,518	8,225	46,904	597,479	2,099,126
Taxes Receivable	6,625,194	0	875,517	1,478,323	8,979,034
Due from Other Funds	1,360,214	28,176	3,877,150	0	5,265,540
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>779,339</u>	<u>779,339</u>
TOTAL ASSETS	<u>17,438,166</u>	<u>3,833,292</u>	<u>5,488,775</u>	<u>6,638,525</u>	<u>33,398,758</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$17,438,166</u>	<u>\$3,833,292</u>	<u>\$5,488,775</u>	<u>\$6,638,525</u>	<u>\$33,398,758</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$117,419	\$15,379	\$0	\$192,751	\$325,549
Matured Compensated Absences Payable	68,885	0	0	0	68,885
Salaries, Wages, and Benefits Payable	1,615,754	0	0	118,241	1,733,995
Due to Other Governments	1,423	0	0	160	1,583
Due to Other Funds	14,574	0	0	0	14,574
Notes Payable	0	5,625,000	0	0	5,625,000
Matured Bonds & Interest Payable	<u>0</u>	<u>0</u>	<u>2,940</u>	<u>0</u>	<u>2,940</u>
TOTAL LIABILITIES	<u>1,818,055</u>	<u>5,640,379</u>	<u>2,940</u>	<u>311,152</u>	<u>7,772,526</u>
Deferred Inflows of Resources:					
Property Taxes	1,004,220	0	798,315	1,349,119	3,151,654
Unavailable Revenue -Income Tax	2,460,460	0	0	0	2,460,460
Unavailable Revenue - Grants and Entitlements	1,006,878	0	46,904	483,271	1,537,053
Unavailable Revenue - Special Assessments	0	0	0	779,339	779,339
Unavailable Revenue - Delinquent Property Taxes	95,392	0	77,202	129,204	301,798
Unavailable Revenue - Other	<u>127,030</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>127,030</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,693,980</u>	<u>0</u>	<u>922,421</u>	<u>2,740,933</u>	<u>8,357,334</u>
Fund Balances:					
Nonspendable	1,480,683	28,176	0	461,962	1,970,821
Restricted	0	8,225	4,563,414	3,124,478	7,696,117
Committed	0	371,992	0	0	371,992
Assigned	2,082,503	0	0	0	2,082,503
Unassigned (Deficit)	<u>7,362,945</u>	<u>(2,215,480)</u>	<u>0</u>	<u>0</u>	<u>5,147,465</u>
TOTAL FUND BALANCES	<u>10,926,131</u>	<u>(1,807,087)</u>	<u>4,563,414</u>	<u>3,586,440</u>	<u>17,268,898</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$17,438,166</u>	<u>\$3,833,292</u>	<u>\$5,488,775</u>	<u>\$6,638,525</u>	<u>\$33,398,758</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
AS OF DECEMBER 31, 2012

TOTAL GOVERNMENTAL FUND BALANCES \$17,268,898

Amounts reported for government activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 64,222,164

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.

Municipal Income Taxes	2,460,460
Delinquent Property Taxes	301,798
Grants and Entitlements	1,537,053
Charges for Services	106,297
Special Assessments	779,339
Fines and Forfeitures	<u>20,733</u>

Total 5,205,680

Charges on Refunding are being amortized over the life of the bonds in the statement of net position. 92,961

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	(14,249,338)
OPWC Loans	(11,439)
Special Assessments	(140,000)
Police Pension Liability	(106,310)
Landfill Post Closure Care Liability	(727,956)
Compensated Absences	(5,592,103)
Accrued Interest Payable	<u>(54,289)</u>

Total (20,881,435)

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$65,908,268**

See accompanying notes to the basic financial statements.

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

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>GENERAL BOND RETIREMENT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
Municipal Income Taxes	\$16,115,830	\$0	\$0	\$0	\$16,115,830
Property and Other Local Taxes	1,869,468	111,497	935,231	1,567,739	4,483,935
Intergovernmental	2,096,901	212,059	189,216	1,413,216	3,911,392
Charges for Services	1,392,883	0	0	292,887	1,685,770
Special Assessments	0	0	0	651,217	651,217
Fines and Forfeitures	2,045,443	0	0	416,400	2,461,843
Licenses & Permits	249,476	0	0	0	249,476
Interest	85,106	454	38,758	0	124,318
Miscellaneous	<u>0</u>	<u>7,067</u>	<u>0</u>	<u>15,938</u>	<u>23,005</u>
TOTAL REVENUES	<u>23,855,107</u>	<u>331,077</u>	<u>1,163,205</u>	<u>4,357,397</u>	<u>29,706,786</u>
EXPENDITURES:					
Current:					
General Government	6,076,314	110,319	24,455	234,660	6,445,748
Security of Persons and Property	11,751,886	253,313	0	2,115,546	14,120,745
Public Health and Welfare	390,500	0	0	0	390,500
Community Environment	777,704	1,969	0	40,721	820,394
Leisure Time Activities	878,662	7,419	0	920,242	1,806,323
Transportation	28,691	12,001	0	1,195,685	1,236,377
Basic Utility Services	718,336	0	0	0	718,336
Capital Outlay	31,855	1,179,968	0	1,426,156	2,637,979
Debt Service:					
Principal	0	0	552,784	30,000	582,784
Interest	0	86,930	206,861	9,945	303,736
Bond Issuance Costs	<u>0</u>	<u>30,620</u>	<u>198,674</u>	<u>0</u>	<u>229,294</u>
TOTAL EXPENDITURES	<u>20,653,948</u>	<u>1,682,539</u>	<u>982,774</u>	<u>5,972,955</u>	<u>29,292,216</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,201,159	(1,351,462)	180,431	(1,615,558)	414,570
OTHER FINANCING SOURCES (USES):					
Transfers In	0	1,225,923	150,000	1,630,000	3,005,923
Transfers Out	(2,855,923)	0	(1,714,687)	(150,000)	(4,720,610)
General Obligation and Refunding Bonds Issued	0	3,200,000	6,310,000	0	9,510,000
General Obligation and Refunding Bonds Premium	0	0	354,353	0	354,353
Payment to Refunded Bond Escrow Agent	0	0	(4,594,158)	0	(4,594,158)
Donation of Assets	0	60,000	0	0	60,000
Sale of Assets	<u>0</u>	<u>36,260</u>	<u>0</u>	<u>0</u>	<u>36,260</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,855,923)</u>	<u>4,522,183</u>	<u>505,508</u>	<u>1,480,000</u>	<u>3,651,768</u>
NET CHANGE IN FUND BALANCES	345,236	3,170,721	685,939	(135,558)	4,066,338
FUND BALANCE BEGINNING OF YEAR	10,570,685	(4,977,808)	3,877,475	3,635,115	13,105,467
INCREASE (DECREASE) IN RESERVE FOR INVENTORY	<u>10,210</u>	<u>0</u>	<u>0</u>	<u>86,883</u>	<u>97,093</u>
FUND BALANCES END OF YEAR	<u>\$10,926,131</u>	<u>(\$1,807,087)</u>	<u>\$4,563,414</u>	<u>\$3,586,440</u>	<u>\$17,268,898</u>

See accompanying notes to the basic financial statements.

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

NET CHANGES IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS **\$ 4,066,338**

Amounts reported for government activities in the statement of activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Asset Additions	2,637,979	
Increase from Salvage Value Additions	305,237	
Current Year Depreciation	<u>(4,176,703)</u>	
Total		(1,233,487)

The net effect of other transactions involving capital assets is a decrease to net assets.

Disposal-net	<u>(42,119)</u>	
Total		(42,119)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Municipal Income Taxes	743,929	
Delinquent Property Taxes	(142,818)	
Grants and Entitlements	(43,890)	
Charges for Services	(5,294)	
Special Assessments	(44,795)	
Fines and Forfeitures	<u>(3,045)</u>	
Total		504,087

Other financing sources in the governmental funds increase long term liabilities in the statement of net position.

General Obligation Bonds Issued	(4,910,000)	
General Obligation Refunding Bonds Issued	(4,600,000)	
Premium on Bonds Issued	<u>(354,353)</u>	
Total		(9,864,353)

The repayment of bond principal, police pension, landfill closure costs and the refunding of debt are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.

	533,922	
	<u>4,594,158</u>	
		5,128,080

Some expenses reported in the statement of activities, including compensated absences and accrued interest, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	50,981	
Accrued Interest	(6,013)	
Amortization of Premium	17,965	
Deferred Refunding charges	92,961	
Bond Issuance Costs	(99,016)	
Change in Inventory	<u>97,093</u>	
Total		<u>153,971</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (1,287,483)**

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Municipal Income Taxes	\$15,002,901	\$15,002,901	\$15,867,628	\$864,727
Property and Other Local Taxes	1,757,104	1,757,104	1,837,980	80,876
Intergovernmental	1,962,711	1,962,711	2,233,754	271,043
Charges for Services	1,191,350	1,191,350	1,291,255	99,905
Fines and Forfeitures	2,109,700	2,109,700	2,039,705	(69,995)
Licenses and Permits	234,000	234,000	249,476	15,476
Interest Income	125,000	125,000	88,223	(36,777)
Other	<u>120,000</u>	<u>120,000</u>	<u>112,500</u>	<u>(7,500)</u>
Total Revenues	<u>22,502,766</u>	<u>22,502,766</u>	<u>23,720,521</u>	<u>1,217,755</u>
EXPENDITURES:				
Legislative- Council	118,685	118,685	110,913	7,772
Judicial- Municipal Court	2,204,049	2,204,049	1,936,176	267,873
Executive-Mayor	<u>20,830,038</u>	<u>20,830,038</u>	<u>18,876,945</u>	<u>1,953,093</u>
Total Expenditures	<u>23,152,772</u>	<u>23,152,772</u>	<u>20,924,034</u>	<u>2,228,738</u>
Excess of Revenues Over (Under) Expenditures	(650,006)	(650,006)	2,796,487	3,446,493
OTHER FINANCING SOURCES (USES):				
Transfers Out	(1,655,923)	(2,855,923)	(2,855,923)	0
Other	<u>55,000</u>	<u>55,000</u>	<u>236,508</u>	<u>181,508</u>
Total Other Financing Sources (Uses)	<u>(1,600,923)</u>	<u>(2,800,923)</u>	<u>(2,619,415)</u>	<u>181,508</u>
NET CHANGE IN FUND BALANCE	(2,250,929)	(3,450,929)	177,072	3,628,001
FUND BALANCE BEGINNING OF YEAR	5,339,674	5,339,674	5,339,674	0
Prior Year Encumbrances Appropriated	<u>45,112</u>	<u>45,112</u>	<u>45,112</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$3,133,857</u>	<u>\$1,933,857</u>	<u>\$5,561,858</u>	<u>\$3,628,001</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2012

BUSINESS-TYPE ACTIVITIES

	<u>GOLF</u>	<u>SEWER</u>	<u>AIRPORT</u>	<u>TOTAL</u>
	<u>COURSE</u>			
ASSETS				
CURRENT ASSETS				
Equity in City Treasury Cash and Investments	\$84,155	\$1,938,927	\$153,864	\$2,176,946
Inventory	4,173	43,742	0	47,915
Accrued Interest Receivable	0	4,317	0	4,317
Accounts Receivable	158	177,684	20,299	198,141
Prepaid Expenses	0	0	2,328	2,328
Due from Other Funds	2,225	170,398	688	173,311
Due from Other Governments	<u>0</u>	<u>909,082</u>	<u>0</u>	<u>909,082</u>
TOTAL CURRENT ASSETS	<u>90,711</u>	<u>3,244,150</u>	<u>177,179</u>	<u>3,512,040</u>
NONCURRENT ASSETS				
Restricted Assets:				
Cash Investments	0	672,731	0	672,731
Land and Construction in Progress	2,273,366	515,644	7,335,376	10,124,386
Depreciable Capital Assets, Net	<u>2,207,610</u>	<u>31,512,218</u>	<u>935,043</u>	<u>34,654,871</u>
TOTAL NONCURRENT ASSETS	<u>4,480,976</u>	<u>32,700,593</u>	<u>8,270,419</u>	<u>45,451,988</u>
TOTAL ASSETS	<u>4,571,687</u>	<u>35,944,743</u>	<u>8,447,598</u>	<u>48,964,028</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	<u>41,437</u>	<u>0</u>	<u>0</u>	<u>41,437</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>41,437</u>	<u>0</u>	<u>0</u>	<u>41,437</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	3,127	713,667	3,007	719,801
Salaries, Wages & Benefits Payable	27,928	263,951	9,303	301,182
Accrued Interest Payable	3,508	119,481	353	123,342
Property Taxes Payable	0	0	5,315	5,315
Due to Other Funds	773,903	0	158,737	932,640
Due to Other Governments	0	16	0	16
Bonds Payable	<u>175,000</u>	<u>646,999</u>	<u>5,000</u>	<u>826,999</u>
TOTAL CURRENT LIABILITIES	<u>983,466</u>	<u>1,744,114</u>	<u>181,715</u>	<u>2,909,295</u>
NONCURRENT LIABILITIES				
Salaries, Wages & Benefits Payable	94,925	463,471	3,412	561,808
Due to Other Funds	0	0	4,491,637	4,491,637
Bonds Payable	<u>1,825,000</u>	<u>8,222,427</u>	<u>150,000</u>	<u>10,197,427</u>
TOTAL NONCURRENT LIABILITIES	<u>1,919,925</u>	<u>8,685,898</u>	<u>4,645,049</u>	<u>15,250,872</u>
TOTAL LIABILITIES	<u>2,903,391</u>	<u>10,430,012</u>	<u>4,826,764</u>	<u>18,160,167</u>
NET POSITION				
Net Investment in Capital Assets	2,522,413	23,158,436	8,115,419	33,796,268
Restricted for:				
Equipment Replacement	0	336,365	0	336,365
Unrestricted (Deficit)	<u>(812,680)</u>	<u>2,019,930</u>	<u>(4,494,585)</u>	<u>(3,287,335)</u>
TOTAL NET POSITION	<u>\$1,709,733</u>	<u>\$25,514,731</u>	<u>\$3,620,834</u>	<u>\$30,845,298</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

BUSINESS-TYPE ACTIVITIES

	<u>GOLF COURSE</u>	<u>SEWER</u>	<u>AIRPORT</u>	<u>TOTAL</u>
OPERATING REVENUES:				
Charges for Services	\$925,495	\$4,890,932	\$22,391	\$5,838,818
Rentals	<u>0</u>	<u>0</u>	<u>154,496</u>	<u>154,496</u>
Total Operating Revenues	<u>925,495</u>	<u>4,890,932</u>	<u>176,887</u>	<u>5,993,314</u>
OPERATING EXPENSES:				
Personal Services	426,746	2,322,838	130,285	2,879,869
Contractual Services	115,305	530,979	17,017	663,301
Materials & Supplies	171,647	169,849	13,670	355,166
Heat, Light & Power	26,398	325,341	11,742	363,481
Other Expenses	6,012	16,741	1,636	24,389
Depreciation	<u>144,282</u>	<u>1,382,150</u>	<u>98,426</u>	<u>1,624,858</u>
Total Operating Expenses	<u>890,390</u>	<u>4,747,898</u>	<u>272,776</u>	<u>5,911,064</u>
Net Income (Loss) from Operations	<u>35,105</u>	<u>143,034</u>	<u>(95,889)</u>	<u>82,250</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest - Income	0	2,769	30	2,799
- Expense	(52,745)	(256,316)	(1,522)	(310,583)
Bond Issuance Costs	(22,527)	(4,200)	0	(26,727)
Other - Income	0	11,535	0	11,535
Other - Expense	<u>0</u>	<u>(17,698)</u>	<u>0</u>	<u>(17,698)</u>
Total Non-Operating Revenues (Expenses)	<u>(75,272)</u>	<u>(263,910)</u>	<u>(1,492)</u>	<u>(340,674)</u>
Net Income (Loss) Before Contributions and Transfers	(40,167)	(120,876)	(97,381)	(258,424)
Capital Contributions	0	272,009	0	272,009
Transfers In	<u>1,714,687</u>	<u>0</u>	<u>0</u>	<u>1,714,687</u>
CHANGE IN NET POSITION	1,674,520	151,133	(97,381)	1,728,272
NET POSITION BEGINNING OF YEAR-Restated	<u>35,213</u>	<u>25,363,598</u>	<u>3,718,215</u>	<u>29,117,026</u>
NET POSITION END OF YEAR	<u>\$1,709,733</u>	<u>\$25,514,731</u>	<u>\$3,620,834</u>	<u>\$30,845,298</u>

See accompanying notes to the basic financial statements.

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

(continued on following page)

Business-Type Activities

	<u>Golf</u>	<u>Sewer</u>	<u>Airport</u>	<u>Total</u>
	<u>Course</u>			
Cash flows from operating activities:				
Receipts from customers and users	\$923,944	\$5,243,551	\$173,790	\$6,341,285
Receipts from other fund	48,201	0	0	48,201
Payments to suppliers	(355,777)	(665,583)	(41,456)	(1,062,816)
Payments to employees	<u>(410,800)</u>	<u>(2,271,348)</u>	<u>(128,828)</u>	<u>(2,810,976)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>205,568</u>	<u>2,306,620</u>	<u>3,506</u>	<u>2,515,694</u>
Cash flows from capital and related financing activities:				
Net proceeds from sale of debt	1,977,473	1,133,969	1,000	3,112,442
Acquisition and construction of capital assets	(21,594)	(1,608,763)	0	(1,630,357)
Principal reduction on long-term debt	(2,080,000)	(619,967)	0	(2,699,967)
Interest paid on long-term debt	(52,745)	(256,316)	(1,522)	(310,583)
Contribution of capital from grants	0	196,783	0	196,783
Contributions from customers	<u>0</u>	<u>86,761</u>	<u>0</u>	<u>86,761</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(176,866)</u>	<u>(1,067,533)</u>	<u>(522)</u>	<u>(1,244,921)</u>
Cash flows from investing activities:				
Interest on investments	<u>0</u>	<u>2,769</u>	<u>30</u>	<u>2,799</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>0</u>	<u>2,769</u>	<u>30</u>	<u>2,799</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>28,702</u>	<u>1,241,856</u>	<u>3,014</u>	<u>1,273,572</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>55,453</u>	<u>1,369,802</u>	<u>150,850</u>	<u>1,576,105</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$84,155</u>	<u>\$2,611,658</u>	<u>\$153,864</u>	<u>\$2,849,677</u>

Sewer Fund includes \$ 672,731 of cash and cash equivalent in restricted assets

See accompanying notes to the basic financial statements.

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

(continued)

Business-Type Activities

	<u>Golf Course</u>	<u>Sewer</u>	<u>Airport</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$35,105	\$143,034	(\$95,889)	\$82,250
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	144,282	1,382,150	98,426	\$1,624,858
Change in assets and liabilities:				
(Increase) decrease in inventory of supplies	2,020	6,908	0	8,928
(Increase) decrease in accounts receivable	(157)	(6,760)	(2,647)	(9,564)
(Increase) decrease in accrued interest receivable	0	(1,730)	0	(1,730)
(Increase) decrease in prepaid expense	0	0	269	269
(Increase) decrease in due from other funds	(1,394)	(6,647)	(450)	(8,491)
(Increase) decrease in due from other govts	0	367,756	0	367,756
(Increase) decrease in deferred charges	(41,437)	0	0	(41,437)
Increase (decrease) in accounts payable	(506)	383,776	1,781	385,051
Increase (decrease) in accrued salaries, wages, and benefits	15,946	51,490	1,457	68,893
Increase (decrease) in accrued interest payable	3,508	2,312	(18)	5,802
Increase (decrease) in property tax liabilities	0	0	577	577
Increase (decrease) in due to other funds	48,201	0	0	48,201
Increase (decrease) in due to other governments	0	(15,669)	0	(15,669)
TOTAL ADJUSTMENTS	<u>170,463</u>	<u>2,163,586</u>	<u>99,395</u>	<u>2,433,444</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$205,568</u>	<u>\$2,306,620</u>	<u>\$3,506</u>	<u>\$2,515,694</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2012

AGENCY FUNDS

ASSETS	
Equity in City Treasury Cash and Investments	\$1,854,684
Accounts Receivable	<u>201,510</u>
TOTAL ASSETS	<u>\$2,056,194</u>
LIABILITIES	
Accounts Payable	\$1,550,104
Deposits Held and Due to Others	333,108
Due to Other Governments	<u>172,982</u>
TOTAL LIABILITIES	<u>\$2,056,194</u>

See accompanying notes to the basic financial statements.

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

NOTE 1: REPORTING ENTITY

The Village of Willoughby was incorporated on August 3, 1853, under laws of the State of Ohio. On June 19, 1951, a voter-approved charter became effective establishing Willoughby as a city and a mayor-council form of government.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading.

The City of Willoughby's primary government consists of all funds and departments which are not legally separate from the City. They include police and fire protection, public health, parks and recreation, street maintenance, planning and zoning, municipal court, and other general government services. In addition, the City owns and operates a wastewater treatment and collection system, a golf course, and a general aviation airport that are reported as enterprise funds. None of these services are provided by legally separate organizations; therefore, these operations are included in the primary government. The operation of each of these activities is directly controlled by Council through the budgetary process.

A legally separate organization is a component unit of the primary government if 1) the primary government is financially accountable for the organization; 2) the nature and significance of the relationship between the primary government and the organization are such that the exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete; or 3) the organization is closely related to or financially integrated with the primary government. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The reporting entity of the City does not include any component units.

The City is associated with one jointly governed organization, the Northeast Ohio Public Energy Council. Information about the organization is presented in Note 21 to the basic financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

Government-wide Financial Statements – The statement of net position 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.

The statement of net position 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 governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements are designed to present financial information of the City at a 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.

B. 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 are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources compared to liabilities and deferred inflows of resources is reported as fund balance.

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

The following are the City's major governmental funds:

- ▶ **General Fund** – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Willoughby and/or the general laws of Ohio.
- ▶ **Capital Projects Fund** – This fund accounts for various capital projects and equipment financed by transfers from the General fund, intergovernmental revenue, interest, and the sale of debt and existing capital assets.
- ▶ **General Bond Retirement Fund** – The general bond retirement fund accounts for the accumulation of resources for and the payment of interest and principal on general obligation bonds.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

Enterprise Funds – 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:

- ▶ **Golf Course Fund** – accounts for the operation and services provided at the Willoughby Lost Nation Golf Course.
- ▶ **Sewer Fund** – accounts for sanitary sewer services provided to the residential and commercial users of the cities of Willoughby and Eastlake.
- ▶ **Airport Fund** – accounts for the operations and services provided at Willoughby Lost Nation Municipal Airport acquired in May 1986.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. 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 of Willoughby has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for money

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

received for insurance and payment of utility bills, deposits held for contractors and developers, and money on deposit with Willoughby Municipal Court.

C. Measurement Focus

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

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 deferred outflows of resources and current liabilities and deferred inflows of resources 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 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. 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; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows, 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, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or

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

are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within sixty days of 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. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 8). 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 the 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 and motor vehicle license tax), fines and forfeitures, interest, grants and entitlements, and rentals.

Deferred Outflows/Inflows of Resources –In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferral on refunding reported in the government-wide statement of net position. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, franchise taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

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

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.

E. Pooled Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, with the exception of the Municipal Court, 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 City Treasury Cash and Investments."

The City has segregated bank accounts for monies held separate from the City's central bank account. Some of these interest bearing depository accounts are presented on the statement of net position as "Restricted Assets".

For presentation on the financial statements, investments of the cash management pool and investments with original maturity 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.

The City complies with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of December 31, 2012:

- The portfolio includes US Government Securities and non-participating investment contracts and the State Treasury Asset Reserve of Ohio (STAR Ohio).
- Most of the City's investments are reported at fair value, which is the quoted market price as of the valuation date. For investments in STAR Ohio, fair value is determined by the pool's share price. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General fund to the extent its cash and investments balance exceeds the cumulative value of those investments.

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

The gain/loss resulting from valuation will be reported within the investment earnings account on the statement of activities.

Following Ohio statutes, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2012 amounted to \$85,106 which includes \$46,758 assigned from other City funds.

F. Receivables

Receivables at December 31, 2012 consist of taxes, amounts due from other governments, accounts (billings for user charged services), special assessments, and accrued interest on investments. All are deemed collectible in full.

G. Materials and Supplies Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

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. 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.

Inventory consists of expendable supplies held for consumption.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position 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 position 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's capitalization threshold is \$5,000.

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

The City’s infrastructure consists of roads, sidewalks, curbs and gutters, storm sewers, street lights, traffic signals, and bridges. Infrastructure acquired prior to implementation of GASB34 has been reported, using City records and data provided by the City Engineer. 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 proprietary fund capital assets is also capitalized. All capital assets are depreciated except for land and construction in progress. 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	4 – 40 years	5 – 45 years
Land Improvements	5 – 50 years	5 – 50 years
Machinery and Equipment	3 – 20 years	3 – 40 years
Infrastructure	10 – 50 years	50 years

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “due to/from other funds.” Interfund loans which do not represent available expendable resources are offset by a fund balance non-spendable or restricted account. Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end, taking into consideration any limits specified in the City’s termination policy.

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

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

On the 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 "Matured Compensated Absences Payable" in the general fund. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. 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, landfill post closure care, compensated absences and special termination benefits 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. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long term amount of interfund loans.

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled

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

by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classifications include amounts that can be used only for the specific purposes imposed by formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council and the Mayor or a Director delegated that authority.

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

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

N. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets plus deferred outflows related to debt refunding. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or

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

enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

O. Grants and Intergovernmental Revenues

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal reimbursement-type grants are recorded as intergovernmental receivables and revenues in the period when all applicable eligibility requirements have been met and the resources are available.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for sewer, golf course, and airport services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Q. Contributions of Capital

Contributions of capital in governmental and business activities 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.

R. 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 financial statements.

S. 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

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

control of the City Administration and that are either unusual in nature or infrequent in occurrence; neither occurred in 2012.

T. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

U. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. 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 tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The primary level of budgetary control for those funds paying wages is at the branch level (legislative, judicial, executive) and within each branch at the account classification level of personal services and benefits as required by Ohio law. For other account classifications including services and supplies, capital and transfers the level of control selected by Council is at the fund level. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2012.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

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

NOTE 3: COMPLIANCE AND ACCOUNTABILITY

A. Change in Accounting Principles

For fiscal year 2012, the City has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53, and Statement No. 65, "Items Previously Reported as Assets and Liabilities".

GASB Statement 60 addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The requirements of this Statement are effective for periods beginning after December 15, 2011 and have been implemented by the City.

GASB Statement 62 objective is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICIPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for periods beginning after December 15, 2011 and have been implemented by the City.

GASB Statement 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for periods beginning after December 15, 2011 and have been implemented by the City.

GASB Statement 64 has the objective of clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of this Statement are effective for periods beginning after June 15, 2011 and have been implemented by the City.

GASB Statement 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for periods beginning after December 15, 2012 and have been implemented by the City.

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

B. Change in Accounting Estimate

The City recognizes that certain capital assets including buildings should retain some amount of asset value and that other items that had fully depreciated were still in use. Salvage value has been added to newly capitalized assets since 2010. All remaining assets have been evaluated and salvage value has been added where applicable.

C. Restatement of Net Position

In the process of evaluating the City capital assets, it was realized that an error had been made in the calculation of depreciation for several of the Airport's assets. This correction is presented in the following table.

	Total Governmental	Airport	Total Business-Type	Total Government
Net Position Dec 31, 2011	\$ 67,195,751	\$ 3,533,678	\$ 28,932,489	\$ 96,128,240
Reduction in Accumulated Depreciation	-	184,537	184,537	184,537
Adjusted Net Position Dec 31, 2011	\$ 67,195,751	\$ 3,718,215	\$ 29,117,026	\$ 96,312,777

D. Fund Deficits

At December 31, 2012, the Airport fund had deficit net position-unrestricted of \$4,494,585. The Due to Other Funds amount represents long-term debt on behalf of the Airport fund paid by the General fund, the General Bond Retirement fund, the Sewer fund and the Capital Projects fund. The Airport fund has liabilities (due to other funds) in the amount of \$4,650,374, which consists of \$1,325,214 due to the General fund, \$3,143,247 to the General Bond Retirement fund, \$158,737 to the Sewer fund and \$23,176 to the Capital Projects fund. The Airport fund is ultimately responsible for its long-term debt based upon the intent of Council and the Administration of the City. This has not been possible due to insufficient revenue received by this Enterprise fund. The airport, when and if capable, will be required to repay all liabilities to other funds.

The Golf Course fund had deficit net position-unrestricted of \$812,680. The "Due to Other Funds" amount includes \$773,903 of advances from the General, General Bond Retirement and Capital Projects funds.

The Capital Projects fund had a deficit unassigned fund balance of \$2,215,480. A Notes Payable liability of \$5,625,000 remains.

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

NOTE 4: FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

FUND BALANCE	General Fund	Capital Projects	General Bond Retirement	Nonmajor Governmental Funds	Total
<u>Nonspendable</u>					
Interfund loans	\$ 1,360,214	\$ 28,176	\$ 0	\$ 0	\$ 1,388,390
Inventory	118,191	0	0	199,210	317,401
Prepays	2,278	0	0	0	2,278
Cemetery	0	0	0	262,752	262,752
Total Nonspendable	1,480,683	28,176	0	461,962	1,970,821
<u>Restricted for</u>					
Road and infrastructure	0	0	0	1,199,914	1,199,914
Recreation	0	0	0	146,575	146,575
Municipal Court	0	0	0	410,738	410,738
Police and Fire departments	0	0	0	76,764	76,764
Law Enforcement	0	0	0	21,427	21,427
Drug and Alcohol enforcement	0	0	0	338,470	338,470
Sidewalks and Trees	0	0	0	142,301	142,301
Street Lighting	0	0	0	462,272	462,272
Capital grant	0	8,225	0	0	8,225
Debt Service	0	0	4,563,414	326,017	4,889,431
Total Restricted	0	8,225	4,563,414	3,124,478	7,696,117
<u>Committed to</u>					
Capital improvements	0	371,992	0	0	371,992
Total Committed	0	371,992	0	0	371,992
<u>Assigned to</u>					
Compensated Absences	1,379,496	0	0	0	1,379,496
General Govt	399,439	0	0	0	399,439
Security of Persons	223,603	0	0	0	223,603
Public Health & Welfare	2,944	0	0	0	2,944
Community Environment	29,814	0	0	0	29,814
Leisure Activities	23,687	0	0	0	23,687
Basic Utilities	23,520	0	0	0	23,520
Total Assigned	2,082,503	0	0	0	2,082,503
Unassigned (Deficits)	7,362,945	(2,215,480)	0	0	5,147,465
Total Fund Balances	<u>\$ 10,926,131</u>	<u>\$ (1,807,087)</u>	<u>\$ 4,563,414</u>	<u>\$ 3,586,440</u>	<u>\$ 17,268,898</u>

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

NOTE 5: DEPOSITS AND INVESTMENTS

A. Deposits

State statutes require the classification of funds held by the City into three categories:

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

Inactive deposits are public funds not required for use within the current five year period of designation of depositories. Inactive deposits may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Interim deposits are public funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts.

B. Investments

The Finance Director is permitted to invest in any security authorized by the Ohio Revised Code, Section 135.14, or other relevant sections as amended. All investment procedures are conducted as specified in the Ohio Revised Code including, but not limited to, the collateralization of deposits and repurchase agreements. The maximum final maturity of any investment will be five years from the date of purchase. The City's investment practices have consistently protected the portfolio from unnecessary credit risk (safety) and market risks (liquidity) while providing a competitive yield. Generally only eligible investments with remaining terms of two years or less are purchased. Average days to maturity of the City's investments at December 31, 2012 was 515.

No derivative securities or investment "pools" with the exception of STAR Ohio will be permitted. STAR Ohio is an investment pool professionally managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The fund follows all state statutes from the Ohio Revised Code under the Uniform Depository Act. The fund is audited by the State of Ohio to ensure compliance with these laws.

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

Investments are permitted in the following securities:

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above;
- Bonds or other obligations of the State of Ohio;
- Certificates of deposits (collateralized as described below) in eligible institutions or savings or deposit accounts;
- No-load money market funds consisting exclusively of obligations described in division 1 or 2 of this section and repurchase agreements secured as described are made only through eligible institutions mentioned in Section 135.03 of the Ohio Revised Code;
- The State Treasury Asset Reserve Funds (STAR Ohio) as provided in Section 135.45 of the Ohio Revised Code;
- Bankers' acceptances and commercial paper, if trading requirements have been met.

The following disclosure is based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures".

Cash on Hand

At December 31, 2012, the City had \$5,520 in undeposited cash on hand, which is included on the balance sheet of the City as part of "Equity in City Treasury Cash and Investments".

Deposits

Custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned. The City's policy is to place deposits with major local banks approved by Council. All deposits except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities in amount equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the ORC is held in financial institution 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

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

collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the City.

At December 31, 2012, the carrying amount of the City's deposits was \$16,911,820 including restricted cash of \$672,731 and the bank balance was \$17,242,214. \$16,237,685 of the City's bank balance was covered by Federal Depository Insurance. \$1,004,529 was uninsured and collateralized with securities held by the pledging financial institutions trust department or agent in the City's name. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investments of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments

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

Investment Type	S&P Rating	Fair Value	Investment Maturities	
			Less than 1 Year	Greater than 2 Years
STAR Ohio	AAAm	\$ 204,221	\$ 204,221	\$ 0
FFCB	AA+/Aaa	1,004,000	0	1,004,000
Repurchase Agreements	AA+/Aaa	2,205,000	2,205,000	0
		<u>\$ 3,413,221</u>	<u>\$ 2,409,221</u>	<u>\$ 1,004,000</u>

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

Credit Risk: The credit risk of the City's investments is in the table above. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investments policy that would further limit its investment choices.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Agency notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk: The City Investment Policy places no limit on the amount it may invest in any one issuer. In 2012, the City's total investments in FFCB were 29.4%.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Other investments not specifically guaranteed by the U.S. government total 70.6% of the City's investments.

NOTE 6: INTERFUND TRANSFERS AND BALANCES

As of December 31, 2012, interfund transfers were as follows:

<i><u>Transfer To</u></i>	<i><u>Transfer From</u></i>			<i><u>Total</u></i>
	<i><u>General Fund</u></i>	<i><u>General Bond Retirement Fund</u></i>	<i><u>Nonmajor Governmental Funds</u></i>	
Capital Projects Fund	\$ 1,225,923	\$ 0	\$ 0	\$ 1,225,923
General Bond Retirement Fund	0	0	150,000	150,000
Golf Course	0	1,714,687	0	1,714,687
Nonmajor Governmental Funds	1,630,000	0	0	1,630,000
Total	<u>\$ 2,855,923</u>	<u>\$ 1,714,687</u>	<u>\$ 150,000</u>	<u>\$ 4,720,610</u>

The General fund transfers to the Capital Projects and Nonmajor Governmental funds were made to provide additional resources for current operations. The transfer from Nonmajor Governmental funds to the General Bond Retirement fund was for debt payments. The transfer from the General Bond Retirement fund to the Golf Course fund was for note repayment.

As of December 31, 2012, interfund balances were as follows:

	<i><u>Due from Other Funds</u></i>	<i><u>Due to Other Funds</u></i>
<i><u>Major Funds</u></i>		
General	\$ 1,360,214	\$ 14,574
Capital Projects	28,176	0
General Bond Retirement	3,877,150	0
Golf Course	2,225	773,903
Sewer	170,398	0
Airport	688	4,650,374
	<u>\$ 5,438,851</u>	<u>\$ 5,438,851</u>

The City has internal balances of \$5,250,966. This includes advances from the General fund for Airport and Golf Course operations. The General Bond Retirement fund balances are for Airport and Golf Course debt payments and the Capital Projects fund balances are for equipment purchases of the Airport and Golf enterprise funds. Remaining amounts are for reimbursements due from operations.

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

NOTE 7: BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balances 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 Balance – Budget (Non-GAAP Basis) and Actual for the General fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

- A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- B. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- C. Encumbrances are treated as expenditures (budget) rather than as a restricted, committed or assigned fund balance (GAAP).
- D. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- E. Investments are reported at cost (budget) rather than fair value (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budget basis statement for the General fund.

Net Change in Fund Balance	
GAAP Basis	\$ 345,236
Net Adjustment for Revenue Accruals	(716,095)
Fair Value Adjustment for Investments	(2,243)
Net Adjustment for Expenditure Accruals	541,144
Encumbrances	(607,789)
Current Expense Against Prior Year Encumbrances	616,819
Budget Basis	<u>\$ 177,072</u>

NOTE 8: RECEIVABLES

Receivables at December 31, 2012 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for user charged services).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

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

A. Property Taxes

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

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

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

The full tax rate for all City operations for the year ended December 31, 2012, was \$8.53 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

Real Property	\$643,687,570
Public Utility Tangible	\$11,503,430
Total	\$655,191,000

Real property taxes are payable annually or semiannually. The due date for the 2012 levy was February 19, 2013, for all or one half of the taxes due. The second half due date is July 17, 2013.

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

Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2012 and for which there is an enforceable legal claim. In General, Police Pension, Fire Pension, Recreation, Road and Bridge, and General Bond Retirement funds, the entire receivable has been offset by deferred inflows since the current taxes were not levied to finance 2012 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is a deferred inflow.

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

B. Municipal Income Taxes

The City levies a municipal income tax of 2 percent on all salaries, wages, commissions, and other compensation, and net profits earned within the City, as well as resident incomes earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality not to exceed the amount owed. All taxes are remitted to the Regional Income Tax Agency, acting as an agent of the City.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	
Property & Other Local Taxes	\$ 12,337
Estate Tax	200,036
Gasoline & Motor Vehicle Tax	491,019
Local Government	1,003,309
Charges for Service	43,053
Homestead and Rollback	167,918
Grants	3,960
Fines	177,494
Total Governmental	2,099,126
Business-Type Activities:	
Charges for Service	268,847
Grants	25,568
OWDA and OPWC	614,667
Total Business-Type	909,082
Total Intergovernmental Receivables	\$ 3,008,208

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

NOTE 9: CAPITAL ASSETS

A summary of changes in capital assets during 2012 follows:

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$7,747,042	\$0	\$0	\$7,747,042
Construction in Progress	4,693,514	45,727	0	4,739,241
<i>Total Capital Assets Not Being Depreciated</i>	<u>12,440,556</u>	<u>45,727</u>	<u>0</u>	<u>12,486,283</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	22,248,284	52,981	(5,970)	22,295,295
Improvements	13,797,763	54,008	(9,700)	13,842,071
Machinery and Equipment	10,648,585	1,066,907	(196,444)	11,519,048
Infrastructure:				
Roads	32,331,050	1,418,356	(805,202)	32,944,204
Sidewalks	1,152,961	0	0	1,152,961
Curbs & Gutters	985,795	0	0	985,795
Storm Sewers	10,799,774	0	0	10,799,774
Street Lights	41,948	0	0	41,948
Traffic Signals	1,754,581	0	0	1,754,581
Bridges	533,211	0	0	533,211
<i>Total Capital Assets Being Depreciated</i>	<u>94,293,952</u>	<u>2,592,252</u>	<u>(1,017,316)</u>	<u>95,868,888</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(7,639,100)	(569,840)	53,910	(8,155,030)
Improvements	(8,399,992)	(380,938)	23,546	(8,757,384)
Machinery and Equipment	(7,353,478)	(625,201)	348,838	(7,629,841)
Infrastructure:				
Roads	(11,329,205)	(2,204,073)	805,202	(12,728,076)
Sidewalks	(668,513)	(39,655)	0	(708,168)
Curbs & Gutters	(588,017)	(34,589)	0	(622,606)
Storm Sewers	(3,743,164)	(274,069)	4,105	(4,013,128)
Street Lights	(39,153)	(699)	0	(39,852)
Traffic Signals	(1,350,370)	(37,675)	44,833	(1,343,212)
Bridges	(125,746)	(9,964)	0	(135,710)
<i>Total Accumulated Depreciation</i>	<u>(41,236,738)</u>	<u>(4,176,703)</u>	<u>1,280,434</u>	<u>(44,133,007)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>53,057,214</u>	<u>(1,584,451)</u>	<u>263,118</u>	<u>51,735,881</u>
Total Government Activities Capital Assets, Net	<u>\$65,497,770</u>	<u>(\$1,538,724)</u>	<u>\$263,118</u>	<u>\$64,222,164</u>

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

NOTE 9: CAPITAL ASSETS (CONTINUED)

	Balance-Restated 01/01/12	Additions	Deletions	Balance 12/31/12
Business-Type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$10,008,483	\$0	\$0	\$10,008,483
Construction in Progress	1,137,796	15,225	(1,037,118)	115,903
<i>Total Capital Assets Not Being Depreciated</i>	<u>11,146,279</u>	<u>15,225</u>	<u>(1,037,118)</u>	<u>10,124,386</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	19,364,211	109,422	0	19,473,633
Improvements	44,976,821	2,374,025	(708,223)	46,642,623
Machinery and Equipment	4,753,136	168,804	(51,650)	4,870,290
<i>Total Capital Assets Being Depreciated</i>	<u>69,094,168</u>	<u>2,652,251</u>	<u>(759,873)</u>	<u>70,986,546</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(11,630,287)	(430,582)	82,879	(11,977,990)
Improvements	(20,890,614)	(1,111,611)	702,569	(21,299,656)
Machinery and Equipment	(2,928,089)	(186,507)	60,567	(3,054,029)
<i>Total Accumulated Depreciation</i>	<u>(35,448,990)</u>	<u>(1,728,700)</u>	<u>846,015</u>	<u>(36,331,675)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>33,645,178</u>	<u>923,551</u>	<u>86,142</u>	<u>34,654,871</u>
Total Business-Type Capital Assets, Net	<u><u>\$44,791,457</u></u>	<u><u>\$938,776</u></u>	<u><u>(\$950,976)</u></u>	<u><u>\$44,779,257</u></u>
*Depreciation expense was charged to governmental functions as follows:				
General Government				\$395,874
Security of Persons and Property				557,283
Public Health and Welfare				13,341
Community Environment				12,572
Leisure Time Activities				289,769
Transportation				2,498,492
Basic Utility Service				409,372
Total				<u><u>\$4,176,703</u></u>
Depreciation expense was charged to business-type activities as follows:				
Golf				\$147,506
Sewer				1,482,768
Airport				98,426
Total				<u><u>\$1,728,700</u></u>

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

NOTE 10: PENSION PLANS

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple-employer pension plans.

A. Ohio Public Employees Retirement System (OPERS)

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

- 1). **The Traditional Pension Plan (TP)** – a cost-sharing multiple-employer defined benefit pension plan.
- 2). **The Member-Directed Plan (MD)** – 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 member and (vested) employer contributions plus any investment earnings.
- 3). **The Combined Plan (CO)** – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

The City of Willoughby contributes to OPERS. OPERS provides retirement, disability, annual cost of living adjustments, survivor and death benefits to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by the state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 1-800-222-PERS (7377) or (614) 222-5601.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans (TP, MD and CO).

CITY OF WILLOUGHBY, OHIO
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Plan members, other than those engaged in law enforcement and public safety, are required to contribute 10 percent of their annual covered salary to fund pension obligations. For 2012, the City was required to contribute 14 percent of covered payroll. The City's contributions for all plans (TP, MD and CO) for the years 2012, 2011, and 2010 were \$1,180,275, \$ 1,227,368, and \$ 1,259,319 respectively. As of December 31, 2012, 90 percent of 2012's required contributions had been paid out, and 100 percent for the years 2011 and 2010.

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

The following information was provided by Ohio Police and Fire Pension Fund (OP&F) to assist the City in complying with GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

The City of Willoughby contributes to 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 information and required supplementary information for the plan. The report may be obtained by writing to OP&F at 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10.00 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.50 percent for police and 24.00 percent for firefighters. The City's contributions to OP&F for the years 2012, 2011 and 2010 were \$684,085, \$ 687,087 and \$714,847 for police and \$753,553, \$758,125, and \$751,647 for firefighters, respectively. As of December 31, 2012, only 73 percent of 2012's required contributions for both police and firefighters had been paid and 100 percent for the years 2011 and 2010.

NOTE 11: POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (OPERS)

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

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

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

The Ohio Revised Code permits, but does not 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.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, local government employer units contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

For 2012, the employer contributions allocated to the health care plan for members of the Traditional Plan was 4%. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05%. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1% for both plans, as recommended by the OPERS actuary. The City's actual contributions for the years 2012, 2011 and 2010 which were used to fund post-employment benefits were \$337,206, \$350,659 and \$458,151 respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The OPERS Retirement Board of Trustees adopted changes to the healthcare plan on September 19, 2012, with a transition plan to commence on January 1, 2014. With the recent passage of approved healthcare changes and SB343, OPERS expects to consistently allocate 4% of employer contributions toward the healthcare fund after the transition period.

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

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

Plan Description - The City of Willoughby contributes to the Ohio Police & Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. Healthcare benefits provided by OP&F include medical coverage, 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-retirement healthcare coverage for 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 healthcare coverage provided by OP&F meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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 the 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 IRS Code Section 115 trust and the other for Medicare Part B reimbursements administered under the Internal Revenue Code 401(h) account.

Both are within the defined benefit pension plan under the authority granted to the OP&F Board of Trustees by the Ohio Revised Code. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account for retiree health care benefits. For the year 2012, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F board of trustees also is authorized to establish requirements for contributions to the healthcare 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 WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

The City of Willoughby's contributions to OP&F for the years ending December 31, 2012, 2011, and 2010 were \$684,085, \$687,087, and \$714,847 for police and \$753,553, \$758,125, and \$751,647 for firefighters, respectively. The portion of the City's contributions that was used to pay post-employment benefits for 2012, 2011 and 2010 was \$236,693, \$244,688, and \$ 246,595 for police and \$211,748, \$220,546 and \$211,260 for firefighters, respectively. These amounts are calculated by multiplying actual employer contributions by the following factors: 0.346 for police contributions and 0.281 for firefighter contributions for the years 2010, 2011 and 2012.

NOTE 12: OTHER EMPLOYEE BENEFITS – COMPENSATED ABSENCES

A. Accumulated Unpaid Vacation

Each bargaining unit and the management staff earn vacation based upon length of service. Vacation should be used in the calendar year subsequent to the year earned, except that 40 hours vacation may be brought over to the following year. In the case of death, termination, or retirement, an employee (or his estate) is paid for any unused vacation.

B. Accumulated Unpaid Sick Leave

All full-time employees earn sick leave at a rate of 1.25 days for each completed full month of service. Sick leave is accumulated without limit. Upon retirement, an employee is entitled to receive payment for accumulated sick leave. The amount paid is based upon length of service with the maximum amount of accumulated sick leave being 960 hours. Employees with 15 years of service receive an additional amount of 20 percent for sick leave hours accumulated in excess of 960 hours for most City employees and 1195.2 hours for firefighters. Employees with 20 to 25 years of service receive an additional amount of 30 percent for sick leave accumulated in excess of 960 hours or 1195.2 for firefighters. With 25 years or more of service employees receive an additional amount of 40 percent for sick leave accumulated in excess of 960 hours or 1195.2 for firefighters.

C. Accumulated Unpaid Compensatory Time

Firefighters may accrue compensatory time to a maximum of 96 hours and police officers may accrue to a maximum of 180 hours. Communications clerks and operators may accrue a maximum of 120 hours of compensatory time.

NOTE 13: CONTRACTUAL COMMITMENTS

At December 31, 2012, the City's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining on Contract
·Madison-Skiff Sanitary Sewer Project	\$1,058,627	\$ 984,427	\$ 74,200
Total	\$1,058,627	\$984,427	\$ 74,200

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

NOTE 14: CONTINGENCIES, CLAIMS AND JUDGMENTS

A. Litigation

The City is subject to various types of claims including worker compensation and unemployment, damage to privately owned vehicles by government owned vehicles, improper police arrest, and claims relating to personal injuries and property damage. The City carries adequate insurance coverage for most risks including property damage and personal liability and estimates that any potential claims not covered by such insurance would not materially affect the financial statements.

B. Special Assessment/Enterprise Bonds

Special assessment bonds are being retired by assessments against the affected property owners. Special assessment bonds are nonetheless backed by the full faith and credit of the City. However, management does not foresee any circumstances that would change the source of funding for these bonds. In addition, options exist in the law to assist in protecting general tax dollars from the special assessment obligations should those assessed default.

General obligation bonds in the enterprise funds are being retired by use of revenues generated by those funds. As a result of lower golf revenues, a portion of the Golf Course debt is currently being paid by the General Bond Retirement Fund.

NOTE 15: OTHER COMMITMENTS

Water/Sewer Billing Agreement

The City has an agreement with the Lake County Board of Commissioners whereby the County provides the City with water treatment and distribution services. The County is responsible for billing and collecting water usage charges. In addition, the County collects, on behalf of the City, the City sanitary sewer charges. The County deducts an administrative charge for each billing and remits the net amount to the City of Willoughby.

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

NOTE 16: LONG-TERM OBLIGATIONS

The original issue date, maturity date, interest rate, and original issuance amount for each of the City's bonds follows:

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Governmental Activities:</u>				
<u>General Obligation Bonds Voted</u>				
Fire Station Refunding	2010	2024	2.0%-4.0%	\$ 4,160,000
<u>General Obligation Bonds Unvoted</u>				
Landfill and Erosion Control	1992	2012	3.0%-6.375%	1,601,148
Various Purpose Bond Refunding	2010	2016	1.5%-4.0%	1,075,000
Municipal Building Improvement Refunding	2012	2023	2.0%-4.0%	4,600,000
City Hall Improvement	2012	2032	1.0%-2.625%	3,200,000
Golf Course Improvement #2	2012	2032	1.0%-2.625%	1,710,000
<u>OPWC</u>				
Karen Isle Watermains	2001	2020	Interest Free	9,003
Brown Avenue Watermains	2001	2022	Interest Free	15,675
<u>Special Assessment Bonds</u>				
Biltmore Place	1995	2016	5.66%	464,000
<u>Other General Long - Term Liabilities</u>				
Police Pension Liability	1968	2035	4.25%	148,460
Landfill Postclosure Care	1994	2024		1,227,640

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

Long-Term Obligations (cont)

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Enterprise Fund G.O. Debt Sewer Bonds</u>				
Sewer 1992	1992	2012	3.0%-6.375%	\$ 1,343,852
Sewer 2012	2012	2032	1.0%-2.625%	1,600,000
<u>OPWC</u>				
Waldamere-Glenwood Sanitary Sewer	1997	2017	Interest Free	200,000
Vine Street Area Sanitary Sewer	2001	2022	Interest Free	223,351
Center-Wood Sanitary Sewer	2003	2024	Interest Free	78,505
Lakeshore Blvd	2007	2028	Interest Free	115,102
River Road Sanitary Sewer	2010	2030	Interest Free	57,574
Kirtland Road Sanitary Sewer	2011	2031	Interest Free	150,000
Madison Skiff Sanitary Sewer	2012	2033	Interest Free	150,000
<u>OWDA</u>				
Grove-Erie Sanitary Sewer	1994	2013	4.8%	639,009
Waldamere-Glenwood Sanitary Sewer	1997	2017	4.04%	305,320
Downtown Sanitary Sewer	2001	2020	3.91%	1,372,534
Highland-Maple-Wood Sanitary Sewer	2002	2022	3.53-3.99%	1,734,234
Center-Wood Sanitary Sewer	2003	2023	3.65%	974,020
Van Gorder Sewer Lining	2003	2023	4.78%	88,505
Lakeshore Blvd	2007	2027	3.34%	544,207
River Road Sanitary Sewer	2008	2029	3.30%	1,998,678
Vine and Trunk Sanitary Sewers	2010	2030	3.25%	327,067
WPCC SSES Facilities Plan Update	2010	2016	3.20%	435,235
Kirtland Road Sanitary Sewer	2011	2031	4.45%	559,572
Madison Skiff Sanitary Sewer	2012	2033	3.35%	885,117
<u>Airport Bonds</u>				
Airport Improvement	2012	2032	1.0%-2.625%	155,000
<u>Golf Bonds</u>				
Golf Course Improvement Refunding	2012	2019	1.0%-2.0%	835,000
Golf Course Improvement Refunding	2012	2022	1.0%-2.0%	1,165,000

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

Long-Term Obligations (cont)

Changes in long-term obligations of the City during 2012 were as follows:

	Balance 01/01/12	Increases	Decreases	Balance 12/31/12	Amounts Due Within One Year
Governmental Activities:					
<u>General Obligation Bonds Voted</u>					
Fire Station Refunding	\$ 3,930,000	\$ 0	\$ 260,000	\$ 3,670,000	\$ 260,000
Unamortized Premium	37,950	0	2,920	35,030	0
Subtotal - General Obligation Bonds Voted	3,967,950	0	262,920	3,705,030	260,000
<u>General Obligation Bonds Unvoted</u>					
Landfill and Erosion Control	81,550	0	81,550	0	0
Various Purpose Bond Refunding	905,000	0	175,000	730,000	175,000
Municipal Building Improvement-2003	4,495,000	0	4,495,000	0	0
Municipal Building Improvement Refunding-2012	0	4,600,000	35,000	4,565,000	375,000
Unamortized Premium	0	236,352	13,569	222,783	0
City Hall Improvement-2012	0	3,200,000	0	3,200,000	125,000
Golf Course Improvement #2-2012	0	1,710,000	0	1,710,000	70,000
Unamortized Premium	0	118,001	1,476	116,525	0
OPWC					
Karen Isle Watermains	4,051	0	450	3,601	450
Brown Avenue Watermains	8,622	0	784	7,838	784
Subtotal - General Obligation Bonds Unvoted	5,494,223	9,864,353	4,802,829	10,555,747	746,234
Total Government Fund General Obligation Bonds	9,462,173	9,864,353	5,065,749	14,260,777	1,006,234
<u>Special Assessment Bonds</u>					
Biltmore Place	170,000	0	30,000	140,000	35,000
Subtotal - Special Assessment Bonds	170,000	0	30,000	140,000	35,000
<u>Other General Long Term Liabilities</u>					
Police Pension Liability	109,125	0	2,815	106,310	2,935
Landfill Postclosure Care	775,437	0	47,481	727,956	49,319
Compensated Absences	5,643,084	1,258,973	1,309,954	5,592,103	1,462,236
Subtotal - Other	6,527,646	1,258,973	1,360,250	6,426,369	1,514,490
General Long -Term Liabilities	6,527,646	1,258,973	1,360,250	6,426,369	1,514,490
Subtotal Governmental Activities	\$ 16,159,819	\$ 11,123,326	\$ 6,455,999	\$ 20,827,146	\$ 2,555,724

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

Long-Term Obligations (cont)

	Balance 01/01/12	Increases	Decreases	Balance 12/31/12	Amounts Due Within One Year
Business-Type Activities:					
<u>Enterprise Fund General Obligation</u>					
<u>Debt - Sewer Bonds</u>					
Sewer 1992	\$ 68,450	\$ 0	\$ 68,450	\$ 0	\$ 0
Sewer 2012	0	1,600,000	0	1,600,000	65,000
<u>OPWC</u>					
Waldamere-Glenwood Sanitary Sewer	55,000	0	10,000	45,000	10,000
Vine Street Area Sanitary Sewer	114,222	0	10,384	103,838	10,384
Center-Wood Sanitary Sewer	51,029	0	3,925	47,104	3,925
Lakeshore Blvd	97,836	0	5,755	92,081	5,755
River Road Sanitary Sewer	54,695	0	4,318	50,377	2,879
Kirtland Road Sanitary Sewer	68,527	81,473	3,750	146,250	7,500
Madison Skiff Sanitary Sewer	0	120,359	0	120,359	0
<u>OWDA</u>					
Grove-Erie Sanitary Sewer	94,396	0	46,073	48,323	48,323
Waldamere-Glenwood Sanitary Sewer	109,493	0	18,159	91,334	18,900
Downtown Sanitary Sewer	749,247	0	70,949	678,298	73,750
Highland-Maple-Wood Sanitary Sewer	1,119,848	0	82,982	1,036,866	86,311
Center-Wood Sanitary Sewer	666,084	0	45,141	620,943	46,803
Van Gorder Sewer Lining	62,653	0	3,973	58,680	4,166
Lakeshore Blvd	446,453	0	23,774	422,679	24,575
River Road Sanitary Sewer	1,796,002	0	78,404	1,717,598	81,013
Vine and Trunk Sanitary Sewers	302,876	0	24,983	277,893	25,802
WPCC SSES Facilities Plan Update	381,469	4,532	110,126	275,875	113,678
Kirtland Road Sanitary Sewer	532,944	26,628	8,821	550,751	18,235
Madison Skiff Sanitary Sewer	0	885,177	0	885,177	0
Subtotal - Sewer Bonds	6,771,224	2,718,169	619,967	8,869,426	646,999
<u>Airport Bonds</u>					
Airport Improvement	0	155,000	0	155,000	5,000
Subtotal - Airport Bonds	0	155,000	0	155,000	5,000
<u>Golf Bonds</u>					
Golf Course Improvement-2002	2,080,000	0	2,080,000	0	0
Golf Course Improvement Refunding-2012	0	835,000	0	835,000	115,000
Golf Course Improvement Refunding-2012	0	1,165,000	0	1,165,000	60,000
Subtotal - Golf Bonds	2,080,000	2,000,000	2,080,000	2,000,000	175,000
Total Bonds Payable	8,851,224	4,873,169	2,699,967	11,024,426	826,999
<u>Other Liabilities</u>					
Compensated Absences	706,251	161,396	101,043	766,604	204,796
Subtotal Business-Type Activities	9,557,475	5,034,565	2,801,010	11,791,030	1,031,795
Total Long-Term Liabilities	\$ 25,717,294	\$ 16,157,891	\$ 9,257,009	\$ 32,618,176	\$ 3,587,519

General Obligation Bonds – The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. Bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from both voted and unvoted general property taxes levied on all taxable property located within the City. Tax

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

monies will be received in and the debt will be retired from the General Bond Retirement fund.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	General Obligation Bonds			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 1,005,000	\$ 352,821	\$ 245,000	\$ 76,643
2014	1,070,000	310,679	255,000	62,318
2015	1,080,000	284,228	260,000	59,770
2016	1,095,000	256,579	265,000	57,169
2017	925,000	224,829	265,000	54,518
2018-2022	4,970,000	790,514	1,485,000	203,244
2023-2027	2,310,000	295,181	465,000	92,543
2028-2032	1,420,000	108,888	515,000	39,157
Total	\$ 13,875,000	\$ 2,623,719	\$ 3,755,000	\$ 645,362

Special Assessment Bonds – Special assessment bonds are payable from the proceeds of assessments against the specific property owners who primarily benefited from the project. Special assessment monies will be received in and the debt will be retired from the Special Assessment Debt Service fund. In the event that property owners fail to make their special assessment payments, the City is responsible for providing the resources to meet the annual principal and interest payments.

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending December 31	Special Assessment	
	Governmental Activities	
	Principal	Interest
2013	\$ 35,000	\$ 8,190
2014	35,000	6,142
2015	35,000	4,096
2016	35,000	2,048
Total	\$ 140,000	\$ 20,476

Other Long-Term Obligations – Compensated absences will be paid from the fund in which the employee’s salary is paid. The General fund pays the most significant amounts. Enterprise funds pay for all of their employee costs including retirements. Police Pension liability is paid from the Police Pension fund. See Note 19 for further detail on landfill liability.

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

The City's legal debt margin at December 31, 2012 was \$68,795,055. Annual debt service requirements to maturity for other debt are as follows:

Year Ending December 31	Other Debt				
	Governmental Activities			Business-type Activities	
	Police Pension Liability		O.P.W.C.	O.W.D.A. & O.P.W.C.	
	Principal	Interest	Principal	Principal	Interest
2013	\$ 2,935	\$ 4,487	\$ 1,234	\$ 581,999	\$ 226,945
2014	3,062	4,362	1,234	596,842	242,278
2015	3,192	4,230	1,234	535,896	222,417
2016	3,331	4,093	1,234	516,790	201,827
2017	3,474	3,949	1,234	513,367	183,525
2018-2022	19,738	17,376	5,269	2,529,193	653,466
2023-2027	24,358	12,758	0	1,363,781	303,027
2028-2032	30,057	7,059	0	631,558	80,575
2033-2037	16,163	986	0	0	0
Total	\$ 106,310	\$ 59,300	\$ 11,439	\$ 7,269,426	\$ 2,114,060

NOTE 17: CONDUIT DEBT

The City of Willoughby is party to certain conduit debt obligations:

TYPE	ON BEHALF OF	ORIGINAL AMOUNT	OUTSTANDING BALANCE	YEAR OF ISSUE
Multi-Family Housing Mortgage Revenue Bonds	Oakhill Village	\$5,955,000	\$5,955,000	2002A
	Oakhill Village	\$3,395,000	\$1,865,000	2002B
Industrial Development Revenue Bonds	Kennedy Group	\$6,500,000	\$1,795,000	1998
Industrial Development Revenue Refunding Bonds	Ohio Presbyterian Retirement Services	\$8,200,000	\$2,595,000	1996

Although conduit debt obligations bear the name of the City of Willoughby, the City has no responsibility for principal and interest payments of these issues.

NOTE 18: NOTES PAYABLE

The Ohio Revised Code provides that notes and renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than

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

the principal maturities required if the bonds had been issued at the expiration of the initial five year period.

The following general obligation notes were payable at December 31, 2012:

Notes	Maturity Date	Balance December 31, 2011	Issued	Retired	Balance December 31, 2012
Capital Projects Note Payable: 1%	Aug 9, 2013	\$8,693,000	\$5,625,000	\$8,693,000	\$5,625,000
Golf Improvement Note Payable: 1%		\$1,703,000	\$0	\$1,703,000	\$0
Sewer Improvement Note Payable: 1%		\$1,580,000	\$0	\$1,580,000	\$0
Airport Improvement Note Payable: 1%		\$154,000	\$0	\$154,000	\$0
Total Notes Payable		<u>\$12,130,000</u>	<u>\$5,625,000</u>	<u>\$12,130,000</u>	<u>\$5,625,000</u>

NOTE 19: LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The City's landfill placed its final cover in 1995. The \$727,956 reported as Landfill Postclosure Care at December 31, 2012 represents estimated cost of maintenance and monitoring through 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. Financial assurances may take the form of financial test and corporate guarantee. The financial test on the closure and postclosure care financial assurance requirements was performed during the audit period.

NOTE 20: INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to property and casualty, general liability, workers' compensation, and employee health and dental benefits.

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

The City has contracted with a commercial insurance company to provide property and liability insurance with the following claim limits and deductibles.

Coverage	Company	Claim Limit	Deductible
General Liability	Selective Insurance	\$1,000,000	\$ 0
Public Officials Liability	Scottsdale Indemnity Company	2,000,000	25,000
Law Enforcement Liability	Scottsdale Indemnity Company	1,000,000	10,000
Commercial Property	Selective Insurance	75,151,132	25,000
Commercial Crime	Selective Insurance	10,000	250
Equipment Breakdown	Travelers Insurance	75,151,132	25,000
Automobile Liability	Selective Insurance	1,000,000	0
Automobile Comprehensive	Selective Insurance	Per Schedule	1,000/2,000
Automobile Collision	Selective Insurance	Per Schedule	1,000/2,000
Excess General Liability (Umbrella)	Selective Insurance	10,000,000	10,000
Fire Errors and Omissions	Selective Insurance	1,000,000	0
Ambulance Malpractice	Selective Insurance	1,000,000	0
Blanket Bond	Selective Insurance	100,000	2,500
Bond-Finance Director	State Automobile Mutual Insurance Company	40,000	0

The City provides health care insurance through a commercial insurance company. There has been no significant reduction in insurance coverage from coverage in prior years. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 21: JOINT ORGANIZATION

Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Willoughby did not contribute to NOPEC during 2012. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

***Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balances ~ Budget (Non-GAAP Basis)
and Actual For Major Funds***

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Municipal Income Taxes	\$ 15,002,901	\$ 15,002,901	\$ 15,867,628	\$ 864,727
Property and Other Local Taxes	1,757,104	1,757,104	1,837,980	80,876
Intergovernmental	1,962,711	1,962,711	2,233,754	271,043
Charges for Services	1,191,350	1,191,350	1,291,255	99,905
Fines and Forfeitures	2,109,700	2,109,700	2,039,705	(69,995)
Licenses and Permits	234,000	234,000	249,476	15,476
Interest	125,000	125,000	88,223	(36,777)
Miscellaneous	120,000	120,000	112,500	(7,500)
Total Revenues	22,502,766	22,502,766	23,720,521	1,217,755
EXPENDITURES:				
Government:				
Legislative -Council				
Personal Services	107,485	107,485	100,364	7,121
Services and Supplies	11,200	11,200	10,549	651
Total Legislative -Council	118,685	118,685	110,913	7,772
Judicial -Municipal Court				
Personal Services	2,040,549	2,040,549	1,804,092	236,457
Services and Supplies	153,500	153,500	132,084	21,416
Other	10,000	10,000	0	10,000
Total Judicial-Municipal Court	2,204,049	2,204,049	1,936,176	267,873
Executive-Mayor				
Personal Services	15,406,010	15,406,010	14,781,274	624,736
Services and Supplies	5,334,028	5,334,028	4,021,613	1,312,415
Other	90,000	90,000	74,058	15,942
Total Executive-Mayor	20,830,038	20,830,038	18,876,945	1,953,093
Total Expenditures	23,152,772	23,152,772	20,924,034	2,228,738
Excess of Revenues Over				
(Under) Expenditures	(650,006)	(650,006)	2,796,487	3,446,493
OTHER FINANCING SOURCES (USES):				
Transfers Out	(1,655,923)	(2,855,923)	(2,855,923)	0
Other	55,000	55,000	236,508	181,508
Total Other Financing Sources (Uses)	(1,600,923)	(2,800,923)	(2,619,415)	181,508
NET CHANGE IN FUND BALANCE	(2,250,929)	(3,450,929)	177,072	3,628,001
FUND BALANCE BEGINNING OF YEAR	5,339,674	5,339,674	5,339,674	0
Prior Year Encumbrances Appropriated	45,112	45,112	45,112	0
FUND BALANCE END OF YEAR	\$ 3,133,857	\$ 1,933,857	\$ 5,561,858	\$ 3,628,001

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$105,000	\$105,000	\$111,986	\$6,986
Intergovernmental	0	215,183	218,424	3,241
Interest Income	0	0	5	5
Other	<u>0</u>	<u>0</u>	<u>7,067</u>	<u>7,067</u>
Total Revenues	<u>105,000</u>	<u>320,183</u>	<u>337,482</u>	<u>17,299</u>
EXPENDITURES:				
Executive-Mayor				
Capital Outlay	2,256,303	2,523,599	1,575,272	948,327
Debt Service				
Principal Retirement	8,693,000	8,693,000	8,693,000	0
Interest	86,930	86,930	86,930	
Bond Issuance Costs	<u>0</u>	<u>30,620</u>	<u>30,620</u>	<u>0</u>
Total Expenditures	<u>11,036,233</u>	<u>11,334,149</u>	<u>10,385,822</u>	<u>948,327</u>
Excess of Revenues Over (Under) Expenditures	(10,931,233)	(11,013,966)	(10,048,340)	965,626
OTHER FINANCING SOURCES (USES):				
Bonds Issued	0	3,200,000	3,200,000	0
Notes Issued	8,779,930	5,610,550	5,625,000	14,450
Transfers In	<u>25,923</u>	<u>1,225,923</u>	<u>1,225,923</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>8,805,853</u>	<u>10,036,473</u>	<u>10,050,923</u>	<u>14,450</u>
NET CHANGE IN FUND BALANCE	(2,125,380)	(977,493)	2,583	980,076
FUND BALANCE BEGINNING OF YEAR	3,344,964	3,344,964	3,344,964	<u>0</u>
Prior Year Encumbrances Appropriated	<u>25,845</u>	<u>25,845</u>	<u>25,845</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$1,245,429</u>	<u>\$2,393,316</u>	<u>\$3,373,392</u>	<u>\$980,076</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL
GENERAL BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$925,687	\$925,687	\$935,231	\$9,544
Intergovernmental	80,399	80,399	189,216	108,817
Total Revenues	<u>1,006,086</u>	<u>1,006,086</u>	<u>1,124,447</u>	<u>118,361</u>
EXPENDITURES:				
Executive-Mayor				
Personal Services	13,000	13,000	13,000	0
Services and Supplies	23,000	23,000	11,455	11,545
Debt Service				
Principal Retirement	812,786	2,515,786	2,255,784	260,002
Interest	401,874	418,904	266,749	152,155
Bond Issuance Costs	0	183,000	198,674	(15,674)
Total Expenditures	<u>1,250,660</u>	<u>3,153,690</u>	<u>2,745,662</u>	<u>408,028</u>
Excess of Revenues Over (Under) Expenditures	(244,574)	(2,147,604)	(1,621,215)	526,389
OTHER FINANCING SOURCES (USES):				
Refunding Bonds Issued	4,750,000	4,800,000	4,600,000	(200,000)
Refunding Bonds Premium	0	0	236,352	236,352
Notes Premium	0	0	38,758	38,758
Bonds Issued	0	1,710,000	1,710,000	0
Bonds Premium	0	0	118,001	118,001
Payment to Refunding Bonds Escrow Agent	(4,750,000)	(4,600,000)	(4,594,158)	5,842
Transfer In	300,000	300,000	150,000	(150,000)
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>2,210,000</u>	<u>2,258,953</u>	<u>48,953</u>
NET CHANGE IN FUND BALANCE	55,426	62,396	637,738	575,342
FUND BALANCE BEGINNING OF YEAR	<u>42,000</u>	<u>42,000</u>	<u>42,000</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$97,426</u>	<u>\$104,396</u>	<u>\$679,738</u>	<u>\$575,342</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET (Non-GAAP Basis) AND ACTUAL
GOLF COURSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Charges for Services	\$846,500	\$867,500	\$925,279	\$57,779
Interest Income	0	0	1	1
Other	<u>0</u>	<u>0</u>	<u>863</u>	<u>863</u>
Total Revenues	<u>846,500</u>	<u>867,500</u>	<u>926,143</u>	<u>58,643</u>
EXPENSES:				
Executive-Mayor				
Leisure Time Activities				
Personal Services	414,212	421,212	412,497	8,715
Services and Supplies	306,955	327,955	319,690	8,265
Capital Outlay	25,859	25,859	23,394	2,465
Debt Service				
Principal Retirement	145,000	145,000	145,000	0
Bond Issuance Costs	<u>0</u>	<u>0</u>	<u>22,527</u>	<u>(22,527)</u>
Total Expenses	<u>892,026</u>	<u>920,026</u>	<u>923,108</u>	<u>(3,082)</u>
Excess of Revenues Over (Under) Expenses	(45,526)	(52,526)	3,035	55,561
OTHER FINANCING SOURCES (USES):				
Sale of Refunding Bonds	0	2,000,000	2,000,000	0
Payment to Refunding Bonds Escrow Agent	0	(2,000,000)	(1,977,473)	22,527
Other	<u>0</u>	<u>0</u>	<u>1,597</u>	<u>1,597</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>24,124</u>	<u>24,124</u>
NET CHANGE IN FUND EQUITY	(45,526)	(52,526)	27,159	79,685
FUND EQUITY BEGINNING OF YEAR	53,249	53,249	53,249	0
Prior Year Encumbrances Appropriated	<u>1,428</u>	<u>1,428</u>	<u>1,428</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$9,151</u>	<u>\$2,151</u>	<u>\$81,836</u>	<u>\$79,685</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental	\$307,394	\$307,394	\$284,609	(\$22,785)
Charges for Services	4,927,500	4,927,500	5,158,579	231,079
Interest Income	2,500	2,500	563	(1,937)
Other	<u>155,000</u>	<u>155,000</u>	<u>176,048</u>	<u>21,048</u>
Total Revenues	<u>5,392,394</u>	<u>5,392,394</u>	<u>5,619,799</u>	<u>227,405</u>
EXPENSES:				
Executive-Mayor				
Basic Utility Service				
Personal Services	2,360,707	2,360,707	2,279,824	80,883
Services and Supplies	1,105,550	1,105,550	1,055,780	49,770
Other	150,000	150,000	150,000	0
Capital Outlay	2,320,529	2,320,529	1,515,217	805,312
Debt Service				
Principal Retirement	2,199,966	2,199,966	2,199,968	(2)
Interest	254,007	254,007	254,004	3
Bond Issuance Costs	<u>0</u>	<u>0</u>	<u>4,200</u>	<u>(4,200)</u>
Total Expenses	<u>8,390,759</u>	<u>8,390,759</u>	<u>7,458,993</u>	<u>931,766</u>
Excess of Revenues Over (Under) Expenses	(2,998,365)	(2,998,365)	(1,839,194)	1,159,171
OTHER FINANCING SOURCES (USES):				
Sale of Debt	3,677,739	3,728,774	2,770,190	(958,584)
Sale of Note	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Total Other Financing Sources (Uses)	<u>3,682,739</u>	<u>3,733,774</u>	<u>2,770,190</u>	<u>(963,584)</u>
NET CHANGE IN FUND EQUITY	684,374	735,409	930,996	195,587
FUND EQUITY BEGINNING OF YEAR	419,799	419,799	419,799	0
Prior Year Encumbrances Appropriated	<u>320,702</u>	<u>320,702</u>	<u>320,702</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$1,424,875</u>	<u>\$1,475,910</u>	<u>\$1,671,497</u>	<u>\$195,587</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET (Non-GAAP Basis) AND ACTUAL
AIRPORT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Charges for Services	\$23,350	\$23,350	\$21,669	(\$1,681)
Interest Income	0	0	28	28
Rental	<u>150,000</u>	<u>150,000</u>	<u>153,474</u>	<u>3,474</u>
Total Revenues	<u>173,350</u>	<u>173,350</u>	<u>175,171</u>	<u>1,821</u>
EXPENSES:				
Executive-Mayor				
Transportation				
Personal Services	128,293	133,293	129,365	3,928
Services and Supplies	70,625	70,625	45,148	25,477
Capital Outlay	30,000	25,000	0	25,000
Debt Service				
Principal Retirement	154,000	154,000	154,000	0
Interest	<u>1,540</u>	<u>1,540</u>	<u>1,540</u>	<u>0</u>
Total Expenses	<u>384,458</u>	<u>384,458</u>	<u>330,053</u>	<u>54,405</u>
Excess of Revenues Over (Under) Expenses	<u>(211,108)</u>	<u>(211,108)</u>	<u>(154,882)</u>	<u>56,226</u>
OTHER FINANCING SOURCES (USES):				
Sale of Bonds	155,000	155,000	155,000	0
Other	0	0	<u>725</u>	<u>725</u>
Total Other Financing Sources (Uses)	<u>155,000</u>	<u>155,000</u>	<u>155,725</u>	<u>725</u>
NET CHANGE IN FUND EQUITY	(56,108)	(56,108)	843	56,951
FUND EQUITY BEGINNING OF YEAR	142,461	142,461	142,461	0
Prior Year Encumbrances Appropriated	<u>77</u>	<u>77</u>	<u>77</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$86,430</u>	<u>\$86,430</u>	<u>\$143,381</u>	<u>\$56,951</u>

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Funds

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues from specific sources which legally, or otherwise are restricted to expenditures for specific purposes.

Fire Pension Fund - to account for the accumulation of property taxes levied for the partial payment of the current liability for firefighters' pension.

Police Pension Fund - to account for the accumulation of property taxes levied for the partial payment of the current and accrued liability for police pension. Amounts collected for the police and fire pensions are periodically remitted to the Ohio Police and Fire Pension Fund.

Law Enforcement Fund – Established by the Ohio Revised Code to account for revenue received from fines and seizures to assist the department in combating drug activities and to provide Community Prevention Education.

Recreation Fund - to account for the accumulation of voted property tax for the purpose of recreation programs.

Street Construction Maintenance and Repair Fund - required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

State Highway Fund - required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

Road & Bridge Fund – to account for revenue received from taxes and other sources to pay for the cost of road and bridge maintenance and improvements.

Corporate Maintenance Fund – to assess small projects that occur during the year, but are neither a regular occurrence nor a long-term project. This may include sidewalks, demolitions, noxious weeds and lot clean up.

Enforcement and Education Fund - required by the Ohio Revised Code to account for fines received and distributed as a result of convictions pertaining to the operation of a motor vehicle while under the influence of alcohol or drugs. Funds may be used to pay cost increases in enforcing this or similar laws.

Indigent Drivers Treatment Fund - required by the Ohio Revised Code to account for fines received as a result of convictions pertaining to operation of a motor vehicle while under the influence of alcohol or drugs. Funds may be used to secure treatment of indigent defendants at the discretion of the Municipal Court Judge.

Court Computer Fund - the Municipal Court has established this fund for the purpose of acquisition, improvement, replacement or repair of court technology capital assets and for related staff training. These funds are collected from additional court costs levied on each case.

General Special Projects Fund - the Municipal Court has established this fund for the purpose of special projects as determined by the judge and for partial payment of debt related to the Municipal Court building. These funds are collected from additional court costs levied on each case.

Special Projects DUI Fund - the Municipal Court has established this fund for the purpose of special projects as outlined by the Ohio Revised Code. These funds are collected from additional court costs levied on each case.

Urban Forest Management Fund – the City originally established this fund to account for a matching fund grant from the State of Ohio. Currently only funds from tree planting fees are being recorded here. The funds are used to buy inventory and provide trees throughout the City.

Victims Assistance Fund - to account for grant funds provided by the State of Ohio with matching funds from the City. These funds provide services to victims of crime.

Police Continuing Professional Training Fund - to account for revenue received from the State of Ohio for the purpose of providing continuing professional training for police officers.

Street Lighting Fund – to account for the .8 mill rate the City assesses on all real property to provide city wide public street lights. These funds are collected in the same manner as other assessments by the Lake County Treasurer.

Railroad Grade Crossing Fund – to account for fines received and expenditures for crossing improvements. This is a state mandated fund. There has been no activity therefore there are no financial statement presentations in 2012.

NONMAJOR DEBT SERVICE FUND

Special Assessments Fund - to accumulate special revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of special assessment bonds and coupons. These bonds and coupons were sold to finance construction of various projects that were deemed to benefit only those residents and/or businesses in the immediate area of the project and are paid for through assessments against their property.

PERMANENT FUND

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Care Fund - was established to hold and invest all perpetual care deposits made from the sale of lots in the cemetery. The earnings from the Cemetery Care Fund are to be used to maintain the two City of Willoughby cemeteries.

CITY OF WILLOUGHBY, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2012

	NONMAJOR SPECIAL REVENUE FUNDS	SPECIAL ASSESSMENTS DEBT SERVICE FUND	CEMETERY CARE PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Equity in City Treasury Cash and Investments	\$2,993,900	\$326,017	\$262,032	\$3,581,949
Inventory - Supplies	199,210	0	0	199,210
Accounts Receivable	1,505	0	720	2,225
Due from Other Governments	597,479	0	0	597,479
Taxes Receivable	1,478,323	0	0	1,478,323
Special Assessments Receivable	<u>600,411</u>	<u>178,928</u>	<u>0</u>	<u>779,339</u>
Total Assets	<u>5,870,828</u>	<u>504,945</u>	<u>262,752</u>	<u>6,638,525</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$5,870,828</u>	<u>\$504,945</u>	<u>\$262,752</u>	<u>\$6,638,525</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$192,751	\$0	\$0	\$192,751
Salaries, Wages & Benefits Payable	118,241	0	0	118,241
Due to Other Governments	<u>160</u>	<u>0</u>	<u>0</u>	<u>160</u>
Total Liabilities	<u>311,152</u>	<u>0</u>	<u>0</u>	<u>311,152</u>
Deferred Inflows of Resources:				
Property Taxes	1,349,119	0	0	1,349,119
Unavailable Revenue- Grants and Entitlements	483,271	0	0	483,271
Unavailable Revenue-Special Assessments	600,411	178,928	0	779,339
Unavailable Revenue- Delinquent Property Taxes	<u>129,204</u>	<u>0</u>	<u>0</u>	<u>129,204</u>
Total Deferred Inflows of Resources	<u>2,562,005</u>	<u>178,928</u>	<u>0</u>	<u>2,740,933</u>
Fund Balances:				
Nonspendable	199,210	0	262,752	461,962
Restricted	<u>2,798,461</u>	<u>326,017</u>	<u>0</u>	<u>3,124,478</u>
Total Fund Balances	<u>2,997,671</u>	<u>326,017</u>	<u>262,752</u>	<u>3,586,440</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$5,870,828</u>	<u>\$504,945</u>	<u>\$262,752</u>	<u>\$6,638,525</u>

CITY OF WILLOUGHBY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	NONMAJOR SPECIAL REVENUE FUNDS	SPECIAL ASSESSMENTS DEBT SERVICE FUND	CEMETERY CARE PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Property and Other Local Taxes	\$1,567,739	\$0	\$0	\$1,567,739
Intergovernmental	1,413,216	0	0	1,413,216
Charges for Services	279,527	0	13,360	292,887
Special Assessments	607,408	43,809	0	651,217
Fines and Forfeitures	416,400	0	0	416,400
Miscellaneous	<u>15,938</u>	<u>0</u>	<u>0</u>	<u>15,938</u>
Total Revenues	<u>4,300,228</u>	<u>43,809</u>	<u>13,360</u>	<u>4,357,397</u>
EXPENDITURES:				
Current:				
General Government	233,384	1,276	0	234,660
Security of Persons and Property	2,115,546	0	0	2,115,546
Community Environment	40,721	0	0	40,721
Leisure Time Activities	920,242	0	0	920,242
Transportation	1,195,685	0	0	1,195,685
Capital Outlay	1,426,156	0	0	1,426,156
Debt Service:				
Principal	0	30,000	0	30,000
Interest	<u>0</u>	<u>9,945</u>	<u>0</u>	<u>9,945</u>
Total Expenditures	<u>5,931,734</u>	<u>41,221</u>	<u>0</u>	<u>5,972,955</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,631,506)	2,588	13,360	(1,615,558)
OTHER FINANCING SOURCES (USES):				
Transfers In	1,630,000	0	0	1,630,000
Transfers (Out)	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,480,000</u>	<u>0</u>	<u>0</u>	<u>1,480,000</u>
NET CHANGE IN FUND BALANCES	(151,506)	2,588	13,360	(135,558)
FUND BALANCES BEGINNING OF YEAR	3,062,294	323,429	249,392	3,635,115
INCREASE IN RESERVE				
FOR INVENTORY	<u>86,883</u>	<u>0</u>	<u>0</u>	<u>86,883</u>
FUND BALANCES END OF YEAR	<u>\$2,997,671</u>	<u>\$326,017</u>	<u>\$262,752</u>	<u>\$3,586,440</u>

CITY OF WILLOUGHBY, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2012

	FIRE PENSION	POLICE PENSION	LAW ENFORCEMENT	RECREATION	STREET CONSTRUCTION MAINTENANCE AND REPAIR	STATE HIGHWAY	ROAD & BRIDGE	CORPORATE MAINTENANCE	ENFORCEMENT & EDUCATION
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
Assets:									
Equity in City Treasury Cash and Investments	\$53,238	\$66,803	\$21,427	\$176,802	\$538,602	\$47,096	\$700,010	\$72,437	\$18,970
Inventory - Supplies	0	0	0	0	199,210	0	0	0	0
Accounts Receivable	0	0	0	79	232	0	0	1,194	0
Due from Other Governments	7,389	7,389	0	2,451	458,305	36,826	54,731	0	85
Taxes Receivable	163,626	163,626	0	71,176	0	0	1,079,895	0	0
Special Assessments Receivable	0	0	0	0	0	0	0	22,861	0
Total Assets	<u>224,253</u>	<u>237,818</u>	<u>21,427</u>	<u>250,508</u>	<u>1,196,349</u>	<u>83,922</u>	<u>1,834,636</u>	<u>96,492</u>	<u>19,055</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
	<u>\$224,253</u>	<u>\$237,818</u>	<u>\$21,427</u>	<u>\$250,508</u>	<u>\$1,196,349</u>	<u>\$83,922</u>	<u>\$1,834,636</u>	<u>\$96,492</u>	<u>\$19,055</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$0	\$0	\$0	\$9,930	\$72,310	\$0	\$63,824	\$0	\$0
Salaries, Wages & Benefits Payable	33,222	28,970	0	20,216	33,712	0	0	0	0
Due to Other Governments	0	0	0	160	0	0	0	0	0
Total Liabilities	<u>33,222</u>	<u>28,970</u>	<u>0</u>	<u>30,306</u>	<u>106,022</u>	<u>0</u>	<u>63,824</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:									
Property Taxes	149,417	149,417	0	65,117	0	0	985,168	0	0
Unavailable Revenue- Grants and Entitlements	7,389	7,389	0	2,451	380,463	30,848	54,731	0	0
Unavailable Revenue-Special Assessments	0	0	0	0	0	0	0	22,861	0
Unavailable Revenue- Delinquent Property Taxes	14,209	14,209	0	6,059	0	0	94,727	0	0
Total Deferred Inflows of Resources	<u>171,015</u>	<u>171,015</u>	<u>0</u>	<u>73,627</u>	<u>380,463</u>	<u>30,848</u>	<u>1,134,626</u>	<u>22,861</u>	<u>0</u>
Fund Balances:									
Nonspendable	0	0	0	0	199,210	0	0	0	0
Restricted	20,016	37,833	21,427	146,575	510,654	53,074	636,186	73,631	19,055
Total Fund Balances	<u>20,016</u>	<u>37,833</u>	<u>21,427</u>	<u>146,575</u>	<u>709,864</u>	<u>53,074</u>	<u>636,186</u>	<u>73,631</u>	<u>19,055</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
	<u>\$224,253</u>	<u>\$237,818</u>	<u>\$21,427</u>	<u>\$250,508</u>	<u>\$1,196,349</u>	<u>\$83,922</u>	<u>\$1,834,636</u>	<u>\$96,492</u>	<u>\$19,055</u>



<u>INDIGENT DRIVERS TREATMENT</u>	<u>COURT COMPUTER</u>	<u>GENERAL SPECIAL PROJECTS</u>	<u>SPECIAL PROJECTS DUI</u>	<u>URBAN FOREST MANAGEMENT</u>	<u>VICTIMS ASSISTANCE</u>	<u>POLICE CONTINUING PROFESSIONAL TRAINING</u>	<u>STREET LIGHTING</u>	<u>TOTAL 2012</u>
\$317,279	\$259,150	\$22,407	\$105,546	\$68,670	\$15,065	\$2,235	\$508,163	\$2,993,900
0	0	0	0	0	0	0	0	199,210
0	0	0	0	0	0	0	0	1,505
2,136	11,532	10,490	2,185	0	3,960	0	0	597,479
0	0	0	0	0	0	0	0	1,478,323
0	0	0	0	0	0	0	577,550	600,411
<u>319,415</u>	<u>270,682</u>	<u>32,897</u>	<u>107,731</u>	<u>68,670</u>	<u>19,025</u>	<u>2,235</u>	<u>1,085,713</u>	<u>5,870,828</u>
\$319,415	\$270,682	\$32,897	\$107,731	\$68,670	\$19,025	\$2,235	\$1,085,713	\$5,870,828
\$0	\$448	\$124	\$0	\$0	\$25	\$199	\$45,891	\$192,751
0	0	0	0	0	2,121	0	0	118,241
0	0	0	0	0	0	0	0	160
0	448	124	0	0	2,146	199	45,891	311,152
0	0	0	0	0	0	0	0	1,349,119
0	0	0	0	0	0	0	0	483,271
0	0	0	0	0	0	0	577,550	600,411
0	0	0	0	0	0	0	0	129,204
0	0	0	0	0	0	0	577,550	2,562,005
0	0	0	0	0	0	0	0	199,210
<u>319,415</u>	<u>270,234</u>	<u>32,773</u>	<u>107,731</u>	<u>68,670</u>	<u>16,879</u>	<u>2,036</u>	<u>462,272</u>	<u>2,798,461</u>
<u>319,415</u>	<u>270,234</u>	<u>32,773</u>	<u>107,731</u>	<u>68,670</u>	<u>16,879</u>	<u>2,036</u>	<u>462,272</u>	<u>2,997,671</u>
<u>319,415</u>	<u>270,682</u>	<u>32,897</u>	<u>107,731</u>	<u>68,670</u>	<u>19,025</u>	<u>2,235</u>	<u>1,085,713</u>	<u>5,870,828</u>

CITY OF WILLOUGHBY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	FIRE PENSION	POLICE PENSION	LAW ENFORCEMENT	RECREATION	STREET CONSTRUCTION MAINTENANCE AND REPAIR	STATE HIGHWAY	ROAD & BRIDGE	CORPORATE MAINTENANCE	ENFORCEMENT & EDUCATION
REVENUES:									
Property and Other Local Taxes	\$172,128	\$172,128	\$0	\$66,775	\$55,748	\$0	\$1,100,960	\$0	\$0
Intergovernmental	31,710	31,710	0	90,871	930,217	75,422	222,565	0	0
Charges for Services	0	0	0	266,042	1,485	0	0	0	0
Special Assessments	0	0	0	0	0	0	0	48,534	0
Fines and Forfeitures	0	0	0	0	0	0	0	0	1,498
Miscellaneous	0	0	0	0	15,938	0	0	0	0
Total Revenues	203,838	203,838	0	423,688	1,003,388	75,422	1,323,525	48,534	1,498
EXPENDITURES:									
Current:									
General Government	2,108	2,108	0	0	0	0	13,582	141	0
Security of Persons and Property	762,820	700,480	47,473	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0	0	40,721	0
Leisure Time Activities	0	0	0	920,242	0	0	0	0	0
Transportation	0	0	0	0	1,111,098	84,587	0	0	0
Capital Outlay	0	0	0	0	0	0	1,418,356	0	0
Total Expenditures	764,928	702,588	47,473	920,242	1,111,098	84,587	1,431,938	40,862	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(561,090)	(498,750)	(47,473)	(496,554)	(107,710)	(9,165)	(108,413)	7,672	1,498
OTHER FINANCING SOURCES (USES):									
Transfers In	560,000	450,000	0	500,000	50,000	55,000	0	0	0
Transfers (Out)	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	560,000	450,000	0	500,000	50,000	55,000	0	0	0
NET CHANGE IN FUND BALANCES	(1,090)	(48,750)	(47,473)	3,446	(57,710)	45,835	(108,413)	7,672	1,498
FUND BALANCES BEGINNING OF YEAR	21,106	86,583	68,900	143,129	680,691	7,239	744,599	65,959	17,557
INCREASE IN RESERVE FOR INVENTORY	0	0	0	0	86,883	0	0	0	0
FUND BALANCES END OF YEAR	\$20,016	\$37,833	\$21,427	\$146,575	\$709,864	\$53,074	\$636,186	\$73,631	\$19,055



<u>INDIGENT DRIVERS TREATMENT</u>	<u>COURT COMPUTER</u>	<u>GENERAL SPECIAL PROJECTS</u>	<u>SPECIAL PROJECTS DUI</u>	<u>URBAN FOREST MANAGEMENT</u>	<u>VICTIMS ASSISTANCE</u>	<u>POLICE CONTINUING PROFESSIONAL TRAINING</u>	<u>STREET LIGHTING</u>	<u>TOTAL 2012</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,567,739
0	0	0	0	0	30,721	0	0	1,413,216
0	0	0	0	12,000	0	0	0	279,527
0	0	0	0	0	0	0	558,874	607,408
47,516	178,560	158,494	30,332	0	0	0	0	416,400
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,938</u>
<u>47,516</u>	<u>178,560</u>	<u>158,494</u>	<u>30,332</u>	<u>12,000</u>	<u>30,721</u>	<u>0</u>	<u>558,874</u>	<u>4,300,228</u>
40,327	148,541	9,670	0	0	0	0	16,907	233,384
0	0	0	0	0	44,491	7,724	552,558	2,115,546
0	0	0	0	0	0	0	0	40,721
0	0	0	0	0	0	0	0	920,242
0	0	0	0	0	0	0	0	1,195,685
<u>0</u>	<u>7,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,426,156</u>
<u>40,327</u>	<u>156,341</u>	<u>9,670</u>	<u>0</u>	<u>0</u>	<u>44,491</u>	<u>7,724</u>	<u>569,465</u>	<u>5,931,734</u>
7,189	22,219	148,824	30,332	12,000	(13,770)	(7,724)	(10,591)	(1,631,506)
0	0	0	0	0	15,000	0	0	1,630,000
<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>
<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>1,480,000</u>
7,189	22,219	(1,176)	30,332	12,000	1,230	(7,724)	(10,591)	(151,506)
312,226	248,015	33,949	77,399	56,670	15,649	9,760	472,863	3,062,294
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,883</u>
<u>\$319,415</u>	<u>\$270,234</u>	<u>\$32,773</u>	<u>\$107,731</u>	<u>\$68,670</u>	<u>\$16,879</u>	<u>\$2,036</u>	<u>\$462,272</u>	<u>\$2,997,671</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
FIRE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$168,306	\$168,306	\$172,128	\$3,822
Intergovernmental	<u>37,518</u>	<u>37,518</u>	<u>31,710</u>	<u>(5,808)</u>
Total Revenues	<u>205,824</u>	<u>205,824</u>	<u>203,838</u>	<u>(1,986)</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Personal Services	788,823	788,823	758,620	30,203
Services and Supplies	<u>3,000</u>	<u>3,000</u>	<u>2,108</u>	<u>892</u>
Total Expenditures	<u>791,823</u>	<u>791,823</u>	<u>760,728</u>	<u>31,095</u>
Excess of Revenues Over (Under) Expenditures	(585,999)	(585,999)	(556,890)	29,109
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>560,000</u>	<u>560,000</u>	<u>560,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(25,999)	(25,999)	3,110	29,109
FUND BALANCE BEGINNING OF YEAR	<u>50,128</u>	<u>50,128</u>	<u>50,128</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$24,129</u>	<u>\$24,129</u>	<u>\$53,238</u>	<u>\$29,109</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
POLICE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$168,306	\$168,306	\$172,128	\$3,822
Intergovernmental	<u>37,518</u>	<u>37,518</u>	<u>31,710</u>	<u>(5,808)</u>
Total Revenues	<u>205,824</u>	<u>205,824</u>	<u>203,838</u>	<u>(1,986)</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Personal Services	735,116	735,116	697,284	37,832
Services and Supplies	<u>3,000</u>	<u>3,000</u>	<u>2,108</u>	<u>892</u>
Total Expenditures	<u>738,116</u>	<u>738,116</u>	<u>699,392</u>	<u>38,724</u>
Excess of Revenues Over (Under) Expenditures	(532,292)	(532,292)	(495,554)	36,738
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(82,292)	(82,292)	(45,554)	36,738
FUND BALANCE BEGINNING OF YEAR	<u>112,357</u>	<u>112,357</u>	<u>112,357</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$30,065</u>	<u>\$30,065</u>	<u>\$66,803</u>	<u>\$36,738</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL
LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$500</u>	<u>\$500</u>	<u>\$0</u>	<u>(\$500)</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>0</u>	<u>(500)</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Capital Outlay	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(59,500)	(59,500)	(60,000)	(500)
FUND BALANCE BEGINNING OF YEAR	<u>68,900</u>	<u>68,900</u>	<u>68,900</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$9,400</u>	<u>\$9,400</u>	<u>\$8,900</u>	<u>(\$500)</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$62,665	\$62,665	\$66,775	\$4,110
Intergovernmental	65,440	65,440	90,871	25,431
Charges for Services	<u>220,000</u>	<u>220,000</u>	<u>266,106</u>	<u>46,106</u>
Total Revenues	<u>348,105</u>	<u>348,105</u>	<u>423,752</u>	<u>75,647</u>
EXPENDITURES:				
Executive-Mayor				
Leisure Time Activities				
Personal Services	703,440	703,440	664,394	39,046
Services and Supplies	<u>280,357</u>	<u>280,357</u>	<u>274,951</u>	<u>5,406</u>
Total Expenditures	<u>983,797</u>	<u>983,797</u>	<u>939,345</u>	<u>44,452</u>
Excess of Revenues Over (Under) Expenditures	(635,692)	(635,692)	(515,593)	120,099
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(135,692)	(135,692)	(15,593)	120,099
FUND BALANCE BEGINNING OF YEAR	146,702	146,702	146,702	0
Prior Year Encumbrances Appropriated	<u>785</u>	<u>785</u>	<u>785</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$11,795</u>	<u>\$11,795</u>	<u>\$131,894</u>	<u>\$120,099</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL
STREET CONSTRUCTION MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$55,000	\$55,000	\$55,993	\$993
Intergovernmental	935,000	935,000	930,260	(4,740)
Charges for Services	250	250	1,485	1,235
Total Revenues	<u>990,250</u>	<u>990,250</u>	<u>987,738</u>	<u>(2,512)</u>
EXPENDITURES:				
Executive-Mayor				
Transportation				
Personal Services	891,784	891,784	777,941	113,843
Services and Supplies	<u>536,575</u>	<u>536,575</u>	<u>286,728</u>	<u>249,847</u>
Total Expenditures	<u>1,428,359</u>	<u>1,428,359</u>	<u>1,064,669</u>	<u>363,690</u>
Excess of Revenues Over (Under) Expenditures	(438,109)	(438,109)	(76,931)	361,178
OTHER FINANCING SOURCES (USES):				
Transfers In	50,000	50,000	50,000	0
Other	<u>0</u>	<u>0</u>	<u>15,938</u>	<u>15,938</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>65,938</u>	<u>15,938</u>
NET CHANGE IN FUND BALANCE	(388,109)	(388,109)	(10,993)	377,116
FUND BALANCE BEGINNING OF YEAR	438,873	438,873	438,873	0
Prior Year Encumbrances Appropriated	<u>1,237</u>	<u>1,237</u>	<u>1,237</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$52,001</u>	<u>\$52,001</u>	<u>\$429,117</u>	<u>\$377,116</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental	<u>\$75,000</u>	<u>\$75,000</u>	<u>\$75,426</u>	<u>\$426</u>
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>75,426</u>	<u>426</u>
EXPENDITURES:				
Executive-Mayor				
Transportation				
Services and Supplies	<u>137,000</u>	<u>137,000</u>	<u>135,000</u>	<u>2,000</u>
Total Expenditures	<u>137,000</u>	<u>137,000</u>	<u>135,000</u>	<u>2,000</u>
Excess of Revenues Over (Under) Expenditures	(62,000)	(62,000)	(59,574)	2,426
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(7,000)	(7,000)	(4,574)	2,426
FUND BALANCE BEGINNING OF YEAR	<u>17,296</u>	<u>17,296</u>	<u>17,296</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$10,296</u>	<u>\$10,296</u>	<u>\$12,722</u>	<u>\$2,426</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$1,115,125	\$1,115,125	\$1,100,960	(\$14,165)
Intergovernmental	93,205	275,805	222,565	(53,240)
Total Revenues	<u>1,208,330</u>	<u>1,390,930</u>	<u>1,323,525</u>	<u>(67,405)</u>
EXPENDITURES:				
Executive-Mayor				
Transportation				
Services and Supplies	18,000	18,000	13,581	4,419
Capital Outlay	<u>1,450,000</u>	<u>1,550,000</u>	<u>1,521,906</u>	<u>28,094</u>
Total Expenditures	<u>1,468,000</u>	<u>1,568,000</u>	<u>1,535,487</u>	<u>32,513</u>
NET CHANGE IN FUND BALANCE	(259,670)	(177,070)	(211,962)	(34,892)
FUND BALANCE BEGINNING OF YEAR	608,103	608,103	608,103	0
Prior Year Encumbrances Appropriated	<u>108,323</u>	<u>108,323</u>	<u>108,323</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$456,756</u>	<u>\$539,356</u>	<u>\$504,464</u>	<u>(\$34,892)</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
CORPORATE MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Special Assessments	<u>\$25,500</u>	<u>\$25,500</u>	<u>\$56,394</u>	<u>\$30,894</u>
Total Revenues	<u>25,500</u>	<u>25,500</u>	<u>56,394</u>	<u>30,894</u>
EXPENDITURES:				
Executive-Mayor				
Community Environment				
Services and Supplies	<u>43,000</u>	<u>43,000</u>	<u>45,115</u>	<u>(2,115)</u>
Total Expenditures	<u>43,000</u>	<u>43,000</u>	<u>45,115</u>	<u>(2,115)</u>
NET CHANGE IN FUND BALANCE	(17,500)	(17,500)	11,279	28,779
FUND BALANCE BEGINNING OF YEAR	44,315	44,315	44,315	0
Prior Year Encumbrances Appropriated	<u>1,016</u>	<u>1,016</u>	<u>1,016</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$27,831</u>	<u>\$27,831</u>	<u>\$56,610</u>	<u>\$28,779</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$2,000</u>	<u>\$2,000</u>	<u>\$1,508</u>	<u>(\$492)</u>
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,508</u>	<u>(492)</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCE	(13,000)	(13,000)	1,508	14,508
FUND BALANCE BEGINNING OF YEAR	<u>17,462</u>	<u>17,462</u>	<u>17,462</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$4,462</u>	<u>\$4,462</u>	<u>\$18,970</u>	<u>\$14,508</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
INDIGENT DRIVERS TREATMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$47,777</u>	<u>\$7,777</u>
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>47,777</u>	<u>7,777</u>
EXPENDITURES:				
Judicial -Municipal Court				
General Government				
Services and Supplies	<u>150,000</u>	<u>150,000</u>	<u>50,000</u>	<u>100,000</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>50,000</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	(110,000)	(110,000)	(2,223)	107,777
FUND BALANCE BEGINNING OF YEAR	<u>181,758</u>	<u>181,758</u>	<u>181,758</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$71,758</u>	<u>\$71,758</u>	<u>\$179,535</u>	<u>\$107,777</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
COURT COMPUTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$175,000</u>	<u>\$175,000</u>	<u>\$178,863</u>	<u>\$3,863</u>
Total Revenues	<u>175,000</u>	<u>175,000</u>	<u>178,863</u>	<u>3,863</u>
EXPENDITURES:				
Judicial -Municipal Court				
General Government				
Personal Services	70,000	70,000	61,369	8,631
Services and Supplies	90,000	90,000	89,442	558
Capital Outlay	<u>40,000</u>	<u>40,000</u>	<u>7,800</u>	<u>32,200</u>
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>158,611</u>	<u>41,389</u>
NET CHANGE IN FUND BALANCE	(25,000)	(25,000)	20,252	45,252
FUND BALANCE BEGINNING OF YEAR	210,582	210,582	210,582	0
Prior Year Encumbrances Appropriated	<u>1,942</u>	<u>1,942</u>	<u>1,942</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$187,524</u>	<u>\$187,524</u>	<u>\$232,776</u>	<u>\$45,252</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
GENERAL SPECIAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Fines and Forfeitures	<u>\$180,000</u>	<u>\$192,000</u>	<u>\$158,195</u>	<u>(\$33,805)</u>
Total Revenues	<u>180,000</u>	<u>192,000</u>	<u>158,195</u>	<u>(33,805)</u>
EXPENDITURES:				
Judicial -Municipal Court				
General Government				
Services and Supplies	<u>3,000</u>	<u>15,000</u>	<u>9,908</u>	<u>5,092</u>
Total Expenditures	<u>3,000</u>	<u>15,000</u>	<u>9,908</u>	<u>5,092</u>
Excess of Revenues Over (Under) Expenditures	177,000	177,000	148,287	(28,713)
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(150,000)</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(150,000)</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	(23,000)	(23,000)	(1,713)	21,287
FUND BALANCE BEGINNING OF YEAR	<u>23,996</u>	<u>23,996</u>	<u>23,996</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$996</u>	<u>\$996</u>	<u>\$22,283</u>	<u>\$21,287</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
SPECIAL PROJECTS DUI FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$28,846</u>	<u>\$13,846</u>
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>28,846</u>	<u>13,846</u>
EXPENDITURES:				
Judicial -Municipal Court				
General Government				
Services and Supplies	<u>45,000</u>	<u>45,000</u>	<u>0</u>	<u>45,000</u>
Total Expenditures	<u>45,000</u>	<u>45,000</u>	<u>0</u>	<u>45,000</u>
NET CHANGE IN FUND BALANCE	(30,000)	(30,000)	28,846	58,846
FUND BALANCE BEGINNING OF YEAR	<u>76,700</u>	<u>76,700</u>	<u>76,700</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$46,700</u>	<u>\$46,700</u>	<u>\$105,546</u>	<u>\$58,846</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
URBAN FOREST MANAGEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Charges for Services	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$12,000</u>	<u>\$7,000</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>12,000</u>	<u>7,000</u>
EXPENDITURES:				
Executive-Mayor				
Community Environment				
Services and Supplies	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCE	(20,000)	(20,000)	12,000	32,000
FUND BALANCE BEGINNING OF YEAR	<u>56,670</u>	<u>56,670</u>	<u>56,670</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$36,670</u>	<u>\$36,670</u>	<u>\$68,670</u>	<u>\$32,000</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
VICTIMS ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental	<u>\$31,000</u>	<u>\$31,000</u>	<u>\$29,474</u>	<u>(\$1,526)</u>
Total Revenues	<u>31,000</u>	<u>31,000</u>	<u>29,474</u>	<u>(1,526)</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Personal Services	44,000	44,000	42,696	1,304
Services and Supplies	<u>2,300</u>	<u>2,300</u>	<u>1,340</u>	<u>960</u>
Total Expenditures	<u>46,300</u>	<u>46,300</u>	<u>44,036</u>	<u>2,264</u>
Excess of Revenues Over (Under) Expenditures	(15,300)	(15,300)	(14,562)	738
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(300)	(300)	438	738
FUND BALANCE BEGINNING OF YEAR	<u>14,627</u>	<u>14,627</u>	<u>14,627</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$14,327</u>	<u>\$14,327</u>	<u>\$15,065</u>	<u>\$738</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
POLICE CONTINUING PROFESSIONAL TRAINING FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Services and Supplies	<u>9,760</u>	<u>9,760</u>	<u>8,549</u>	<u>1,211</u>
Total Expenditures	<u>9,760</u>	<u>9,760</u>	<u>8,549</u>	<u>1,211</u>
NET CHANGE IN FUND BALANCE	(9,760)	(9,760)	(8,549)	1,211
FUND BALANCE BEGINNING OF YEAR	<u>9,760</u>	<u>9,760</u>	<u>9,760</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$0</u>	<u>\$0</u>	<u>\$1,211</u>	<u>\$1,211</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
STREET LIGHTING FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Special Assessments	<u>\$527,135</u>	<u>\$527,135</u>	<u>\$558,874</u>	<u>\$31,739</u>
Total Revenues	<u>527,135</u>	<u>527,135</u>	<u>558,874</u>	<u>31,739</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Services and Supplies	<u>670,000</u>	<u>670,000</u>	<u>569,227</u>	<u>100,773</u>
Total Expenditures	<u>670,000</u>	<u>670,000</u>	<u>569,227</u>	<u>100,773</u>
NET CHANGE IN FUND BALANCE	(142,865)	(142,865)	(10,353)	132,512
FUND BALANCE BEGINNING OF YEAR	<u>518,516</u>	<u>518,516</u>	<u>518,516</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$375,651</u>	<u>\$375,651</u>	<u>\$508,163</u>	<u>\$132,512</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
SPECIAL ASSESSMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Special Assessments	<u>\$40,015</u>	<u>\$40,015</u>	<u>\$43,809</u>	<u>\$3,794</u>
Total Revenues	<u>40,015</u>	<u>40,015</u>	<u>43,809</u>	<u>3,794</u>
EXPENDITURES:				
Executive-Mayor				
General Government				
Services and Supplies	10,000	10,000	1,276	8,724
Debt Service				
Principal Retirement	30,000	30,000	30,000	0
Interest	<u>9,945</u>	<u>9,945</u>	<u>9,945</u>	<u>0</u>
Total Expenditures	<u>49,945</u>	<u>49,945</u>	<u>41,221</u>	<u>8,724</u>
Excess of Revenues Over				
(Under) Expenditures	(9,930)	(9,930)	2,588	12,518
OTHER FINANCING SOURCES (USES):				
Transfer Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	(109,930)	(109,930)	2,588	112,518
FUND BALANCE BEGINNING OF YEAR	<u>323,429</u>	<u>323,429</u>	<u>323,429</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$213,499</u>	<u>\$213,499</u>	<u>\$326,017</u>	<u>\$112,518</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL
CEMETERY CARE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Miscellaneous	<u>\$0</u>	<u>\$0</u>	<u>\$12,640</u>	<u>\$12,640</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>12,640</u>	<u>12,640</u>
FUND BALANCE BEGINNING OF YEAR	<u>249,392</u>	<u>249,392</u>	<u>249,392</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$249,392</u>	<u>\$249,392</u>	<u>\$262,032</u>	<u>\$12,640</u>

Combining Statements – Fiduciary Funds

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The City has only agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

AGENCY FUNDS

Deposits and Inspections - was established to hold deposits for various aspects of construction such as inspections, street openings, grade settings, and building deposits and to hold as agent monies received for insurance and payment of utility bills which are to be remitted as required.

Municipal Court - was established to account for those monies on deposit with Willoughby Municipal Court.

CITY OF WILLOUGHBY, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>BALANCE</u> <u>1/1/2012</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/2012</u>
DEPOSITS & INSPECTIONS				
ASSETS				
Equity in City Treasury Cash and Investments	\$3,000,187	\$2,944,965	\$4,463,430	\$1,481,722
TOTAL ASSETS	<u>\$3,000,187</u>	<u>\$2,944,965</u>	<u>\$4,463,430</u>	<u>\$1,481,722</u>
LIABILITIES				
Accounts Payable	\$3,000,020	\$2,942,057	\$4,460,560	\$1,481,517
Due to Other Governments	<u>167</u>	<u>2,908</u>	<u>2,870</u>	<u>205</u>
TOTAL LIABILITIES	<u>\$3,000,187</u>	<u>\$2,944,965</u>	<u>\$4,463,430</u>	<u>\$1,481,722</u>
MUNICIPAL COURT				
ASSETS				
Equity in City Treasury Cash and Investments	\$363,980	\$5,447,223	\$5,438,241	\$372,962
Accounts Receivable	<u>207,510</u>	<u>201,510</u>	<u>207,510</u>	<u>201,510</u>
TOTAL ASSETS	<u>\$571,490</u>	<u>\$5,648,733</u>	<u>\$5,645,751</u>	<u>\$574,472</u>
LIABILITIES				
Accounts Payable	\$61,587	\$1,716,856	\$1,709,856	\$68,587
Deposits Held and Due to Others	172,053	2,583,222	2,582,498	172,777
Due to Other Governments	<u>337,850</u>	<u>1,348,655</u>	<u>1,353,397</u>	<u>333,108</u>
TOTAL LIABILITIES	<u>\$571,490</u>	<u>\$5,648,733</u>	<u>\$5,645,751</u>	<u>\$574,472</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Equity in City Treasury Cash and Investments	\$3,364,167	\$8,392,188	\$9,901,671	\$1,854,684
Accounts Receivable	<u>207,510</u>	<u>201,510</u>	<u>207,510</u>	<u>201,510</u>
TOTAL ASSETS	<u>\$3,571,677</u>	<u>\$8,593,698</u>	<u>\$10,109,181</u>	<u>\$2,056,194</u>
LIABILITIES				
Accounts Payable	\$3,061,607	\$4,658,913	\$6,170,416	\$1,550,104
Deposits Held and Due to Others	172,053	2,583,222	2,582,498	172,777
Due to Other Governments	<u>338,017</u>	<u>1,351,563</u>	<u>1,356,267</u>	<u>333,313</u>
TOTAL LIABILITIES	<u>\$3,571,677</u>	<u>\$8,593,698</u>	<u>\$10,109,181</u>	<u>\$2,056,194</u>



The City of Willoughby, Ohio



STATISTICAL INFORMATION

Statistical Section

This part of the City of Willoughby's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Page #

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. S2-S9

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, the municipal income tax and the property tax. S10-S13

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. S14-S18

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. S19-S20

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs. S21-S23

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. GASB Statement 54 was implemented in 2010 and GASB Statement 65 in 2012.

CITY OF WILLOUGHBY, OHIO
NET POSITION BY COMPONENT
LAST TEN YEARS
(Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011-Restated	2012
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 32,356,271	\$ 32,853,624	\$ 36,274,834	\$ 41,288,394	\$ 41,994,662	\$ 41,374,191	\$ 38,089,025	\$ 48,774,106	\$ 47,342,597	\$ 44,429,348
Restricted For:										
Capital Projects	10,212,728	8,925,202	4,576,666	3,929,148	3,352,145	3,102,440	6,534,992	3,307,452	3,694,234	3,795,721
Debt Service	3,477,282	3,392,335	3,353,591	3,477,601	3,694,588	3,895,510	4,134,518	4,244,518	4,383,732	5,020,933
Street Construction Maintenance and Repair	469,487	484,374	441,293	846,662	1,047,185	1,087,511	1,552,301	1,736,308	1,885,412	1,811,957
Security of Persons	856,306	920,679	1,158,803	1,252,186	1,396,588	1,292,600	1,180,908	1,126,261	1,221,784	1,093,389
Municipal Court	1,257,261	1,526,253	869,500	702,413	613,361	550,538	618,406	669,598	671,589	730,153
Other Purposes	115,465	177,092	225,428	110,126	13,215	54,720	103,524	104,333	84,501	161,107
Permanent Fund Purpose	167,340	177,502	185,650	194,057	204,772	213,032	226,792	237,632	249,392	262,752
Unrestricted	8,244,345	7,327,339	8,009,598	7,696,503	8,719,637	10,358,419	7,900,875	6,869,305	7,662,510	8,602,908
Total Governmental Activities Net Position	57,156,485	55,784,400	55,095,363	59,497,090	61,036,153	61,928,961	60,341,341	67,069,513	67,195,751	65,908,268
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	35,223,998	35,096,164	34,959,081	35,534,234	35,229,071	33,115,680	32,774,856	32,076,339	32,503,232	33,796,268
Restricted For:										
Equipment Replacement	510,868	456,940	456,973	418,600	292,038	298,591	378,651	299,521	292,434	336,365
Unrestricted (Deficit)	(1,461,194)	(2,322,769)	(2,517,822)	(3,056,030)	(3,357,551)	(2,503,214)	(3,131,664)	(2,921,515)	(3,678,640)	(3,287,335)
Total Business-type Activities Net Position	34,273,672	33,230,335	32,898,232	32,896,804	32,163,558	30,911,057	30,021,843	29,454,345	29,117,026	30,845,298
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	67,580,269	67,949,788	71,233,915	76,822,628	77,223,733	74,489,871	70,863,881	80,850,445	79,845,829	78,225,616
Restricted For:										
Capital Projects	10,212,728	8,925,202	4,576,666	3,929,148	3,352,145	3,102,440	6,534,992	3,307,452	3,694,234	3,795,721
Debt Service	3,477,282	3,392,335	3,353,591	3,477,601	3,694,588	3,895,510	4,134,518	4,244,518	4,383,732	5,020,933
Equipment Replacement	510,868	456,940	456,973	418,600	292,038	298,591	378,651	299,521	292,434	336,365
Street Construction Maintenance and Repair	469,487	484,374	441,293	846,662	1,047,185	1,087,511	1,552,301	1,736,308	1,885,412	1,811,957
Security of Persons	856,306	920,679	1,158,803	1,252,186	1,396,588	1,292,600	1,180,908	1,126,261	1,221,784	1,093,389
Municipal Court	1,257,261	1,526,253	869,500	702,413	613,361	550,538	618,406	669,598	671,589	730,153
Other Purposes	115,465	177,092	225,428	110,126	13,215	54,720	103,524	104,333	84,501	161,107
Permanent Fund Purpose	167,340	177,502	185,650	194,057	204,772	213,032	226,792	237,632	249,392	262,752
Unrestricted	6,783,151	5,004,570	5,491,776	4,640,473	5,362,086	7,855,205	4,769,211	3,947,790	3,983,870	5,315,573
Total Primary Government Net Position	\$ 91,430,157	\$ 89,014,735	\$ 87,993,595	\$ 92,393,894	\$ 93,199,711	\$ 92,840,018	\$ 90,363,184	\$ 96,523,858	\$ 96,312,777	\$ 96,753,566

CITY OF WILLOUGHBY, OHIO
CHANGES IN NET POSITION
LAST TEN YEARS
(Accrual Basis of Accounting)

(continued on following page)

	2003	2004	2005	2006	2007	2008	2009	2010	2011-Restated	2012
PROGRAM REVENUES										
Governmental Activities										
Charges for Services:										
General Government	\$ 1,808,601	\$ 2,073,794	\$ 1,979,498	\$ 2,329,581	\$ 2,273,281	\$ 2,293,642	\$ 2,557,745	\$ 2,543,003	\$ 2,351,564	\$ 2,446,009
Security of Persons and Property	774,148	1,133,232	1,595,353	1,464,031	1,635,610	1,620,997	1,631,748	1,706,581	1,619,538	1,566,154
Public Health and Welfare	69,642	82,227	60,859	57,752	77,460	62,655	89,300	73,428	82,620	88,306
Community Environment	329,721	731,694	380,138	410,789	350,933	327,925	293,319	280,372	292,869	331,712
Leisure Time Activities	415,191	408,566	463,156	482,654	465,415	492,257	498,453	503,131	537,580	561,386
Transportation	850	1,416	1,360	720	247	375	647	1,795	1,211	1,485
Basic Utility Services	0	0	0	0	0	0	0	0	50	45
Operating Grants, Contributions and Interest	78,071	56,572	51,133	358,392	118,956	233,398	93,517	112,956	593,812	64,819
Capital Grants and Contributions	541,506	143,860	1,183,817	4,165,287	110,980	287,167	681,633	8,963,623	119,678	442,498
Total Governmental Activities Program Revenues	4,017,730	4,631,361	5,715,314	9,269,206	5,032,882	5,318,416	5,846,362	14,184,889	5,598,922	5,502,414
Business-type Activities:										
Charges for Services:										
Golf Course	727,217	793,299	882,293	778,425	783,322	648,189	706,651	700,250	772,561	925,495
Sewer	3,320,402	3,532,603	3,858,155	3,849,829	4,352,307	3,961,100	4,424,581	4,227,428	4,668,672	4,890,932
Airport	164,347	179,783	180,788	187,222	138,123	175,005	136,384	175,369	176,878	176,887
Capital Grants and Contributions	456,368	102,787	277,783	564,392	247,053	239,440	453,353	966,346	470,256	272,009
Total Business-type Activities Program Revenues	4,668,334	4,608,472	5,199,019	5,379,868	5,520,805	5,023,734	5,720,969	6,069,393	6,088,367	6,265,323
Total Primary Government Program Revenues	8,686,064	9,239,833	10,914,333	14,649,074	10,553,687	10,342,150	11,567,331	20,254,282	11,687,289	11,767,737
EXPENSES										
Governmental Activities										
General Government	6,037,557	6,030,958	6,617,751	6,750,982	7,037,479	7,464,343	7,413,446	7,349,232	7,422,339	6,799,745
Security of Persons and Property	12,011,078	11,987,818	12,910,718	12,743,637	13,355,856	14,184,392	14,372,778	14,401,962	14,533,487	14,516,764
Public Health and Welfare	381,304	370,060	391,957	448,521	474,422	475,828	503,104	503,663	445,762	400,280
Community Environment	817,519	867,212	893,576	984,576	1,028,496	985,934	964,906	945,027	892,978	843,269
Leisure Time Activities	2,141,809	2,037,094	2,229,233	2,047,353	2,162,931	2,319,489	2,274,300	2,265,276	2,129,458	2,005,597
Transportation	2,992,462	2,853,179	3,218,135	2,736,148	3,316,323	3,526,993	3,360,716	3,331,613	3,875,203	3,529,728
Basic Utility Services	1,363,511	1,574,874	1,458,202	1,429,110	1,517,825	1,648,956	1,699,706	1,666,146	1,747,166	1,121,995
Interest and Fiscal Charges	734,157	938,977	938,369	881,977	879,804	842,569	705,001	522,732	491,465	626,291
Total Governmental Activities Expenses	26,479,397	26,640,172	28,657,941	28,022,304	29,773,136	31,448,504	31,293,957	30,985,651	31,537,858	29,843,669
Business-type Activities:										
Golf Course	885,864	900,161	888,853	867,957	923,882	992,417	1,016,247	998,249	997,471	965,662
Sewer	4,551,402	4,702,286	4,943,662	4,643,517	4,898,045	5,086,763	5,156,297	5,324,757	5,245,572	5,026,112
Airport	679,595	693,580	508,526	553,560	540,352	558,209	504,073	469,108	265,534	274,298
Total Business-type Activities Expenses	6,116,861	6,296,027	6,341,041	6,065,034	6,362,279	6,637,389	6,676,617	6,792,114	6,508,577	6,266,072
Total Primary Government Expenses	32,596,258	32,936,199	34,998,982	34,087,338	36,135,415	38,085,893	37,970,574	37,777,765	38,046,435	36,109,741
NET (EXPENSE)/REVENUE										
Governmental Activities	(22,461,667)	(22,008,811)	(22,942,627)	(18,753,098)	(24,740,254)	(26,130,088)	(25,447,595)	(16,800,762)	(25,938,936)	(24,341,255)
Business-Type Activities:										
Business-type Activities	(1,448,527)	(1,687,555)	(1,142,022)	(685,166)	(841,474)	(1,613,655)	(955,648)	(722,721)	(420,210)	(749)
Total Primary Government	\$ (23,910,194)	\$ (23,696,366)	\$ (24,084,649)	\$ (19,438,264)	\$ (25,581,728)	\$ (27,743,743)	\$ (26,403,243)	\$ (17,523,483)	\$ (26,359,146)	\$ (24,342,004)

CITY OF WILLOUGHBY, OHIO
CHANGES IN NET POSITION
LAST TEN YEARS
(Accrual Basis of Accounting)

(continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011-Restated	2012
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes	\$ 2,667,289	\$ 3,096,109	\$ 2,876,885	\$ 2,917,576	\$ 4,151,098	\$ 3,711,922	\$ 3,745,550	\$ 3,598,753	\$ 3,719,056	\$ 3,480,738
Income Taxes	12,775,995	12,335,764	13,613,117	13,948,654	15,570,705	16,591,292	14,318,774	14,209,122	15,419,498	16,859,759
Other Taxes	739,506	811,911	817,556	862,981	830,504	832,435	758,622	779,056	857,741	860,379
Unrestricted Grants, Entitlements and Contributions	3,827,506	3,979,013	4,270,153	4,508,744	4,797,309	5,342,717	4,659,956	4,795,991	5,936,611	3,427,327
Gain on Sale of Capital Assets	35,131	42,204	30,798	0	5,093	91,103	882	23,434	0	0
Investment Earnings	385,766	347,035	635,182	869,675	990,190	733,253	433,778	236,115	194,153	124,318
Miscellaneous	11,170	26,945	9,899	47,195	2,418	15,174	4,577	31,463	13,115	15,938
Transfers	0	(2,255)	0	0	(68,000)	(295,000)	(62,164)	(145,000)	(75,000)	(1,714,687)
Total Governmental Activities	<u>20,442,363</u>	<u>20,636,726</u>	<u>22,253,590</u>	<u>23,154,825</u>	<u>26,279,317</u>	<u>27,022,896</u>	<u>23,859,975</u>	<u>23,528,934</u>	<u>26,065,174</u>	<u>23,053,772</u>
Business-type Activities:										
Income Taxes	750,000	625,000	750,000	625,000	200,000	0	0	0	0	0
Gain on Sale of Capital Assets	0	0	0	0	2,039	2,021	100	7,022	0	0
Investment Earnings	23,108	14,763	38,817	56,756	53,393	51,342	4,170	1,378	2,537	2,799
Miscellaneous	38,389	2,200	21,102	1,982	973	12,791	0	1,823	5,354	11,535
Transfers	0	2,255	0	0	68,000	295,000	62,164	145,000	75,000	1,714,687
Total Business-type Activities	<u>811,497</u>	<u>644,218</u>	<u>809,919</u>	<u>683,738</u>	<u>324,405</u>	<u>361,154</u>	<u>66,434</u>	<u>155,223</u>	<u>82,891</u>	<u>1,729,021</u>
Total Primary Government	<u>21,253,860</u>	<u>21,280,944</u>	<u>23,063,509</u>	<u>23,838,563</u>	<u>26,603,722</u>	<u>27,384,050</u>	<u>23,926,409</u>	<u>23,684,157</u>	<u>26,148,065</u>	<u>24,782,793</u>
CHANGE IN NET POSITION										
Governmental Activities	(2,019,304)	(1,372,085)	(689,037)	4,401,727	1,539,063	892,808	(1,587,620)	6,728,172	126,238	(1,287,483)
Business-type Activities	(637,030)	(1,043,337)	(332,103)	(1,428)	(517,069)	(1,252,501)	(889,214)	(567,498)	(337,319)	1,728,272
Total Primary Government	<u>\$ (2,656,334)</u>	<u>\$ (2,415,422)</u>	<u>\$ (1,021,140)</u>	<u>\$ 4,400,299</u>	<u>\$ 1,021,994</u>	<u>\$ (359,693)</u>	<u>\$ (2,476,834)</u>	<u>\$ 6,160,674</u>	<u>\$ (211,081)</u>	<u>\$ 440,789</u>

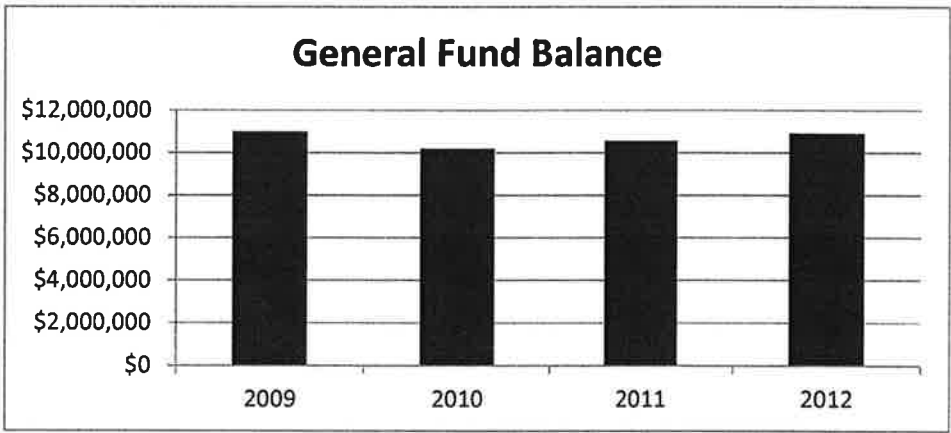
CITY OF WILLOUGHBY, OHIO
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN YEARS
(Accrual Basis of Accounting)

<u>Year</u>	<u>Municipal Income Taxes</u>	<u>Property and Other Local Taxes</u>	<u>Total</u>
2003	\$12,775,995	\$3,406,795	\$16,182,790
2004	\$12,335,764	\$3,908,020	\$16,243,784
2005	\$13,613,117	\$3,694,441	\$17,307,558
2006	\$13,948,654	\$3,780,557	\$17,729,211
2007	\$15,570,705	\$4,981,602	\$20,552,307
2008	\$16,591,292	\$4,544,357	\$21,135,649
2009	\$14,318,774	\$4,504,172	\$18,822,946
2010	\$14,209,122	\$4,377,809	\$18,586,931
2011	\$15,419,498	\$4,576,797	\$19,996,295
2012	\$16,859,759	\$4,341,117	\$21,200,876

CITY OF WILLOUGHBY, OHIO
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FOUR YEARS
(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012
GENERAL FUND				
Nonspendable	\$ 1,485,563	\$ 1,483,214	\$ 1,470,320	\$ 1,480,683
Assigned	1,613,657	1,675,905	2,018,544	2,082,503
Unassigned	<u>7,917,052</u>	<u>7,034,921</u>	<u>7,081,821</u>	<u>7,362,945</u>
Total General Fund	<u>11,016,272</u>	<u>10,194,040</u>	<u>10,570,685</u>	<u>10,926,131</u>
CAPITAL PROJECTS FUND				
Nonspendable	28,176	28,176	28,176	28,176
Restricted	0	11,644	15,079	8,225
Committed	2,944,407	324,715	314,038	371,992
Unassigned(deficit)	<u>(5,275,636)</u>	<u>(5,947,617)</u>	<u>(5,335,101)</u>	<u>(2,215,480)</u>
Total Capital Projects Fund	<u>(2,303,053)</u>	<u>(5,583,082)</u>	<u>(4,977,808)</u>	<u>(1,807,087)</u>
GENERAL BOND RETIREMENT FUND				
Restricted	<u>3,666,858</u>	<u>3,768,169</u>	<u>3,877,475</u>	<u>4,563,414</u>
Total General Bond Retirement Fund	<u>3,666,858</u>	<u>3,768,169</u>	<u>3,877,475</u>	<u>4,563,414</u>
ALL OTHER GOVERNMENT FUNDS				
Nonspendable	334,578	340,440	361,719	461,962
Restricted	<u>3,048,951</u>	<u>3,223,620</u>	<u>3,273,396</u>	<u>3,124,478</u>
Total All Other Governmental Funds	<u>3,383,529</u>	<u>3,564,060</u>	<u>3,635,115</u>	<u>3,586,440</u>
Total Governmental Funds	<u>\$ 15,763,606</u>	<u>\$ 11,943,187</u>	<u>\$ 13,105,467</u>	<u>\$ 17,268,898</u>

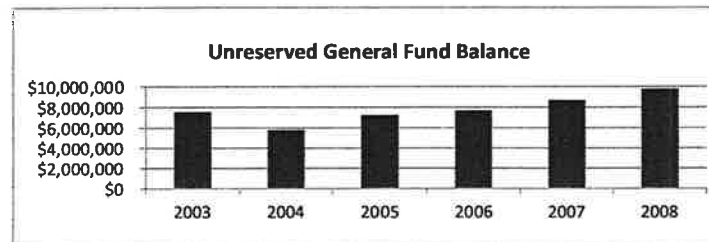
Note: The City implemented GASB 54 in 2010.



CITY OF WILLOUGHBY, OHIO
FUND BALANCES OF GOVERNMENTAL FUNDS
PRIOR SIX YEARS
(Modified Accrual Basis of Accounting)

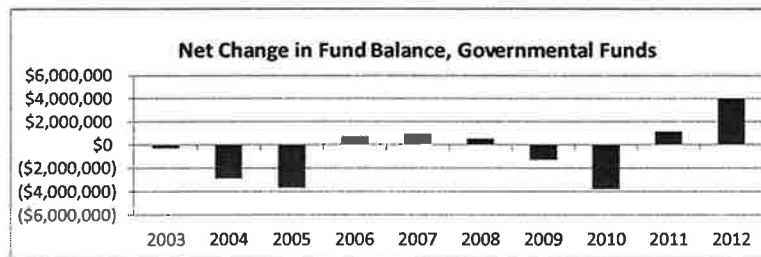
	2003	2004	2005	2006	2007	2008
GENERAL FUND						
Reserved for Encumbrances	\$ 623,957	\$ 737,236	\$ 771,531	\$ 823,806	\$ 882,759	\$ 470,007
Reserved for Inventory	69,932	80,453	94,976	92,895	87,616	101,902
Reserved for Prepaid Items	444	4,975	2,176	756	3,583	2,589
Reserved for Long-Term Loan - Airport	1,326,019	1,326,019	1,326,019	1,326,019	1,326,019	1,325,214
Reserved for Non-Current Investments	0	0	0	-	-	-
Unreserved	<u>7,538,817</u>	<u>5,789,582</u>	<u>7,240,733</u>	<u>7,671,830</u>	<u>8,683,355</u>	<u>9,781,785</u>
Total General Fund	<u>9,559,169</u>	<u>7,938,265</u>	<u>9,435,435</u>	<u>9,915,306</u>	<u>10,983,332</u>	<u>11,681,497</u>
CAPITAL PROJECTS FUND						
Reserved for Encumbrances	869,192	4,080,565	1,238,442	1,074,476	801,982	1,164,191
Reserved for Long-Term Loan - Airport	23,176	23,176	23,176	23,176	23,176	23,176
Unreserved	<u>4,947,920</u>	<u>178,595</u>	<u>(1,624,815)</u>	<u>(2,213,186)</u>	<u>(2,454,931)</u>	<u>(3,240,599)</u>
Total Capital Projects Fund	<u>5,840,288</u>	<u>4,282,336</u>	<u>(363,197)</u>	<u>(1,115,534)</u>	<u>(1,629,773)</u>	<u>(2,053,232)</u>
GENERAL BOND RETIREMENT FUND						
Reserved for Encumbrances	10,342	10,135	9,786	9,579	9,466	9,466
Reserved for Debt Service	424,206	264,877	113,013	250,707	361,950	401,984
Reserved for Long-Term Loan - Airport	<u>2,213,922</u>	<u>2,367,617</u>	<u>2,521,572</u>	<u>2,675,465</u>	<u>2,828,962</u>	<u>2,986,722</u>
Total General Bond Retirement Fund	<u>2,648,470</u>	<u>2,642,629</u>	<u>2,644,371</u>	<u>2,935,751</u>	<u>3,200,378</u>	<u>3,398,172</u>
ALL OTHER GOVERNMENTAL FUNDS						
Reserved for Encumbrances	151,531	165,289	346,559	269,305	420,940	232,134
Reserved for Inventory	72,295	91,556	89,761	96,601	53,969	99,698
Reserved for Debt Service	494,498	501,839	407,111	309,313	314,284	318,555
Reserved for Non-Current Investments	97,416	0	0	0	0	0
Unreserved, Reported in Non-major:						
Special Revenue Funds	2,529,278	2,782,400	2,149,819	3,009,947	2,923,745	3,162,378
Permanent Funds	<u>69,924</u>	<u>177,502</u>	<u>185,650</u>	<u>194,057</u>	<u>204,772</u>	<u>213,032</u>
Total All Other Governmental Funds	<u>3,414,942</u>	<u>3,718,586</u>	<u>3,178,900</u>	<u>3,879,223</u>	<u>3,917,710</u>	<u>4,025,797</u>
Total Governmental Funds	<u>\$ 21,462,869</u>	<u>\$ 18,581,816</u>	<u>\$ 14,895,509</u>	<u>\$ 15,614,746</u>	<u>\$ 16,471,647</u>	<u>\$ 17,052,234</u>

Note: The City implemented GASB 54 in 2010.



CITY OF WILLOUGHBY, OHIO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES:										
Municipal Income Taxes	\$ 12,668,369	\$ 12,397,156	\$ 13,785,433	\$ 14,492,846	\$ 15,409,976	\$ 15,483,415	\$ 14,434,185	\$ 14,635,589	\$ 15,125,338	\$ 16,115,830
Property and Other Local Taxes	3,413,528	3,731,758	3,765,454	3,758,121	5,006,504	4,514,963	4,490,013	4,353,307	4,449,742	4,483,935
Intergovernmental	3,990,786	3,746,018	4,628,339	4,970,308	4,909,115	5,816,651	5,609,863	5,205,655	6,402,454	3,911,392
Charges for Services	653,144	1,247,253	1,494,868	1,501,349	1,419,620	1,453,966	1,663,000	1,594,327	1,665,892	1,685,770
Special Assessments	823,953	749,889	804,264	795,111	626,565	653,084	655,811	656,448	644,076	651,217
Fines and Forfeitures	1,919,942	2,206,786	2,093,376	2,413,687	2,479,794	2,392,415	2,610,283	2,601,731	2,398,512	2,461,843
Licenses & Permits	295,391	256,505	295,003	290,084	265,348	259,563	242,715	230,587	235,241	249,476
Interest Income	383,453	342,562	613,964	868,133	990,190	733,253	433,778	236,115	194,153	124,318
Miscellaneous	122,524	31,540	41,099	53,097	8,304	15,174	4,577	31,463	259,277	23,005
Total Revenues	24,271,090	24,709,467	27,521,800	29,142,736	31,115,416	31,322,484	30,144,225	29,545,222	31,374,685	29,706,786
EXPENDITURES:										
General Government	5,732,459	5,797,111	6,266,850	6,553,602	6,673,545	7,120,266	7,036,369	7,122,688	7,088,810	6,445,748
Security of Persons and Property	10,901,632	11,364,567	11,823,182	11,914,013	12,543,192	13,075,937	13,402,548	13,529,358	13,810,804	14,120,745
Public Health and Welfare	358,299	360,094	365,795	401,034	452,928	470,008	470,782	484,620	478,626	390,500
Community Environment	789,561	842,565	864,530	960,689	1,004,475	963,604	969,309	924,697	904,169	820,394
Leisure Time Activities	1,702,114	1,630,472	1,753,660	1,686,071	1,782,007	1,932,142	1,877,192	1,900,596	1,766,657	1,806,323
Transportation	1,706,108	1,521,732	1,671,763	1,377,708	1,651,544	1,897,053	1,768,755	1,739,192	1,478,892	1,236,377
Basic Utility Services	1,019,488	1,225,040	1,044,993	1,079,277	1,097,610	1,229,993	1,278,807	1,249,364	1,283,005	718,336
Capital Outlay	7,317,537	3,357,513	5,468,114	3,214,120	3,195,284	2,284,020	3,035,356	4,838,874	1,902,397	2,637,979
Debt Service:										
Principal	892,786	792,787	1,052,787	1,082,786	867,787	822,786	842,787	867,169	928,404	582,784
Interest	712,433	921,710	939,959	883,072	879,325	819,742	734,873	625,591	494,331	303,736
Bond Issuance Costs	0	0	0	0	0	0	0	111,425	0	229,294
Total Expenditures	31,132,417	27,813,591	31,251,633	29,152,372	30,147,697	30,615,551	31,416,778	33,393,574	30,136,095	29,292,216
Excess of Revenues Over (Under) Expenditures	(6,861,327)	(3,104,124)	(3,729,833)	(9,636)	967,719	706,933	(1,272,553)	(3,848,352)	1,238,590	414,570
OTHER FINANCING SOURCES (USES)										
Transfers In	2,408,457	2,282,225	3,187,377	3,052,750	2,229,479	2,643,521	3,021,404	2,309,060	3,525,000	3,005,923
Transfers Out	(2,408,457)	(2,284,480)	(3,187,377)	(2,352,608)	(2,297,479)	(2,938,521)	(3,083,568)	(2,454,060)	(3,600,000)	(4,720,610)
General Obligation Refunding Bonds Issued	6,350,000	0	0	0	0	0	0	5,235,000	0	9,510,000
General Obligation Refunding Bonds Premium	0	0	0	0	0	0	0	41,600	0	354,353
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	0	0	(5,135,556)	0	(4,594,158)
Sale of Capital Assets	198,438	195,544	30,798	23,972	5,093	108,639	16,570	41,000	390	96,260
Total Other Financing Sources (Uses)	6,548,438	193,289	30,798	724,114	(62,907)	(186,361)	(45,594)	37,044	(74,610)	3,651,768
Net Change in Fund Balances	\$ (312,889)	\$ (2,910,835)	\$ (3,699,035)	\$ 714,478	\$ 904,812	\$ 520,572	\$ (1,318,147)	\$ (3,811,308)	\$ 1,163,980	\$ 4,066,338
Debt Service as a Percentage of Noncapital Expenditures	6.74%	7.01%	7.73%	7.58%	6.48%	5.80%	5.56%	5.23%	5.04%	3.33%



CITY OF WILLOUGHBY, OHIO
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS
(Modified Accrual Basis of Accounting)

Year	Municipal Income Taxes	Property & Other Local Taxes	Total
2003	\$12,668,369	\$3,413,528	\$16,081,897
2004	\$12,397,156	\$3,731,758	\$16,128,914
2005	\$13,785,433	\$3,765,454	\$17,550,887
2006	\$14,492,846	\$3,758,121	\$18,250,967
2007	\$15,409,976	\$5,006,504	\$20,416,480
2008	\$15,483,415	\$4,514,963	\$19,998,378
2009	\$14,434,185	\$4,490,013	\$18,924,198
2010	\$14,635,589	\$4,353,307	\$18,988,896
2011	\$15,125,338	\$4,449,742	\$19,575,080
2012	\$16,115,830	\$4,483,935	\$20,599,765

CITY OF WILLOUGHBY, OHIO
INCOME TAX REVENUE BASE AND COLLECTIONS
LAST TEN YEARS (Cash Basis)

<u>Tax Year</u>	<u>Total Tax Collected</u>	<u>Tax from Withholding</u>	<u>Tax from Net Profit</u>	<u>Tax from Individuals</u>	<u>Tax -Other</u>	<u>Tax Rate</u>
2003	\$13,858,306	\$10,857,572	\$1,558,334	\$1,323,022	\$119,378	2.00%
2004	\$13,557,840	\$10,887,838	\$1,283,889	\$1,269,308	\$116,805	2.00%
2005	\$14,329,971	\$11,169,549	\$1,687,379	\$1,290,238	\$182,806	2.00%
2006	\$14,655,158	\$11,338,641	\$1,783,693	\$1,371,068	\$161,756	2.00%
2007	\$15,920,284	\$11,861,141	\$2,384,348	\$1,523,109	\$151,686	2.00%
2008	\$15,756,553	\$11,751,548	\$2,342,508	\$1,476,486	\$186,011	2.00%
2009	\$14,776,593	\$11,511,699	\$1,807,130	\$1,312,980	\$144,784	2.00%
2010	\$14,319,919	\$11,285,595	\$1,522,976	\$1,331,516	\$179,832	2.00%
2011	\$15,002,181	\$11,546,649	\$1,920,198	\$1,330,095	\$205,239	2.00%
2012	\$15,867,629	\$12,058,152	\$2,311,907	\$1,321,524	\$176,046	2.00%

Source: 2008-2012 Regional Income Tax Agency, Central Collection Agency Prior to 2008

The City levies a 2.00% income tax on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City, however, credit is allowed for income taxes paid to other municipalities. Council could vote to reduce the credit by 50%. Employers within the City withhold income tax on employee compensation and remit to the Regional Income Tax Agency.

CITY OF WILLOUGHBY, OHIO
TOP TEN INCOME TAX WITHHOLDERS
AND TOP FIFTY WITHHOLDERS BY CLASSIFICATION
CURRENT YEAR AND NINE YEARS AGO

<u>2012</u>		<u>2003</u>	
<u>Rank</u>	<u>Name</u>	<u>Rank</u>	<u>Name</u>
1	Lake Health (Lake West)	1	Lake Hospital System
2	Willoughby-Eastlake City Schools	2	Willoughby-Eastlake City Schools
3	City of Willoughby	3	General Electric
4	Ohio Presbyterian - Breckenridge	4	City of Willoughby
5	Horizon Mental Health Management	5	University Hospital Health System
6	Marous Brothers Construction	6	Swagelok Semiconductor Serv Co
7	Momentive Performance/GE Lighting	7	Ohio Presbyterian Ret Srv
8	Fluid Line Products Inc	8	Metal Seal & Products Inc
9	Marsh Berry & Company Inc	9	C T Consultants
10	Bescast Inc	10	Bescast Inc
<u>Classification</u>		<u>2012</u>	<u>2003</u>
Government		\$882,637	\$782,637
Commercial, Mfg, & Other		\$4,832,098	\$4,577,614
		\$5,714,735	\$5,360,251

Source: 2012 Regional Income Tax Agency, Central Collection Agency prior to 2008

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

CITY OF WILLOUGHBY, OHIO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Tax Year/ Collection Year	Assessed Value				Total Taxable Assessed Value	Total Direct Tax Rate	Total Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Other Real Estate & Public Utility Property	Tangible Personal Property	Less: Tax Exempt Real Property				
2002/2003	\$363,187,500	\$185,031,020	\$108,073,950	\$80,851,260	\$575,441,210	6.89	\$1,563,122,369	36.81%
2003/2004	\$416,371,940	\$204,180,670	\$85,187,771	\$71,339,550	\$634,400,831	6.79	\$1,879,188,798	33.76%
2004/2005	\$421,052,440	\$214,045,810	\$89,138,482	\$70,535,520	\$653,701,212	6.68	\$1,939,600,267	33.70%
2005/2006	\$427,059,970	\$216,085,720	\$68,290,311	\$70,535,520	\$640,900,481	6.58	\$1,880,847,500	34.08%
2006/2007	\$472,614,400	\$231,761,770	\$47,091,463	\$68,324,350	\$683,143,283	8.56	\$2,042,618,094	33.44%
2007/2008	\$480,905,550	\$228,888,060	\$31,602,915	\$65,059,180	\$676,337,345	8.54	\$2,041,574,056	33.13%
2008/2009	\$491,962,870	\$233,402,350	\$1,307,867	\$64,153,050	\$662,520,037	8.54	\$1,854,875,103	35.72%
2009/2010	\$434,590,450	\$236,954,880	\$653,933	\$44,340,540	\$627,858,723	8.58	\$1,745,553,694	35.97%
2010/2011	\$439,810,910	\$258,856,460	\$0	\$45,615,920	\$653,051,450	8.55	\$1,800,437,623	36.27%
2011/2012	\$443,433,660	\$257,373,260	\$0	\$45,615,920	\$655,191,000	8.53	\$1,805,144,796	36.30%

Source: (1) Lake County Auditor Schedule A to Certificate of Official Estimate of Revenues.

The current assessed valuation is computed at approximately the following percentages of estimated true value: real property - 35%, public utilities - 100%, and tangible personal property -0%

CITY OF WILLOUGHBY, OHIO
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATION)
LAST TEN YEARS

Tax Year/ Collection Year	City of Willoughby Direct Rates							Overlapping Rates		Total Direct & Overlapping Rates
	General Fund	Debt Service Fund	Police Pension Fund	Fire Pension Fund	Recreation Fund	Road & Bridge Fund	Total City Millage	Lake County	Willoughby/ Eastlake, Kirtland School Districts	
2002/2003	3.16	2.63	0.30	0.30	0.50		6.89	15.70	46.89 (1)	69.48
2003/2004	3.50	2.19	0.30	0.30	0.50		6.79	15.70	48.69 (1)	71.18
2004/2005	3.50	2.08	0.30	0.30	0.50		6.68	15.70	51.07 (1)	73.45
2005/2006	3.05	2.43	0.30	0.30	0.50		6.58	15.70	50.70 (1)	72.98
2006/2007	3.48	1.98	0.30	0.30	0.50	2.00	8.56	15.70	49.82 (1)	74.08
2007/2008	3.49	1.95	0.30	0.30	0.50	2.00	8.54	15.80	49.94 (1)	74.28
2008/2009	3.49	1.95	0.30	0.30	0.50	2.00	8.54	15.80	50.05 (1)	74.39
2009/2010	3.79	1.69	0.30	0.30	0.50	2.00	8.58	15.80	55.11 (1)	79.49
2010/2011	3.80	1.65	0.30	0.30	0.50	2.00	8.55	15.80	54.85 (1)	79.20
2011/2012	3.80	1.63	0.30	0.30	0.50	2.00	8.53	15.80	55.32 (1)	79.65

(1) Includes 2.30 mill continuous Library District Levy to cover Willoughby/Eastlake School District and distributed directly to the library.

Source: Lake County Auditor's Office

CITY OF WILLOUGHBY, OHIO
PROPERTY TAX LEVIES & COLLECTIONS
REAL & PUBLIC UTILITY PROPERTY ONLY
LAST TEN YEARS
(UNAUDITED)

Tax Year/ Collection Year	Net Tax Levy	Current Collections	Percentage of Current Collection to Net Levy	Delinquent Collections	Total Collections	Percentage of Total Collections to Net Levy
2002/2003	\$2,004,503	\$1,941,218	96.8%	\$44,057	\$1,985,275	99.0%
2003/2004	\$2,240,564	\$2,184,322	97.5%	\$50,360	\$2,234,682	99.7%
2004/2005	\$2,255,994	\$2,184,310	96.8%	\$58,281	\$2,242,591	99.4%
2005/2006	\$2,339,615	\$2,270,168	97.0%	\$63,732	\$2,333,900	99.8%
2006/2007	\$3,572,756	\$3,491,172	97.7%	\$82,552	\$3,573,724	100.0%
2007/2008	\$3,577,702	\$3,410,633	95.3%	\$79,475	\$3,490,108	97.6%
2008/2009	\$3,620,455	\$3,506,106	96.8%	\$143,322	\$3,649,428	100.0%
2009/2010	\$3,551,848	\$3,428,928	96.5%	\$102,650	\$3,531,578	99.4%
2010-2011	\$3,697,109	\$3,476,472	94.0%	\$98,730	\$3,575,202	96.7%
2011-2012	\$3,985,820	\$3,872,582	97.2%	\$86,218	\$3,958,800	99.3%

Source: Lake County Auditor's Office

Note: The County does not provide delinquency information by tax year.

CITY OF WILLOUGHBY, OHIO
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Year	GOVERNMENTAL ACTIVITIES				BUSINESS-TYPE ACTIVITIES			Total Primary Government	Total Personal Income	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	OWDA & OPWC	Bond Antic & Notes Payable	Enterprise Bonds w/G.O. Commitment	OWDA & OPWC	Bond Antic & Notes Payable				
2003	\$16,107,107	\$721,863	\$22,544	\$4,525,000	\$4,486,029	\$6,967,723	\$0	\$32,830,266	\$535,054,513	6.14%	1,451
2004	\$15,457,842	\$579,575	\$21,310	\$4,650,000	\$4,187,581	\$5,997,457	\$0	\$30,893,765	\$535,054,513	5.77%	1,366
2005	\$14,548,577	\$437,287	\$20,076	\$4,950,000	\$4,241,386	\$5,196,758	\$0	\$29,394,084	\$535,054,513	5.49%	1,299
2006	\$13,609,312	\$295,000	\$18,842	\$5,060,000	\$3,851,926	\$4,330,082	\$0	\$27,165,162	\$535,054,513	5.08%	1,201
2007	\$12,762,760	\$275,000	\$17,607	\$5,000,000	\$3,450,662	\$4,724,594	\$1,350,000	\$27,580,623	\$535,054,513	5.15%	1,219
2008	\$11,966,207	\$250,000	\$16,374	\$5,200,000	\$3,031,117	\$6,247,768	\$1,610,000	\$28,321,466	\$535,054,513	5.29%	1,252
2009	\$11,149,654	\$225,000	\$15,140	\$8,856,000	\$2,599,534	\$6,215,292	\$3,294,000	\$32,354,620	\$535,054,513	6.05%	1,430
2010	\$10,308,102	\$200,000	\$14,523	\$8,916,183	\$2,356,898	\$6,502,612	\$3,383,817	\$31,682,135	\$673,584,732	4.70%	\$1,423
2011	\$9,411,550	\$170,000	\$12,673	\$8,693,000	\$2,148,450	\$6,702,774	\$3,437,000	\$30,575,447	\$673,584,732	4.54%	\$1,373
2012	\$13,875,000	\$140,000	\$11,439	\$5,625,000	\$3,755,000	\$7,269,426	\$0	\$30,675,865	\$673,584,732	4.55%	\$1,378

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements
(1) See the schedule of Demographic and Economic Statistics on page S19 for personal income and population data.

CITY OF WILLOUGHBY, OHIO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
(Accrual Basis of Accounting)

<u>Year</u>	<u>General Obligation Bonds(1)</u>	<u>Less: Amount of Assets Restricted for Repayment of Debt</u>	<u>Total</u>	<u>Percent of Estimated Actual Taxable Value of Property (2)</u>	<u>Per Capita (3)</u>
2003	\$16,912,107	\$2,712,988	\$14,199,119	0.91%	\$628
2004	\$16,142,842	\$2,680,425	\$13,462,417	0.72%	\$595
2005	\$15,108,577	\$2,778,002	\$12,330,575	0.64%	\$545
2006	\$14,039,312	\$3,034,403	\$11,004,909	0.59%	\$486
2007	\$13,057,760	\$3,273,982	\$9,783,778	0.48%	\$433
2008	\$12,116,206	\$3,484,231	\$8,631,975	0.42%	\$382
2009	\$11,149,654	\$3,738,873	\$7,410,781	0.40%	\$328
2010	\$10,308,102	\$3,860,372	\$6,447,730	0.37%	\$290
2011	\$9,411,550	\$4,008,473	\$5,403,077	0.30%	\$243
2012	\$13,875,000	\$4,656,671	\$9,218,329	0.51%	\$414

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

- (1) All bonded debt of the City of Willoughby is backed by the full faith and credit of the City. However, those issues that have been in the past and are currently supported by business-type activities or issued by outside agencies are not included in G O Bonds.
- (2) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page S11 for property value data.
- (3) Population data can be found in the schedule of Demographic and Economic Statistics on page S19.

CITY OF WILLOUGHBY, OHIO
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2012
(UNAUDITED)

<u>Jurisdiction</u>	<u>Assessed Valuation (1)</u>	<u>Governmental Activities Debt Outstanding (1)</u>	<u>Percent Overlapping (3)</u>	<u>Amount Applicable to City of Willoughby</u>
Direct:				
City of Willoughby	\$ 655,191,000			
General Obligation Bonds		\$ 14,030,000	100.00%	\$ 14,030,000
Bond Anticipation Notes		<u>\$ 5,625,000</u>	100.00%	<u>\$ 5,625,000</u>
Total Direct Debt		<u>\$ 19,655,000</u>		<u>\$ 19,655,000</u>
Overlapping:				
Willoughby-Eastlake City Schools	\$ 1,741,737,380	\$ 8,589,000	37.62%	\$ 3,231,182
Kirtland Local School District	\$ 337,197,290	\$ 14,089,992	4.14%	\$ 583,326
Auburn Joint Vocational S.D.(2)	\$ 4,504,465,190	\$ 5,545,000	31.00%	\$ 17,190
Lake County	\$ 6,318,495,590	<u>\$ 14,060,000</u>	10.37%	<u>\$ 1,458,022</u>
Total Overlapping		<u>\$ 42,283,992</u>		<u>\$ 5,289,720</u>
Total Direct and Overlapping Debt		<u>\$ 61,938,992</u>		<u>\$ 24,944,720</u>

Sources: (1) Lake County Auditor's Office.
(2) From County Auditor includes Lake and Geauga County
(3) Percentages are determined by dividing each overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations were for the 2012 collection year.

CITY OF WILLOUGHBY, OHIO
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Overall Debt Limitation - 10.5% of Assessed Valuation	\$ 60,421,327	\$ 66,612,087	\$ 68,638,627	\$ 67,294,551	\$ 71,730,045	\$ 71,015,421	\$ 69,564,604	\$ 65,925,166	\$ 68,570,402	\$ 68,795,055
Gross Indebtedness	32,830,266	30,893,765	29,394,084	27,165,163	27,580,623	28,321,465	32,354,620	\$ 31,682,135	\$ 30,575,447	\$ 30,675,865
Less:										
OWDA	(6,485,430)	(5,607,043)	(4,830,653)	(3,988,288)	(4,303,686)	(5,839,487)	(5,837,076)	(6,096,887)	(6,261,465)	(6,664,417)
OPWC	(504,837)	(411,724)	(386,181)	(360,637)	(438,515)	(424,655)	(393,356)	(420,248)	(453,982)	(616,448)
Special Assessment Bond & Notes	(5,246,863)	(5,229,575)	(5,387,287)	(5,355,000)	(6,625,000)	(7,060,000)	(12,375,000)	(12,500,000)	(12,300,000)	(5,765,000)
Sewer Debt	(616,029)	(547,581)	(841,386)	(696,926)	(550,662)	(401,117)	(249,534)	(136,898)	(68,450)	(1,600,000)
Golf Debt	(3,065,000)	(2,955,000)	(2,840,000)	(2,725,000)	(2,605,000)	(2,480,000)	(2,350,000)	(2,220,000)	(2,080,000)	(2,000,000)
	<u>(15,918,159)</u>	<u>(14,750,923)</u>	<u>(14,285,507)</u>	<u>(13,125,851)</u>	<u>(14,522,863)</u>	<u>(16,205,259)</u>	<u>(21,204,966)</u>	<u>(21,374,033)</u>	<u>(21,163,897)</u>	<u>(16,645,865)</u>
Net Debt Within 10.5% Limitations	16,912,107	16,142,842	15,108,577	14,039,312	13,057,760	12,116,206	11,149,654	10,308,102	9,411,550	14,030,000
Legal Debt Margin Within 10.5% Limitation*	<u>\$ 43,509,220</u>	<u>\$ 50,469,245</u>	<u>\$ 53,530,050</u>	<u>\$ 53,255,239</u>	<u>\$ 58,672,285</u>	<u>\$ 58,899,215</u>	<u>\$ 58,414,950</u>	<u>\$ 55,617,064</u>	<u>\$ 59,158,852</u>	<u>\$ 54,765,055</u>
Total Net Debt Applicable to the 10.5% Limit as a Percentage of the Debt Limit	27.99%	24.23%	22.01%	20.86%	18.20%	17.06%	16.03%	15.64%	13.73%	20.39%
Unvoted Debt Limitation - 5.5% of Assessed Valuation	\$ 31,649,267	\$ 34,892,046	\$ 35,953,567	\$ 35,249,526	\$ 37,572,881	\$ 37,198,554	\$ 36,438,602	\$ 34,532,230	\$ 35,917,830	\$ 36,035,505
Net Debt Within 10.5% Limitations	16,912,107	16,142,842	15,108,577	14,039,312	13,057,760	12,116,206	11,149,654	10,308,102	9,411,550	14,030,000
Less Debt Outside Limitations (Voted)	<u>(5,715,000)</u>	<u>(5,480,000)</u>	<u>(5,240,000)</u>	<u>(4,995,000)</u>	<u>(4,740,000)</u>	<u>(4,555,000)</u>	<u>(4,360,000)</u>	<u>(4,160,000)</u>	<u>(3,930,000)</u>	<u>(3,670,000)</u>
Debt Within 5.5% Limitations	<u>11,197,107</u>	<u>10,662,842</u>	<u>9,868,577</u>	<u>9,044,312</u>	<u>8,317,760</u>	<u>7,561,206</u>	<u>6,789,654</u>	<u>6,148,102</u>	<u>5,481,550</u>	<u>10,360,000</u>
Legal Debt Margin Within 5.5% Limitation*	<u>\$ 20,452,160</u>	<u>\$ 24,229,204</u>	<u>\$ 26,084,990</u>	<u>\$ 26,205,214</u>	<u>\$ 29,255,121</u>	<u>\$ 29,637,348</u>	<u>\$ 29,648,948</u>	<u>\$ 28,384,128</u>	<u>\$ 30,436,280</u>	<u>\$ 25,675,505</u>
Total Debt Applicable to the 5.5% Limit as a Percentage of the Debt Limit	35.38%	30.56%	27.45%	25.66%	22.14%	20.33%	18.63%	17.80%	15.26%	28.75%

LEGAL DEBT MARGIN CALCULATION FOR 2012

Assessed Valuation	\$ 655,191,000
Overall Debt Limitation -(10.5% of Assessed Valuation)	\$ 68,795,055
Gross Indebtedness	30,675,865
Less :	
OWDA/OPWC	(7,280,865)
Special Assessment Bonds & Note	(5,765,000)
Sewer Debt	(1,600,000)
Recreation- Golf Debt	<u>(2,000,000)</u>
Net Debt Within 10.5% Limitations-General Obligation Bonds	<u>14,030,000</u>
Legal Debt Margin Within 10.5% Limitation	<u>\$ 54,765,055</u>
Unvoted Debt Limitation -(5.5% of Assessed Valuation)	\$ 36,035,505
Gross Indebtedness Authorized by Council	14,030,000
Less Debt Outside Limitations- Voted	<u>(3,670,000)</u>
Debt Within 5.5% Limitations	<u>10,360,000</u>
Legal Debt Margin Within 5.5% Limitation	<u>\$ 25,675,505</u>

* Calculated without regard to balance in Debt Service funds.

CITY OF WILLOUGHBY, OHIO
PLEDGED-REVENUE COVERAGE
LAST TEN YEARS

SPECIAL ASSESSMENT BONDS

<u>YEAR</u>	<u>SPECIAL ASSESSMENT COLLECTIONS</u>	<u>DEBT SERVICE</u>		<u>COVERAGE</u>
		<u>PRINCIPAL</u>	<u>INTEREST</u>	
2003	\$320,762	\$248,683	\$68,530	1.01
2004	\$204,149	\$142,288	\$48,261	1.07
2005	\$191,240	\$142,288	\$37,946	1.06
2006	\$177,310	\$142,288	\$27,612	1.04
2007	\$43,612	\$20,000	\$17,257	1.17
2008	\$47,068	\$25,000	\$16,088	1.15
2009	\$42,793	\$25,000	\$14,625	1.08
2010	\$44,159	\$25,000	\$13,163	1.16
2011	\$41,216	\$30,000	\$11,700	0.99
2012	\$43,809	\$30,000	\$9,945	1.10

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

CITY OF WILLOUGHBY, OHIO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Total Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)	Education Attainment: Bachelor's Degree or Higher (1)	School Enrollment (4)	Unemployment Rate (3)	Population in Group Quarters (1)	Total Dwelling Units (1)	Occupied Dwelling Units Households(1)	Persons Per/Owner Households	Owner Occupied Housing Units (%)	Occupied County Population (1)
2003	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,416	5.6%	351	10,700	10,265	2.40	59.8	227,511
2004	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,471	5.4%	351	10,700	10,265	2.40	59.8	227,511
2005	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,563	5.1%	351	10,700	10,265	2.40	59.8	227,511
2006	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,734	5.4%	351	10,700	10,265	2.40	59.8	227,511
2007	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,848	5.7%	351	10,700	10,265	2.40	59.8	227,511
2008	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,853	6.8%	351	10,700	10,265	2.40	59.8	227,511
2009	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,968	8.5%	351	10,700	10,265	2.40	59.8	227,511
2010	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,686	7.8%	200	11,387	10,413	2.30	61.1	230,041
2011	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,686	6.9%	200	11,387	10,413	2.30	61.1	230,041
2012	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,621	6.3%	200	11,387	10,413	2.30	61.1	230,041

(1) Source: U.S. Bureau of the Census 2000, 2010

(2) Source: Computation of per capita personal income multiplied by population

(3) Source: Ohio Bureau of Employment Statistics for 2006 and prior, 2007 to 2012 U.S Bureau of Labor Statistics

(4) Source: Willoughby-Eastlake Board of Administration

CITY OF WILLOUGHBY, OHIO
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2012			2003		
	Employees(1)	Rank	Percentage of Total City Employment(2)	Employees(3)	Rank	Percentage of Total City Employment
Lake Health (Lake West)	975	1	6.78%	666	2	NA
Willoughby-Eastlake City Schools	602	2	4.19%	890	1	NA
Ohio Presbyterian -Breckenridge	450	3	3.13%	415	3	NA
Marous Bros. Construction	450	4	3.13%	230	8	NA
The K&D Group Inc	350	5	2.44%			
Windsor-Laurelwood Hospital	225	6	1.57%	335	4	NA
HCR Manor Care	225	6	1.57%			
City of Willoughby	217	8	1.51%	250	6	NA
Deepwood Sheltered Industries	205	9	1.43%	200	10	NA
Bescast	200	10	1.39%	200	10	NA
Signature Health	200	10	1.39%			
Momentive Performance/G E Lighting				300	5	NA
Metal Seal & Products				250	6	NA
CT Consultants, Inc.				212	9	NA
Target Corp				200	10	NA
Total	4099			4148		
Citywide (2)			14370			

Source:

- (1) Based on City records, Community Development
- (2) City -Community Development department estimate
- (3) Based on City records, Crain's Cleveland Business

CITY OF WILLOUGHBY, OHIO
FULL-TIME CITY EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN YEARS

FULL-TIME EMPLOYEES AS OF DECEMBER 31

<u>FUNCTION/PROGRAM</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Governmental</u>										
General Government										
Council	8	8	8	8	8	8	8	8	7	7
Mayor	2	2	2	2	2	2	2	2	1	1
Law	3	3	3	3	3	3	3	3	2	2
Personnel	1	1	1	1	1	1	1	1	1	1
Court	25	26	26	26	27	26	27	26	24	25
Building & Grounds	8	8	8	7	7	7	7	7	7	7
Finance	9	9	9	9	9	9	9	9	9	9
Service	6	6	6	6	5	5	5	4	4	4
Vehicle Maintenance	5	5	5	5	5	5	5	4	3	3
Security of Persons and Property										
Police	60	60	60	59	59	59	59	59	58	57
Fire	44	42	41	40	41	41	41	41	41	41
Public Health and Welfare										
Cemetery	3	2	2	3	3	3	3	3	2	2
Community Environment										
Building	8	8	8	8	8	8	8	8	7	7
Community Development	2	2	2	2	2	2	2	2	2	2
Leisure Time Activities										
Parks	5	5	5	5	5	5	5	5	4	4
Recreation	7	7	7	7	7	7	7	7	7	7
Transportation										
Street	15	13	12	12	12	12	11	9	8	7
Traffic	3	2	2	2	2	2	2	2	2	2
Total Governmental	214	209	207	205	206	205	205	200	189	188
<u>Business-Type</u>										
Sewer										
Sewer	7	7	7	7	7	7	7	7	7	7
WPC	23	23	22	21	22	22	21	22	19	18
Airport	1	1	1	1	1	1	1	1	1	1
Golf Course	4	3	3	3	3	3	3	3	3	3
Total Business-Type	35	34	33	32	33	33	32	33	30	29
Totals	249	243	240	237	239	238	237	233	219	217

Source: City of Willoughby Finance Dept.

CITY OF WILLOUGHBY, OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

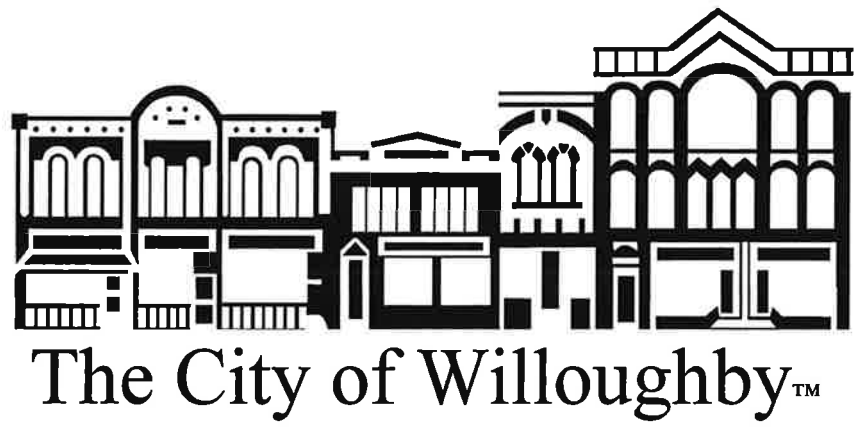
<u>OPERATING INDICATORS BY FUNCTION/PROGRAM</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental										
General Government										
Council - Ordinances & Resolutions	169	159	190	177	155	165	152	164	157	132
Personnel - Civil Service Exams (taken)	71	139	156	137	30	34	126	288	46	240
Court - Number of cases	20,059	21,089	18,984	18,735	17,811	18,653	17,516	16,610	15,892	14,917
Finance										
Number of A/P checks processed	8,301	7,739	7,244	7,076	7,047	6,785	6,780	6,478	5,973	6,033
Number of purchase orders issued	1,058	856	837	945	963	980	963	903	899	869
Security of Persons and Property										
Police										
Total Arrests & other Citations	6,296	6,632	5,886	5,548	5,436	5,347	4,901	5,187	4,564	4,036
Parking Citations	1,543	1,696	1,552	1,554	1,567	1,637	2,068	2,686	2,590	2,412
Fire										
Total Number of Calls	4,467	4,375	4,526	4,543	4,555	4,643	4,522	4,744	4,915	4,855
Public Health and Welfare										
Cemetery (plots sold)	72	90	60	55	84	52	84	70	53	72
Community Environment										
Building										
Building Permits Issued	1,100	1,010	978	993	897	836	715	844	801	833
Inspections - Residential	4,696	3,490	3,438	5,150	4,340	3,417	2,888	3,569	2,807	2,613
- Industrial	1,572	994	1,260	1,113	606	853	669	785	591	700
Leisure Time Activities										
Parks - Bus Rides	5,236	5,378	5,616	8,746	7,343	8,780	8,736	8,624	discontinued	
- Program Participants	368	488	312	307	301	361	356	374	373	390
Pools - Bus Rides	1,448	discontinued								
- Attendance	60,705	53,860	71,466	66,868	68,544	70,656	63,634	69,323	65,126	73,130
Senior Center - Membership	1,219	1,133	1,095	1,316	1,346	1,200	1,253	1,271	1,289	1,318
- Attendance	23,316	22,481	24,948	26,329	27,503	27,523	29,581	29,698	34,260	30,322
Business-Type										
Sewer										
Sewer - Point of Sale Inspections	295	330	319	324	268	237	192	195	240	241
WPCC										
Flow Data MG (millions of gallons)	2,833	2,558	2,624	2,705	2,365	2,628	2,370	2,155	3,098	2,285
Golf Course										
Rounds of golf	41,856	41,842	44,930	39,623	38,698	33,853	35,536	33,514	33,525	41,363

Source: Various Willoughby Departments

CITY OF WILLOUGHBY, OHIO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN YEARS

<u>FUNCTION/PROGRAM</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Capital Assets										
General Government										
Other Departmental Vehicles	40	40	40	42	43	43	43	45	44	45
City Hall Square Footage	25,884	25,884	25,884	25,884	25,884	25,884	25,884	25,884	25,884	25,884
Municipal Court Square Footage			30,950	30,950	30,950	30,950	30,950	30,950	30,950	30,950
Security of Persons and Property										
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	31	31	32	32	32	33	34	32	32	32
Square Footage of Building	28,924	28,924	28,924	28,924	28,924	28,924	28,924	28,924	28,924	28,924
Fire										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Vehicles	15	16	16	17	18	18	18	18	18	17
Square Footage of Buildings	37,878	37,878	37,878	37,878	37,878	37,878	37,878	37,878	37,878	37,878
Public Health and Welfare										
Cemetery										
Number of Cemeteries	2	2	2	2	2	2	2	2	2	2
Number of Acres	50	50	50	50	50	50	50	50	50	50
Number of Vehicles	2	2	2	2	2	2	2	2	2	2
Community Environment										
Building & Zoning										
Number of Vehicles	5	5	5	5	5	5	5	5	5	5
Leisure Time Activities										
Number of Parks	13	14	14	14	14	14	14	14	14	14
Parks Acreage	186	186	186	186	186	152	152	152	153	153
Number of Swimming Pools	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm
Number of Ballfields	14	14	14	14	14	15	15	15	15	15
Recreation - Senior Center	1	1	1	1	1	1	1	1	1	1
Senior Center Square Footage	31,974	31,974	31,974	31,974	31,974	31,974	31,974	31,974	31,974	31,974
Number of Vehicles	13	13	13	13	14	15	15	15	14	13
Transportation										
Miles of Streets	89	89	89	89	89	89	89	89	92	92
Number of Street Lights	2,920	2,920	2,920	2,920	2,920	2,920	2,920	3,067	3,071	3,075
Number of Traffic Lights	354	354	354	354	354	354	354	354	354	354
Business-Type Capital Assets										
Sewers										
Miles of Sanitary Sewers	93	93	93	93	93	93	93	93	93	103
Miles of Storm Sewers	92	92	92	92	92	92	92	92	92	102
Airport										
Number of Runways	2	2	2	2	2	2	2	2	2	2
Golf Course										
Number of Holes	18	18	18	18	18	18	18	18	18	18
Number of Acres	141	141	141	141	141	141	141	141	141	141
Number of Vehicles	1	1	1	1	2	3	3	3	3	3

Sources: Various Willoughby Departments
Municipal Court completed 2005





The City of Willoughby, Ohio



HISTORY | FAMILY | FUN | PROGRESS

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Dave Yost • Auditor of State

CITY OF WILLOUGHBY

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 13, 2013**