
The City of
WILLOUGHBY, OHIO



2001
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended December 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of the City Council of the
City of Willoughby, Ohio

We have reviewed the Independent Auditor's Report of the City of Willoughby, Lake County, prepared by Ciuni & Panichi Inc, for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 10, 2002

2001

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2001

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, CGFM

Deputy Finance Director
Diane C. Bosley, CPA

Secretary
Charlene Belanger, CPS

Staff Accountant
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Nancy Kukoleck
Christine Pedersen
Cher Phillips
Martha Schneider
Shawn Wilson

**CITY OF WILLOUGHBY, OHIO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001**

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The City of
WILLOUGHBY, OHIO





City Of Willoughby

David E. Anderson
Mayor and Safety Director

May 20, 2002

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, 2001 is hereby submitted. The City, and specifically the Finance Department, assumes responsibility for the accuracy, completeness, fairness of presentation, and all disclosures contained within this report.

The CAFR is presented in three sections:

THE INTRODUCTORY SECTION includes the Table of Contents, this letter of transmittal, the City's Organization Chart, a schedule of Elected and Appointed Officials for 2001, and the Certificate of Achievement for Excellence in Financial Reporting for the prior year's CAFR.

THE FINANCIAL SECTION includes the Independent Auditor's Report, General Purpose Financial Statements, Combined Statements, Individual Fund and Account Group Financial Statements and schedules and related notes.

THE STATISTICAL SECTION includes selected financial and demographic information, generally presented on a ten-year basis.

While there is no legal requirement for the preparation of this report, it represents an effort with commitment by the City of Willoughby to conform with Generally Accepted Accounting Principles (GAAP), increase fund controls with an annual audit and provide more meaningful financial information to its citizens and investors.

This report includes all funds and account groups within the City of Willoughby. The City provides a range of services contemplated by the City's Charter. These services include:

Fire and Police Protection	Sanitation Services
Construction & Maintenance of Streets and Infrastructures	Recreation Activities and Parks
Cultural Events	Solid Waste Service
Lost Nation Airport	Lost Nation Golf Course
Planning, Building & Inspections	City Municipal Court
Community Development	Traffic Control

The Willoughby-Eastlake School District and Willoughby Library do not meet the established criteria for inclusion in the reporting entity, and accordingly are excluded from this report.

"The Courtesy City"

ECONOMIC CONDITIONS AND OUTLOOK

The City's economic condition and outlook continue to reflect positive growth. Income tax revenues increased 1.47% (budget basis) compared to 2000. Total income tax revenue has increased by nearly 24% in the last five years.

The City remains a highly desirable place to live, work and play and continues to grow with a positive business climate. The City makes a point of retaining and helping its current companies to grow as is evidenced by the expansion of Kottler Metal Products with a 12,000 square foot addition to a building constructed in 1998. Winter Equipment Co. is building a new 35,000 square foot headquarters to stay in the City. Trust Technologies has purchased a 10-acre parcel of land adjacent to the City's airport and will build a 50,000 square foot building to stay in the City. Development continues at the City's Lost Nation Airport with two new corporate hangars built and occupied by private business and the plan for 36 T-hangars to be built by a local developer.

In 2001 ground was broken and land is being cleared for a 176-acre development consisting of 76 acres of industrial development and 100 acres of commercial development. This will be adjacent to State Route 2, a major thoroughfare through Lake County.

Plans have been received for a new Lowe's home improvement store, which will revitalize and replace the existing Willo Plaza. New upscale residential homes and developments continue to be constructed in Willoughby. The housing market continues to be strong for both the existing and new homes including the Woodlands, a new 124-unit environmentally sensitive development.

MAJOR INITIATIVES

Construction was completed on the headquarters fire station during 2001. Both the headquarters and satellite fire station were replaced as a result of a \$6,200,000 voter approved Bond issue in 1998.

Historic downtown Willoughby has undergone a renovation. The City invested approximately \$700,000 in a project that included resurfacing of the road, underground wiring, historic style lighting and brick pavers in the sidewalk. These improvements enhance an already vibrant dining and shopping experience for our residents and visitors to Willoughby.

Work was completed in the early part of 2002 on a \$2,300,000 downtown sanitary sewer project. The City continues to aggressively replace sewers where needed including a Highland-Maple project near downtown Willoughby.

The City did a widening project at the intersection of Rt. 91 and Euclid Avenue. This is one of the busiest intersections in the City. This \$700,000 project will improve traffic flow and ease congestion near major shopping areas and the hospital. The City continues to formulate and initiate infrastructure improvements designed to improve traffic flow and enhance road conditions. Willoughby spends in excess of \$500,000 annually on a road program which overlays and rehabilitates existing roads.

FINANCIAL INFORMATION

Internal Control Structure

Management of the City of Willoughby is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Willoughby 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. 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.

Budgeting Controls

In addition, 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 of Willoughby's governing body. Activities of the General Fund, Special Revenue Funds, Capital Projects Fund and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the level of an individual fund. The City of Willoughby also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the financial section of this report, the City of Willoughby continues to meet its responsibility for sound financial management.

GENERAL GOVERNMENT FUNDING

<u>Revenues (In Millions)</u>	<u>2000</u>	<u>2001</u>	<u>Variance From 2000 (Unfavorable)</u>	<u>Percent Of Variance (Unfavorable)</u>
Taxes	\$ 16.508	\$ 16.668	\$ 0.160	0.97%
Intergovernmental	4.828	4.460	(0.368)	(7.62)%
Charges for Services	0.465	0.511	0.046	9.89%
Special Assessments	1.051	0.999	(0.052)	(4.95)%
Fines, Licenses, Permits	2.023	2.049	0.026	1.29%
Interest Income	1.524	1.170	(0.354)	(23.23)%
Other	<u>0.706</u>	<u>0.339</u>	<u>(0.367)</u>	(51.98)%
Total	\$ <u>27.105</u> =====	\$ <u>26.196</u> =====	\$ <u>(0.909)</u> =====	(3.35)% -----

Revenues

Taxes overall held steady with an increase of 0.97%. Intergovernmental revenue decreased by 7.62% because of a reduction in receipts from estate taxes and local government funds distributed by the State of Ohio. Interest on investments decreased by 23.23% because of lowering interest rates and a reduction in the Capital Projects Fund balance available from construction of the two new fire stations in the year 2000.

<u>Expenditures</u>	<u>2000</u>	<u>2001</u>	<u>Variance From 2000 (Unfavorable)</u>	<u>Percent Of Variance (Unfavorable)</u>
Security of Persons & Property	\$ 8.574	\$ 10.029	\$ (1.455)	(16.97)%
Public Health & Welfare	0.282	0.317	(0.035)	(12.41)%
Leisure Time Activities	1.301	1.614	(0.313)	(24.06)%
Community Environment	0.637	0.777	(0.140)	(21.98)%
Basic Utility Service	0.859	0.856	0.003	0.35 %
Transportation	1.367	1.486	(0.119)	(8.71)%
General Government	7.762	5.136	2.626	33.83%
Capital	9.129	4.015	5.114	56.02%
Debt Service	<u>1.829</u>	<u>1.710</u>	<u>0.119</u>	6.51%
Total	\$ <u>31.740</u> =====	\$ <u>25.940</u> =====	\$ <u>5.800</u> =====	18.27% -----

Expenditures

Increases in expenditures in Security of Persons & Property, Public Health & Welfare, Leisure Time Activities, Community Environment, and Transportation are caused by a change in budgetary practices where all employee benefits were previously paid from the General Government category. In preparation for GASB 34 the City has assigned the benefit cost to the appropriate budgetary program. The decrease in General Government spending is a result of this change. The decrease in Capital expenditures are as a result of the expenditures of the Fire Station project being recognized in 2000 as construction was wrapped up in 2001.

FUND EQUITY

Governmental operations during the years 1997-2001 reflect the following balances in fund equity for Governmental Funds in millions:

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General Fund	\$ 6.773	\$ 10.198	\$ 9.842	\$ 10.276	\$ 10.236
Special Revenues	1.242	1.907	1.858	1.892	2.291
Debt Services	1.881	2.086	2.233	2.421	2.594
Capital Projects	<u>3.326</u>	<u>3.391</u>	<u>11.330</u>	<u>7.268</u>	<u>7.049</u>
Total Governmental Funds	<u>\$ 13.222</u>	<u>\$ 17.582</u>	<u>\$ 25.263</u>	<u>\$ 21.857</u>	<u>\$ 22.170</u>

Fund equity remains stable throughout all governmental funds. Year 2000 balances have been adjusted as a result of the restatement required by GASB 33.

DEBT SERVICE

Debt service revenue and expenditures remain stable with no new Debt Service Funds activity.

	<u>2000</u>	<u>2001</u>
Revenues	\$ 2.062	\$ 1.930
Expenditures	<u>\$ (1.874)</u>	<u>\$ (1.758)</u>
Revenues Over (Under) Expenditures And Other Sources	<u>\$ 0.188</u>	<u>\$ 0.172</u>

The delinquencies have remained steady over the past several years with the County encouraging delinquent property owners to pay their taxes.

<u>Delinquent Amount 12-31</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Real Estate Taxes	\$ 0.140	\$ 0.094	\$ 0.096	\$ 0.084	\$ 0.114
Assessments	<u>0.055</u>	<u>0.038</u>	<u>0.072</u>	<u>0.091</u>	<u>0.070</u>
Total	<u>\$ 0.195</u>	<u>\$ 0.132</u>	<u>\$ 0.168</u>	<u>\$ 0.175</u>	<u>\$ 0.184</u>

The City's share is about 12.5% of the real estate tax and about 98% of assessments. Several of these delinquencies have entered into a multiple payment program 2.5 to 5 years with Lake County, the collector of taxes and assessments.

ENTERPRISE OPERATIONS

SANITARY SEWER FUND

The 2001 Sanitary Sewer Volume reflects a 1.9% increase, which may be attributable to seasonal variations between years.

1999	131,927,600 cubic feet
2000	129,887,800 cubic feet
2001	132,334,700 cubic feet

The Downtown sewer project continued construction and was completed in 2002. A project for the Highland-Maple area of the City began in 2001. Plans were started for the Center-Wood project, which is scheduled for construction in 2002.

Revenues and expenditures remained steady for the year with control of operating expenses being a major focus of management.

	<u>2000</u>	<u>2001</u>	Variance From 2000 (Unfavorable)
<u>Revenues (In Millions)</u>	<u>\$ 2.902</u>	<u>\$ 2.915</u>	<u>\$ 0.013</u>
<u>Expenses</u>			
Personal Services	\$ 1.701	\$ 1.755	\$ (0.054)
Contractual Services	0.391	0.356	0.035
Material & Supplies	0.090	0.102	(0.012)
Utilities	0.323	0.352	(0.029)
Other	0.012	0.009	0.003
Depreciation	<u>1.112</u>	<u>1.135</u>	<u>(0.023)</u>
Total Expenses	<u>\$ 3.629</u>	<u>\$ 3.709</u>	<u>\$ (0.080)</u>
<u>Non-Operating Income</u>	<u>\$ 0.512</u>	<u>\$ 0.335</u>	<u>\$ (0.177)</u>
Net Loss	<u>\$ (0.215)</u>	<u>\$ (0.459)</u>	<u>\$ (0.244)</u>
	=====	=====	=====

GOLF COURSE FUND

The golf course experienced a minor increase in revenue in 2001 as compared to 2000. Expenses remain steady and the golf course continues to pay for its own debt and capital improvements.

	<u>2000</u>	<u>2001</u>	Variance From 2000 (Unfavorable)
<u>Revenues (In Millions)</u>	<u>\$ 0.866</u>	<u>\$ 0.896</u>	<u>\$ 0.030</u>
<u>Expenses</u>			
Personal Services	\$ 0.358	\$ 0.360	\$ (0.002)
Contractual Services	0.082	0.086	(0.004)
Material & Supplies	0.172	0.177	(0.005)
Utilities	0.017	0.021	(0.004)
Other	0.007	0.005	0.002
Depreciation	<u>0.046</u>	<u>0.047</u>	<u>(0.001)</u>
Total Expenses	<u>\$ 0.682</u>	<u>\$ 0.696</u>	<u>\$ (0.014)</u>
<u>Non-Operating Expense</u>	<u>\$ (0.099)</u>	<u>\$ (0.095)</u>	<u>\$ 0.004</u>
Net Income	<u>\$ 0.086</u>	<u>\$ 0.105</u>	<u>\$ 0.019</u>
	=====	=====	=====

AIRPORT FUND

Revenues grew approximately 3% at the airport with expenses growing nearly 10%. Expenses vary from year to year based on maintenance needs and are carefully watched by management. Debt for the airport continues to be paid for by the General Bond Retirement Fund.

	<u>2000</u>	<u>2001</u>	Variance From 2000 (Unfavorable)
<u>Revenues (In Millions)</u>	<u>\$ 0.133</u>	<u>\$ 0.137</u>	<u>\$ 0.004</u>
<u>Expenses</u>			
Personal Services	\$ 0.082	\$ 0.089	\$ (0.007)
Contractual Services	0.018	0.048	(0.030)
Material & Supplies	0.012	0.013	(0.001)
Utilities	0.013	0.013	0.000
Other	0.005	0.002	0.003
Depreciation	<u>0.353</u>	<u>0.366</u>	<u>(0.013)</u>
Total Expenses	<u>\$ 0.483</u>	<u>\$ 0.531</u>	<u>\$ (0.048)</u>
<u>Non-Operating Income (Expense)</u>	<u>\$ (0.033)</u>	<u>\$ 0.016</u>	<u>\$ 0.049</u>
Net Loss	<u>\$ (0.383)</u>	<u>\$ (0.378)</u>	<u>\$ 0.005</u>
	=====	=====	=====

INTERNAL SERVICE FUND

In 1996, the City chose to join a Workers' Compensation Group Plan. The rate is set per \$100 of payroll by the Ohio Bureau of Workers' Compensation. Previously, for the years 1993 - 1995, the City was involved in a form of self-insurance called retrospective rating. The City retains liability for 10 years when liability is paid to the Bureau of Workers' Compensation. This fund will pay for future claims from money currently on deposit, as well as interest earnings. The increase in revenue is a result of higher interest rate earnings.

	<u>2000</u>	<u>2001</u>	Variance From 2000 (Unfavorable)
Revenues(In Millions)	\$ 0.078	\$ 0.031	\$ (0.047)
Expenses	<u>0.008</u>	<u>0.011</u>	<u>(0.003)</u>
Net Income	\$ 0.070	\$ 0.020	\$ (0.050)
	=====	=====	=====

DEBT ADMINISTRATION

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to Municipal Management, citizens, and investors. Net bonded debt is the total of all bonds issued, of which planned retirement is from City property taxes. However, while golf course debt and sanitary sewer debt are included in net bonded debt, they are entirely self-supporting from Golf Course Fund revenues and Sanitary Sewer Fund revenues. The decrease in net bonded debt is due to a reduction in overall debt liability.

Net Bonded Debt	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Voted	\$ 756,095	\$ 6,618,950	\$ 6,375,000	\$ 6,160,000
Unvoted	6,036,455	5,653,585	5,269,719	4,892,074
Sanitary Sewer	958,265	889,817	821,370	752,923
Airport	1,235,188	1,202,763	1,142,560	1,031,280
Golf Course	<u>1,885,000</u>	<u>1,765,000</u>	<u>1,635,000</u>	<u>1,500,000</u>
Total	\$ 10,871,003	\$ 16,130,115	\$ 15,243,649	\$ 14,336,277
	=====	=====	=====	=====
Debt per Capita	\$500	\$750	\$674	\$634

Tables 8 to 11 in the statistical section of this report and the notes to the financial statements present more detailed debt information.

CASH MANAGEMENT

The City of Willoughby has, as part of the charter, provided a Treasury Investment Account. Investments are guided by the Ohio Revised Code and administered by the Mayor, Director of Finance, and Director of Law.

Cash resources of all the City's individual funds are combined to form a pool of cash or cash equivalents. Investments are separately held by a number of individual funds.

Investment strategy is to preserve and protect the City's funds while maximizing the return on investment. Investments range from short-term repurchase agreements to US Treasury and Agency instruments. Securities are either maintained by the City or by agreement with a third-party agent.

RISK MANAGEMENT

The City of Willoughby utilizes the consulting service of an insurance agency. The agency is strictly an advisor and reviewer of all transactions pertaining to various aspects of the coverage needed in today's governmental operations. The City's Law Department is active in representing the City in all cases pertaining to Public Official Liability coverage.

OTHER INFORMATION

INDEPENDENT AUDIT

This report of the City of Willoughby was audited by Ciuni & Panichi, Inc. C.P.A. That office has audited the general-purpose financial statements and the related notes as indicated in their report. Their examination was conducted in accordance with generally accepted auditing standards and government auditing standards, which includes a financial, and compliance audit as well as an evaluation of internal accounting controls and tests of transactions. The auditor's report is the first page of the financial section.

AWARDS

The Government Finance Officers Association (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, 2000. This was the 15th consecutive year that the City of Willoughby has received 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 satisfied both Generally Accepted Accounting Principles and applicable legal requirements.

ACKNOWLEDGMENTS

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 of Council, preparation of this report would not have been possible.

Sincerely,



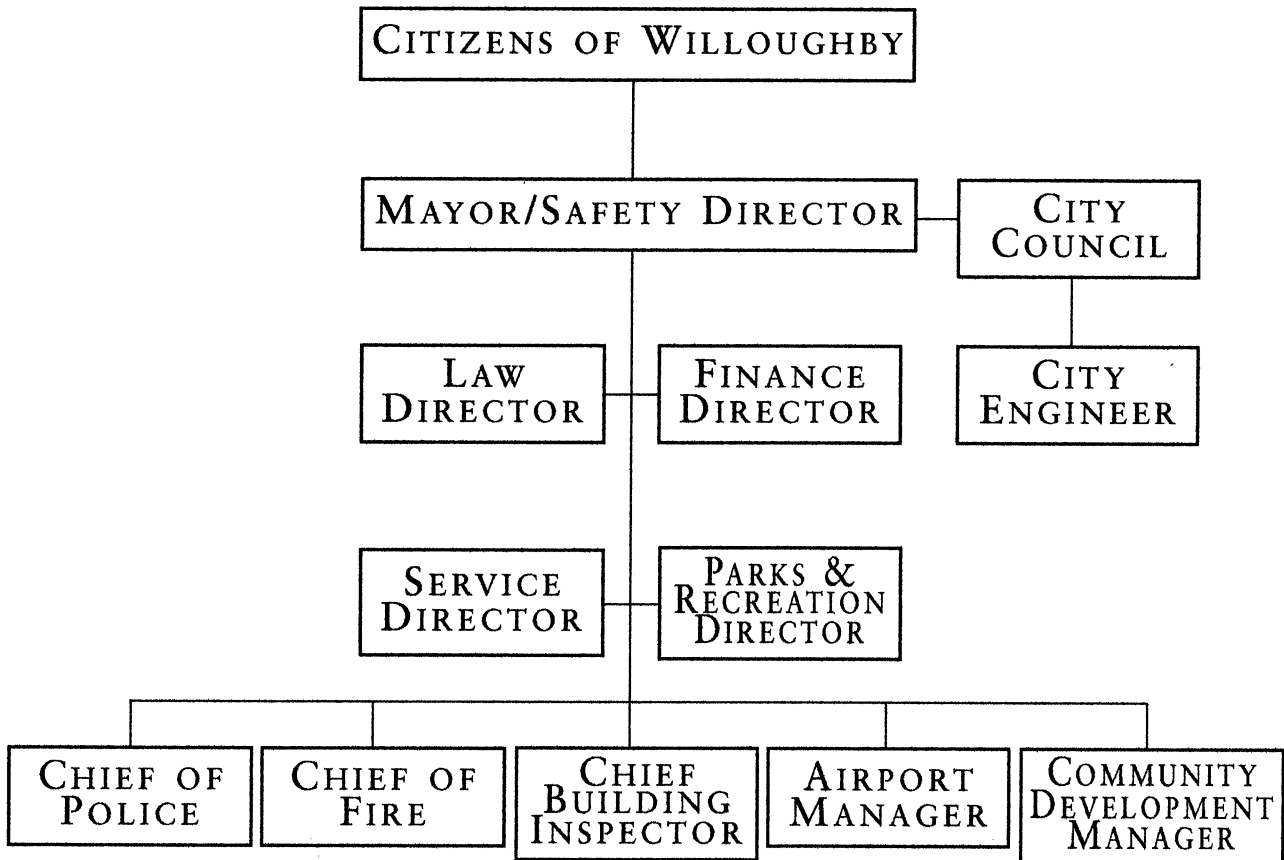
Raymond J. Rogowski, CGFM
Director of Finance

The City of
WILLOUGHBY, OHIO



ORGANIZATIONAL CHART

The City of
WILLOUGHBY, OHIO



ELECTED & APPOINTED OFFICIALS

2001

The City of
WILLOUGHBY, OHIO

Mayor
David E. Anderson

CITY COUNCIL

Ward 4
Charles W. Cox / President

Ward 1
Richard A. Wagner

Ward 3
Jerome P. Ranally

Ward 6
James J. Dempsey

Ward 2
Robert A. Fiala

Ward 5
John S. Paxson

Councilman-At-Large
Robert A. Ranallo

Director of Finance
Raymond J. Rogowski

*Director of Public
Service*
Angelo Tomaselli

Director of Law
John W. Wiles

*Director of
Parks & Recreation*
Brian L. Katz

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, 2000

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.



Timothy Brewer
President

Jeffrey L. Eades
Executive Director

The City of
WILLOUGHBY, OHIO



Financial
INFORMATION



*Creating economic value through
knowledge, innovation, commitment, and service*

CIUNI & PANICHI
INC.

CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

INDEPENDENT AUDITORS' REPORT

Members of the City Council of the
City of Willoughby, Ohio

We have audited the accompanying general-purpose financial statements of the City of Willoughby, as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Willoughby's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Willoughby, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* as of December 31, 2001. This results in a change to the City's method of accounting for certain nonexchange revenues

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2002 on our consideration of the City of Willoughby's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Willoughby. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the table of contents and therefore express no opinion thereon.

Ciuni & Panichi, Inc.

Cleveland, Ohio
April 10, 2002

The City of
WILLOUGHBY, OHIO



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*CITY OF WILLOUGHBY, OHIO
 COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
 AS OF DECEMBER 31, 2001*

Governmental Fund Types

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>
ASSETS AND OTHER DEBITS				
Assets:				
Equity in City Treasury Cash & Investments	\$7,500,585	\$2,365,054	\$688,196	\$7,301,069
Receivables:				
Accounts	179,958	1,053	0	2,623
Taxes	933,599	424,324	1,374,842	0
Special Assessments	0	458,295	1,730,403	0
Accrued Interest	241,579	0	30	0
Due from Other Funds	1,436,436	17,884	1,908,553	50,169
Due from Other Governments	2,561,757	266,315	70	563,729
Prepaid Items	257	0	0	0
Inventory Supplies	74,236	74,822	0	0
Restricted Assets	0	0	0	0
Fixed Assets-Net	0	0	0	0
Other Debits:				
Amount Available In Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of Long-Term Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND OTHER DEBITS	<u>\$12,928,407</u>	<u>\$3,607,747</u>	<u>\$5,702,094</u>	<u>\$7,917,590</u>

See accompanying notes to the combined financial statements.

EXHIBIT I

Proprietary Fund Types	Fiduciary Fund Type		Account Groups			
<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TRUST & AGENCY</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>TOTAL MEMORANDUM ONLY 2001</u>	
\$1,482,326	\$692,030	\$1,754,263	\$0	\$0	\$21,783,523	
210,146	0	0	0	0	393,780	
0	0	0	0	0	2,732,765	
0	0	0	0	0	2,188,698	
0	0	0	0	0	241,609	
173,499	1,261	0	0	0	3,587,802	
1,308,719	0	0	0	0	4,700,590	
5,042	0	0	0	0	5,299	
31,335	0	0	0	0	180,393	
1,188,947	0	0	0	0	1,188,947	
43,236,609	0	0	24,813,955	0	68,050,564	
0	0	0	0	674,043	674,043	
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,362,518</u>	<u>16,362,518</u>	
<u>\$47,636,623</u>	<u>\$693,291</u>	<u>\$1,754,263</u>	<u>\$24,813,955</u>	<u>\$17,036,561</u>	<u>\$122,090,531</u>	

continued on following page

*CITY OF WILLOUGHBY, OHIO
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
AS OF DECEMBER 31, 2001*

Governmental Fund Types

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>
LIABILITIES, EQUITY & OTHER CREDITS				
Liabilities:				
Accounts Payable	\$222,668	\$62,785	\$0	\$643,783
Salaries, Wages, & Benefits Payable	1,362,590	198,848	0	0
Accrued Interest Payable	0	0	0	0
Property Taxes Payable	0	0	0	0
Due to Other Funds	13,931	0	0	1,023
Due to Other Governments	22,991	1,806	0	0
Deferred Revenue	1,069,796	1,053,698	3,105,315	48,415
Notes Payable	0	0	0	175,000
Matured Bonds & Interest Payable	0	0	2,940	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds				
W/ Government Commitment	0	0	0	0
Landfill Postclosure Care Liability	0	0	0	0
Long-Term Compensated Absences	0	0	0	0
Police Pension Liability	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>2,691,976</u>	<u>1,317,137</u>	<u>3,108,255</u>	<u>868,221</u>
Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital				
(Net of amortization of \$12,961,282)	0	0	0	0
Retained Earnings:				
Reserved for Equipment Replacement	0	0	0	0
Reserved for Long-Term Loan -Airport	0	0	0	0
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	284,971	171,762	11,243	959,118
Reserved for Inventory	74,236	74,822	0	0
Reserved for Debt Service	0	0	674,043	0
Reserved for Prepaid Items	257	0	0	0
Reserved for Long-Term Loan -Airport	1,326,019	0	1,908,553	23,176
Reserved for Non-Current Investments	0	0	0	0
Unreserved	<u>8,550,948</u>	<u>2,044,026</u>	<u>0</u>	<u>6,067,075</u>
TOTAL EQUITY & OTHER CREDITS	<u>10,236,431</u>	<u>2,290,610</u>	<u>2,593,839</u>	<u>7,049,369</u>
TOTAL LIABILITIES, EQUITY & OTHER CREDITS	<u>\$12,928,407</u>	<u>\$3,607,747</u>	<u>\$5,702,094</u>	<u>\$7,917,590</u>

See accompanying notes to the combined financial statements.

EXHIBIT I
(CONTINUED)

Proprietary Fund Types	Fiduciary Fund Type	Account Groups				
<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TRUST & AGENCY</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>TOTAL MEMORANDUM ONLY 2001</u>	
\$888,858	\$75,595	\$1,385,999	\$0	\$0	\$3,279,688	
706,012	0	0	0	0	2,267,450	
195,040	0	0	0	0	195,040	
3,324	0	0	0	0	3,324	
3,446,350	0	126,498	0	0	3,587,802	
745	0	101,933	0	0	127,475	
0	0	0	0	0	5,277,224	
0	0	0	0	0	175,000	
0	0	0	0	0	2,940	
8,908,663	0	0	0	11,052,074	19,960,737	
0	0	0	0	1,307,949	1,307,949	
0	0	0	0	1,007,247	1,007,247	
0	0	0	0	3,537,668	3,537,668	
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>131,623</u>	<u>131,623</u>	
<u>14,148,992</u>	<u>75,595</u>	<u>1,614,430</u>	<u>0</u>	<u>17,036,561</u>	<u>40,861,167</u>	
0	0	0	24,813,955	0	24,813,955	
24,194,775	0	0	0	0	24,194,775	
594,473	0	0	0	0	594,473	
158,737	0	0	0	0	158,737	
8,539,646	617,696	0	0	0	9,157,342	
0	0	0	0	0	1,427,094	
0	0	0	0	0	149,058	
0	0	0	0	0	674,043	
0	0	0	0	0	257	
0	0	0	0	0	3,257,748	
0	0	135,163	0	0	135,163	
<u>0</u>	<u>0</u>	<u>4,670</u>	<u>0</u>	<u>0</u>	<u>16,666,719</u>	
<u>33,487,631</u>	<u>617,696</u>	<u>139,833</u>	<u>24,813,955</u>	<u>0</u>	<u>81,229,364</u>	
<u>\$47,636,623</u>	<u>\$693,291</u>	<u>\$1,754,263</u>	<u>\$24,813,955</u>	<u>\$17,036,561</u>	<u>\$122,090,531</u>	

*CITY OF WILLOUGHBY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 For The Year Ended December 31, 2001*

EXHIBIT II

GOVERNMENTAL FUND TYPES					
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL MEMORANDUM ONLY 2001</u>
REVENUES:					
Income Tax	\$11,272,843	\$0	\$0	\$2,081,563	\$13,354,406
Taxes (Property & Other)	1,479,771	410,458	1,309,516	113,977	3,313,722
Intergovernmental	3,287,537	894,115	131,530	146,407	4,459,589
Charges for Services	288,281	222,633	0	0	510,914
Special Assessments	0	511,499	487,892	0	999,391
Fines, Licenses, Permits	1,799,528	249,209	0	0	2,048,737
Interest Income	1,126,372	0	801	42,627	1,169,800
Miscellaneous	<u>323,393</u>	<u>2,466</u>	<u>0</u>	<u>13,800</u>	<u>339,659</u>
TOTAL REVENUES	<u>19,577,725</u>	<u>2,290,380</u>	<u>1,929,739</u>	<u>2,398,374</u>	<u>26,196,218</u>
EXPENDITURES:					
Current:					
Security of Persons and Property	8,280,053	1,748,717	0	0	10,028,770
Public Health and Welfare	317,099	0	0	0	317,099
Leisure Time Activities	859,416	754,967	0	0	1,614,383
Community Environment	736,464	39,987	0	0	776,451
Basic Utility Service	856,023	0	0	0	856,023
Transportation	0	1,485,855	0	0	1,485,855
General Government	4,969,928	118,600	47,617	0	5,136,145
Capital Expenditures	0	51,667	0	3,963,765	4,015,432
Debt Service:					
Principal	0	0	945,723	0	945,723
Interest	<u>0</u>	<u>0</u>	<u>764,140</u>	<u>0</u>	<u>764,140</u>
TOTAL EXPENDITURES	<u>16,018,983</u>	<u>4,199,793</u>	<u>1,757,480</u>	<u>3,963,765</u>	<u>25,940,021</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,558,742	(1,909,413)	172,259	(1,565,391)	256,197
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	0	2,312,049	0	1,282,234	3,594,283
Operating Transfers (Out)	(3,594,283)	0	0	0	(3,594,283)
Debt Proceeds	0	0	0	15,675	15,675
Sale of Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>48,771</u>	<u>48,771</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,594,283)</u>	<u>2,312,049</u>	<u>0</u>	<u>1,346,680</u>	<u>64,446</u>
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(35,541)	402,636	172,259	(218,711)	320,643
FUND BALANCE JANUARY 1 RESTATED	10,276,473	1,892,013	2,421,580	7,268,080	21,858,146
CHANGE IN RESERVE FOR INVENTORY	<u>(4,501)</u>	<u>(4,039)</u>	<u>0</u>	<u>0</u>	<u>(8,540)</u>
FUND BALANCE FOR DECEMBER 31	<u>\$10,236,431</u>	<u>\$2,290,610</u>	<u>\$2,593,839</u>	<u>\$7,049,369</u>	<u>\$22,170,249</u>

See accompanying notes to the combined financial statements.

CITY OF WILLOUGHBY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET & ACTUAL
ALL GOVERNMENTAL FUND TYPES
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

EXHIBIT III (continued on following pages)

	GENERAL FUND		VARIANCE
	<u>BUDGET</u>	<u>ACTUAL</u>	POSITIVE (NEGATIVE)
REVENUES:			
Income Tax	\$11,519,453	\$11,464,324	(\$55,129)
Taxes	1,429,912	1,477,458	47,546
Intergovernmental	3,488,120	3,630,479	142,359
Charges for Services	226,700	292,848	66,148
Fines, Licenses, Permits	1,714,260	1,759,389	45,129
Interest Income	700,000	1,156,562	456,562
Other	<u>203,447</u>	<u>198,207</u>	<u>(5,240)</u>
TOTAL REVENUES	<u>19,281,892</u>	<u>19,979,267</u>	<u>697,375</u>
EXPENDITURES:			
Security of Persons and Property	8,298,718	8,193,484	105,234
Public Health and Welfare	322,695	312,780	9,915
Leisure Time Activities	845,452	811,374	34,078
Community Environment	784,764	705,174	79,590
Basic Utility Service	992,500	772,705	219,795
General Government	<u>5,739,153</u>	<u>6,039,637</u>	<u>(300,484)</u>
TOTAL EXPENDITURES	<u>16,983,282</u>	<u>16,835,154</u>	<u>148,128</u>
Excess of Revenues Over (Under) Expenditures	2,298,610	3,144,113	845,503
OTHER FINANCING SOURCES (USES)			
Operating Transfers (Out)	(5,001,214)	(3,572,234)	1,428,980
Other	170,500	284,245	113,745
Advance Repaid	<u>21,951</u>	<u>21,951</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(4,808,763)</u>	<u>(3,266,038)</u>	<u>1,542,725</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(2,510,153)	(121,925)	2,388,228
FUND BALANCE AT BEGINNING OF YEAR	6,359,692	6,359,692	0
Prior Year Encumbrances Appropriated	<u>37,442</u>	<u>37,442</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$3,886,981</u>	<u>\$6,275,209</u>	<u>\$2,388,228</u>

See accompanying notes to the combined financial statements.

CITY OF WILLOUGHBY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 ALL GOVERNMENTAL FUND TYPES
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

EXHIBIT III (CONTINUED)

SPECIAL REVENUE FUNDS

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:			
Taxes	\$395,067	\$403,784	\$8,717
Intergovernmental	814,530	904,582	90,052
Charges for Services	191,400	221,650	30,250
Special Assessments	504,261	511,559	7,298
Fines, Licenses, Permits	250,250	266,408	16,158
Other	<u>15,000</u>	<u>2,202</u>	<u>(12,798)</u>
Total Revenues	<u>2,170,508</u>	<u>2,310,185</u>	<u>139,677</u>
EXPENDITURES:			
Security of Persons and Property	1,968,131	1,799,640	168,491
Leisure Time Activities	778,438	759,544	18,894
Community Environment	80,700	42,265	38,435
Transportation	1,697,200	1,492,149	205,051
General Government	357,660	177,965	179,695
Capital	<u>0</u>	<u>51,635</u>	<u>(51,635)</u>
Total Expenditures	<u>4,882,129</u>	<u>4,323,198</u>	<u>558,931</u>
Excess of Revenues Over (Under) Expenditures	(2,711,621)	(2,013,013)	698,608
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	2,290,000	2,290,000	0
Advance Repaid	(21,951)	(21,951)	0
Other	<u>4,000</u>	<u>1,365</u>	<u>(2,635)</u>
Total Other Financing Sources (Uses)	<u>2,272,049</u>	<u>2,269,414</u>	<u>(2,635)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(439,572)	256,401	695,973
FUND BALANCE AT BEGINNING OF YEAR	1,911,790	1,911,790	0
Prior Year Encumbrances Appropriated	<u>5,182</u>	<u>5,182</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$1,477,400</u>	<u>\$2,173,373</u>	<u>\$695,973</u>

See accompanying notes to the combined financial statements.

CITY OF WILLOUGHBY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET & ACTUAL
ALL GOVERNMENTAL FUND TYPES
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

EXHIBIT III (CONTINUED)



DEBT SERVICE FUNDS

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)
REVENUES:			
Taxes	\$1,285,662	\$1,309,516	\$23,854
Intergovernmental	119,757	131,591	11,834
Special Assessments	450,000	487,892	37,892
Interest Income	<u>1,500</u>	<u>901</u>	<u>(599)</u>
Total Revenues	<u>1,856,919</u>	<u>1,929,900</u>	<u>72,981</u>
EXPENDITURES:			
General Government	56,000	48,298	7,702
Debt Service			
Principal	1,060,273	1,055,723	4,550
Interest	<u>810,293</u>	<u>810,293</u>	<u>0</u>
Total Expenditures	<u>1,926,566</u>	<u>1,914,314</u>	<u>12,252</u>
Excess of Revenues Over (Under) Expenditures	(69,647)	15,586	85,233
FUND BALANCE AT BEGINNING OF YEAR	661,359	661,359	0
Prior Year Encumbrances Appropriated	<u>7</u>	<u>7</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$591,719</u>	<u>\$676,952</u>	<u>\$85,233</u>

See accompanying notes to the combined financial statements.

*CITY OF WILLOUGHBY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 ALL GOVERNMENTAL FUND TYPES
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001*

EXHIBIT III (CONTINUED)



CAPITAL PROJECTS FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)
REVENUES:			
Income Taxes	\$1,930,073	\$1,911,697	(\$18,376)
Taxes	110,000	114,010	4,010
Intergovernmental	292,796	148,603	(144,193)
Interest Income	160,000	93,812	(66,188)
Other	<u>8,300</u>	<u>53,771</u>	<u>45,471</u>
Total Revenues	<u>2,501,169</u>	<u>2,321,893</u>	<u>(179,276)</u>
EXPENDITURES:			
Capital	<u>4,543,600</u>	<u>3,403,287</u>	<u>1,140,313</u>
Total Expenditures	<u>4,543,600</u>	<u>3,403,287</u>	<u>1,140,313</u>
Excess of Revenues Over (Under) Expenditures	(2,042,431)	(1,081,394)	961,037
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	1,282,234	1,282,234	0
Debt Proceeds	155,968	21,643	(134,325)
Other	0	9,200	9,200
Advance Repaid	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Other Financing Sources(Uses)	<u>1,448,202</u>	<u>1,323,077</u>	<u>(125,125)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(594,229)	241,683	835,912
FUND BALANCE AT BEGINNING OF YEAR	5,330,179	5,330,179	0
Prior Year Encumbrances Appropriated	<u>73,151</u>	<u>73,151</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$4,809,101</u>	<u>\$5,645,013</u>	<u>\$835,912</u>

See accompanying notes to the combined financial statements.

CITY OF WILLOUGHBY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY FUNDS & NON-EXPENDABLE TRUST FUND
For The Year Ended December 31, 2001

EXHIBIT IV

	ENTERPRISE FUNDS	INTERNAL SERVICE FUND	NON-EXPENDABLE TRUST FUND	TOTAL MEMORANDUM ONLY 2001
OPERATING REVENUES:				
Charges for Services	\$3,799,249	\$0	\$5,200	\$3,804,449
Rentals	114,892	0	0	114,892
Interest Income	0	30,875	0	30,875
Other	<u>33,143</u>	<u>0</u>	<u>0</u>	<u>33,143</u>
Total Operating Revenues	<u>3,947,284</u>	<u>30,875</u>	<u>5,200</u>	<u>3,983,359</u>
OPERATING EXPENSES:				
Personal Services	2,204,106	0	0	2,204,106
Contractual Services	490,087	0	0	490,087
Materials & Supplies	291,157	0	0	291,157
Heat, Light, & Power	386,051	0	0	386,051
Other Expenses	17,201	0	0	17,201
Employee Benefits	0	10,531	0	10,531
Depreciation	<u>1,547,899</u>	<u>0</u>	<u>0</u>	<u>1,547,899</u>
Total Operating Expenses	<u>4,936,501</u>	<u>10,531</u>	<u>0</u>	<u>4,947,032</u>
Net Income (Loss) from Operations	<u>(989,217)</u>	<u>20,344</u>	<u>5,200</u>	<u>(963,673)</u>
Non-Operating Revenues (Expenses):				
Interest Income	64,213	0	0	64,213
Interest Expense	(588,799)	0	0	(588,799)
Income Tax	700,000	0	0	700,000
Other - Income	81,136	0	0	81,136
Other - Expense	<u>0</u>	<u>0</u>	<u>(19,330)</u>	<u>(19,330)</u>
Total Non-Operating Revenues (Expenses)	<u>256,550</u>	<u>0</u>	<u>(19,330)</u>	<u>237,220</u>
Net Income (Loss)	<u>(732,667)</u>	<u>20,344</u>	<u>(14,130)</u>	<u>(726,453)</u>
Changes in Retained Earnings:				
Add Depreciation on Fixed Assets Acquired by Grant Revenues and Contractual Payments Restricted for Capital Additions that Reduces Contributed Capital	<u>874,935</u>	<u>0</u>	<u>0</u>	<u>874,935</u>
Increase (Decrease) in Retained Earnings/Fund Balance	142,268	20,344	(14,130)	148,482
RETAINED EARNINGS/FUND BALANCE RESTATED JANUARY 1	<u>9,150,588</u>	<u>597,352</u>	<u>153,963</u>	<u>9,901,903</u>
RETAINED EARNINGS/FUND BALANCE DECEMBER 31	<u>\$9,292,856</u>	<u>\$617,696</u>	<u>\$139,833</u>	<u>\$10,050,385</u>

See accompanying notes to the combined financial statements.

City of Willoughby, Ohio
Combined Statement of Cash Flows
All Proprietary Funds & Non-Expendable Trust Fund
For the Year Ended December 31, 2001

EXHIBIT V

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Non-Expendable Trust Fund</u>	<u>TOTAL MEMORANDUM ONLY 2001</u>
Cash flows from operating activities:				
Cash received from customers	\$3,232,836	0	\$5,700	\$3,238,536
Cash paid to customers	(490,494)	22,879	0	(467,615)
Cash paid to employees	(2,113,760)	0	0	(2,113,760)
Other operating revenues	<u>33,143</u>	<u>32,974</u>	<u>0</u>	<u>66,117</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>661,725</u>	<u>55,853</u>	<u>5,700</u>	<u>723,278</u>
Cash flows from noncapital financing activities:				
Income Tax	<u>950,000</u>	<u>0</u>	<u>0</u>	<u>950,000</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>950,000</u>	<u>0</u>	<u>0</u>	<u>950,000</u>
Cash flows from capital and related financing activities:				
Proceeds from OWDA loan	1,074,524	0	0	1,074,524
Acquisition and construction of capital assets	(2,812,817)	0	0	(2,812,817)
Principal paid on bonds and OWDA loans	(811,640)	0	0	(811,640)
Interest paid on bonds and OWDA loans	(588,799)	0	0	(588,799)
Capital contributed by grants	587,960	0	0	587,960
Contributions from customers	47,226	0	0	47,226
Proceeds from the sale of fixed assets	<u>1,045</u>	<u>0</u>	<u>0</u>	<u>1,045</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,502,501)</u>	<u>0</u>	<u>0</u>	<u>(2,502,501)</u>
Cash flows from investing activities:				
Interest on investments	<u>64,213</u>	<u>0</u>	<u>(19,330)</u>	<u>44,883</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>64,213</u>	<u>0</u>	<u>(19,330)</u>	<u>44,883</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(826,563)	55,853	(13,630)	(784,340)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,497,836</u>	<u>636,177</u>	<u>153,463</u>	<u>4,287,476</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$2,671,273</u>	<u>\$692,030</u>	<u>\$139,833</u>	<u>\$3,503,136</u>
Cash and cash equivalents in Non-Expendable Trust Fund			\$139,833	
Cash and cash equivalents in Agency Funds			<u>1,614,430</u>	
Cash and cash equivalents in Non-Expendable Trust & Agency Funds			<u>\$1,754,263</u>	

See accompanying notes to the combined financial statements.

City of Willoughby, Ohio
Combined Statement of Cash Flows
All Proprietary Funds & Non-Expendable Trust Fund
For the Year Ended December 31, 2001

EXHIBIT V (CONTINUED)

	<u>Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Non-Expendable Trust Fund</u>	<u>TOTAL MEMORANDUM ONLY 2001</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(\$989,217)	\$20,344	\$5,200	(\$963,673)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,547,899	0	0	1,547,899
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(6,118)	0	500	(5,618)
(Increase) decrease in accrued interest receivable	33,500	0	0	33,500
(Increase) decrease in due from other govts	(692,968)	0	0	(692,968)
(Increase) decrease in due from other funds	(10,775)	35,509	0	24,734
(Increase) decrease in prepaid expense	27,243	0	0	27,243
(Increase) decrease in inventory of supplies	7,592	0	0	7,592
Increase (decrease) in accounts payable	530,066	0	0	530,066
Increase (decrease) in accrued salaries, wages, and benefits	90,346	0	0	90,346
Increase (decrease) in other accrued interest	(23,114)	0	0	(23,114)
Increase (decrease) in other accrued liabilities	95	0	0	95
Increase (decrease) in due to other governments	693	0	0	693
Increase (decrease) in due to other funds	146,483	0	0	146,483
 TOTAL ADJUSTMENTS	 <u>1,650,942</u>	 <u>35,509</u>	 <u>500</u>	 <u>1,686,951</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$661,725</u>	<u>\$55,853</u>	<u>\$5,700</u>	<u>\$723,278</u>

Schedule of Noncash Investing, Capital and Financing Activities:

The Airport Fund had additions of Contributed Capital in the amount of \$295,790 from the Federal Government.

The Sewer Fund had additions of Contributed Capital in the amount of \$292,170 from the State and Other Governments and deletions in the amount of \$53,080, for a net increase of \$239,090.

See accompanying notes to the combined financial statements.

CITY OF WILLOUGHBY, OHIO

NOTES TO THE COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

The accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2001, and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City provides various services including 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 accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds - The governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

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

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

Debt Service Funds - These funds are used for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds - These funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is financed or recovered primarily through user charges.

Internal Service Fund - This fund is used to account for the financing of services provided by one department to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis.

Fiduciary Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Trust and Agency Funds - The City maintains nonexpendable trust funds and agency funds. The nonexpendable trust funds are accounted for and reported similarly to proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the City except those accounted for in the proprietary funds.

C. Basis of Accounting

All governmental funds and agency funds are accounted for using the modified accrual basis of accounting and the flow of financial resources measurement focus. Governmental revenues are recognized when they

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

become measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred, if measurable, with the exception of accumulated unpaid employee compensation which is not payable from expendable financial resources. Agency funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available, as they are collectible within the current period or soon enough thereafter to be used to pay obligations of the current period: investment earnings, special assessments due in the current year, income taxes and state-levied locally shared taxes. Reimbursements due for federally funded projects are recognized as revenue in the period when all applicable eligibility requirements have been met and the resources are available.

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred, except for unmatured principal and interest on general long-term debt which are recognized in the governmental funds.

All proprietary type funds and the nonexpendable trust fund utilize the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. Their revenues are recognized when earned and their expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded at each year end.

The proprietary funds are accounted for with an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operations of the funds be included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

With respect to proprietary activities, the City has adopted GASB Statement 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units that Use Proprietary Fund Accounting. The City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict pronouncements.

D. Budgetary Requirements, Accounting and Reporting

1. Budget

A budget of estimated cash receipts and disbursements (cash basis) for all funds receiving property taxes is submitted to the county auditor, as secretary of the Lake County Budget Commission, by July 20 of each year, for the period January 1 to December 31, of the following year.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

2. Estimated Resources

The County Budget Commission certified its actions to the City. The City of Willoughby received the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1 this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City of Willoughby must review its budget to ensure that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. (Expenditures are adjusted for operation and maintenance payables. See b. below.) The revised budget then serves as the basis for the annual appropriation measure.

3. Appropriations

All funds have legally adopted budgets except Agency Funds. However, only governmental funds are required to be reported. A temporary appropriation measure to control disbursements and commitments may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Expenditures may not exceed appropriations at the total fund level without Council approval. Management control is maintained by the encumbrance system at the departmental level. Council approves appropriations by fund type. Management has authority to adjust line items within funds as long as it does not materially affect City services. Adjustments to total fund appropriations must be approved by City Council.

Budget figures on the combined financial statements include the original and all supplemental appropriations for 2001.

4. Encumbrances

Encumbrances outstanding at year end represent the estimated amount of the expenditures which would result if unperformed contracts (i.e., purchase orders, other commitments) in process are completed. Encumbrances are reported as reservations of fund balance in the governmental funds for GAAP reporting purposes. Encumbrances are treated as expenditures in budgetary presentations. The unencumbered balance of each appropriation lapses at year end and reverts to the respective fund from which it was appropriated and becomes available for future appropriations.

Governmental Fund Budgets

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual - All Governmental Fund Types are presented on the budgetary basis to provide a 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 basis) as opposed to when susceptible to accrual (GAAP basis).
- b. Expenditures are recorded when the liability is paid in cash for payroll, debt charges, capital, and for most operations and maintenance type transactions (budget basis) as opposed to when the liability is incurred (GAAP basis). Budgetary expenditures also include encumbrances, thereby restricting available appropriations.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

- c. In 1993, the City changed some of its budgeting practices in Governmental Funds. Previously income tax had been allocated directly to Special Revenue Funds as needed. Since then, this allocation has been accomplished by transfer rather than direct allocation to revenue.
- d. A program-oriented form of budgeting was initiated in 1993 and continues to date. In 2001 modifications have been made in anticipation of implementation of GASB 34. As a result fringe benefits of governmental funds are now accounted for in their proper fund and function. The fringe benefits accounted for in this way exclude Police and Fire Pension which are accounted for in their own funds.
- e. In 1997 the City changed financial management software. This software provides the ability to segregate current year from prior year encumbrances. The City does not re-appropriate carry-over encumbrances, but on a GAAP basis prior year expenditures are recognized.

The adjustments necessary to convert the results of operations for the year from the GAAP basis to the budget basis for the governmental funds are as follows:

	Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
GAAP Basis (As Reported)	\$(35,541)	\$ 402,636	\$ 172,259	\$(218,711)
Increase (Decrease) Due To:				
<u>Revenues:</u>				
Accrued 12/31/00	\$ 6,146,947	\$ 1,016,857	\$ 5,839,738	\$ 534,182
Accrued 12/31/01	(5,380,868)	(1,167,871)	(5,013,898)	(682,682)
<u>Expenditures:</u>				
Accrued 12/31/00	\$(2,783,542)	\$(1,324,584)	\$(4,090,086)	\$(998,680)
Accrued 12/31/01	1,880,839	1,312,194	3,108,255	555,303
Encumbrances	(350,367)	(160,660)	\$(3,000)	\$(1,012,146)
Current year charges against prior year's encumbrances	<u>400,607</u>	<u>177,829</u>	<u>2,318</u>	<u>2,064,417</u>
Budget Basis	<u><u>\$(121,925)</u></u>	<u><u>\$ 256,401</u></u>	<u><u>\$ 15,586</u></u>	<u><u>\$ 241,683</u></u>

E. Investments

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" on the combined balance sheet.

The City complies with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". As a governmental entity other than an external investment pool in

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

accordance with GASB 31, the City's investments are stated at fair value, except for interest-earning investment contracts, money market investments, and external investment pools (see Note 3).

In applying GASB 31, the City utilized the following methods and assumptions as of December 31, 2001:

The portfolio was limited to nonparticipating interest-earning investment contracts, State Treasury Asset Reserve of Ohio (STAR Ohio), and U. S. Government Securities.

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. Exceptions to the fair value requirement include nonparticipating interest-earning investment contracts and money market investments.

Nonparticipating investment contracts, such as non-negotiable certificates of deposit and repurchase agreements are reported at cost. Money market investments, including U.S. Treasury and agency obligations that had a remaining maturity of one year or less at the time of purchase by the City, are reported at amortized 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 investment's balance exceeds the cumulative value of those investments subject to GASB 31.

The gain/loss resulting from valuation will be reported within the Interest Income account on the Statement of Revenues, Expenditures and Changes in Fund Balance.

The City's policy is to hold investments until maturity, or until market values equal or exceed cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2001.

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 2001 amounted to \$1,126,372 that includes \$538,416 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "restricted assets" since they are not required to be deposited into the City's treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

F. Cash and Cash Equivalents

Cash and equivalents are displayed as Equity in City Treasury Cash in all funds. These amounts are short-term investments and deposits, both readily convertible to cash. The City considers highly liquid investments with original maturity of three months or less to be cash equivalents.

G. Receivables

Receivables at December 31, 2001, 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.

H. Inventory

Inventories are stated at cost on a first-in, first-out basis. In the governmental funds, inventory items are recorded as expenditures when purchased (purchase method). The reserves for inventory in these funds indicate that a portion of the fund balance is not available for future expenditure. Enterprise fund inventory is expensed when used.

I. Fixed Assets and Depreciation

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. General fixed assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental type funds and capitalized (recorded and accounted for) in the General Fixed Asset Account Group. Infrastructure fixed assets, such as streets are not capitalized.

The City changed its fixed asset policy in 1996. The minimum dollar value reported in fixed assets for both general fixed assets and enterprise funds is now \$1,000. This policy eliminates those items of small monetary value.

The valuation of fixed assets is based on historical cost or estimated historical cost based on replacement cost factored back to acquisition dates.

Fixed assets in the enterprise funds are capitalized in the fund in which they are utilized. The valuation bases for the enterprise fund fixed assets are the same as those used for the general fixed assets.

Donated fixed assets are capitalized at estimated fair market value on the date donated.

Interest is capitalized on all fixed asset projects where debt is issued for a period not to exceed two years.

Depreciation of fixed assets is computed and recorded by the straight-line method in the enterprise funds. Depreciation expense is not recorded in the governmental funds; however, accumulated depreciation is reported in the General Fixed Asset Account Group utilizing the straight-line method.

Estimated useful lives of the various classes of depreciable fixed assets are as follows: buildings, 20 to 50 years; improvements other than buildings, 15 to 50 years; equipment, 3 to 15 years.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

J. Long-Term Debt Obligations

Long-term liabilities are being repaid from the following funds:

General Obligation Bonds	General Bond Retirement Fund Airport Fund Sewer Fund Golf Course Fund
OWDA Loans	General Bond Retirement Fund Sewer Fund
OPWC Loans	General Bond Retirement Fund Sewer Fund
Police Pension Liability	Police Pension Fund
Compensated Absences	General Fund Recreation Fund Street Construction Maintenance and Repair Fund Sewer Fund Airport Fund Golf Course Fund

K. Unpaid Compensated Absences

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 for 40 hours vacation which 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.

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 service receive an additional amount of 20 percent for sick leave hours accumulated in excess of 960 hours for most City employees and 1159.2 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 1159.2 hours 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 1159.2 for firefighters.

Firefighters may accrue compensatory time to a maximum of 96 hours and police officers may accrue up to 180 hours. Communications clerks and operators may accrue compensatory time to a maximum of 80 hours.

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time, sick leave, and compensatory time when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined. For governmental funds, the portion of unpaid compensated absences that

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "salaries, wages, & benefits payable." The remaining portion of the liability is reported in the General Long-Term Debt Account Group.

Compensated absences are expensed in the Enterprise Funds when earned, and the related liability is reported within the fund.

L. Contributed Capital

Contributions for (or of) capital assets are credited directly to contributed capital. This includes grant money from other governments in the Sewer and Airport Funds.

	Golf Course Fund	Sewer Fund	Airport Fund
Contributed Capital			
Capital January 1	\$ 19,900	\$23,695,381	\$12,905,896
From Federal or State Government	0	228,413	295,790
From Other Government	0	63,757	0
Disposal From other Government	0	(53,080)	0
Capital December 31	<u>\$ 19,900</u>	<u>\$23,934,471</u>	<u>\$13,201,686</u>
Contributed Capital Amortization January 1	\$ 13,930	\$ 9,147,868	\$ 2,977,629
Current Year Amortization	1,990	575,269	297,676
Current Year Disposals	0	(53,080)	0
Contributed Capital Amortization December 31	<u>\$ 15,920</u>	<u>\$ 9,670,057</u>	<u>\$ 3,275,305</u>
Net Contributed Capital	\$ 3,980 =====	\$14,264,414 =====	\$ 9,926,381 =====

M. Reservation of Fund Equity

1. Fund Balances (Governmental Funds)

Fund balances are reserved for encumbrances and inventory of supplies as explained earlier in this note. Fund balances are also reserved for prepaid items such as insurance. The fund balance in the Debt Service Fund is restricted to retirement of debt principal and interest. The reserve for long-term loan-airport consists of a long-term loan from the governmental funds to the Airport Fund.

2. Retained Earnings (Proprietary Funds)

Retained earnings in enterprise funds are reserved for amounts restricted for equipment replacements. Assets restricted for plant improvements and replacements are mandated by Council ordinance in accordance with the agreement with the City of Eastlake. The reserve for long-term loan-airport consists of a long-term loan from the Sewer Fund to the Airport Fund.

3. Fund Balances (Fiduciary Funds)

A reserve is maintained for non-current investments which represents long-term unavailable investments,

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

N. 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.

O. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt.

P. Total Columns on Combined Statements-Overview

Total columns on the Combined Statements-Overview are captioned memorandum only to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with Generally Accepted Accounting Principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - COMPLIANCE AND ACCOUNTABILITY

A. Change in Accounting Principle

For December 31, 2001, the City has adopted two accounting provisions: GASB Statement 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement 36, Recipient Reporting for Certain Nonexchange Revenues.

Implementation for both was required for the current year. Restatements of prior balances were required to reflect the inclusion of additional income tax, intergovernmental and deferred revenues. The provisions were applied retroactively and therefore the closing Fund Balance/Retained Earnings of Fiscal Year 2000 was restated. The restatements for the funds affected are as follows:

FUND TYPE FUND	General	Governmental		Proprietary	Total
		Special Revenue	Capital	Sewer	
Balance 12/31/00	\$9,049,905	\$ 1,848,633	\$ 6,894,963	\$ 10,679,566	\$ 28,473,067
Restatement	<u>1,226,568</u>	<u>43,380</u>	<u>373,117</u>	<u>250,000</u>	<u>1,893,065</u>
Balance Restated 12/31/00	<u>\$10,276,473</u>	<u>\$ 1,892,013</u>	<u>\$ 7,268,080</u>	<u>\$10,929,566</u>	<u>\$ 30,366,132</u>

B. Deficit Retained Earnings/Fund Balance

Deficit retained earnings not apparent in the general purpose financial statements include the Airport, Enterprise Fund in the amount of \$2,880,196.

The Due to Other Funds amount represents long-term debt on behalf of the Airport Fund paid by the General Fund, the General Obligation Bond Fund, the Sewer Fund and the Capital Fund. The Airport Fund

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

has liabilities (Due to Other Funds) in the amount of \$1,326,019 due to the General Fund, \$1,908,553 to the General Obligation Bond Fund, \$158,737 to the Sewer Fund and \$23,176 to the Capital 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.

C. Investments

The City is in violation of Ohio Revised Code Section 135.14 requiring that investments mature within five years from the date of purchase (See Note 3).

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash resources of all of the City's individual funds are combined to form a pool of cash, or cash equivalents. Investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or able to be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily; and that the term of the agreement must not exceed thirty days;
- Bonds or other obligations of the State of Ohio;
- 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 Ohio subdivisions fund as provided in section 135.45 of the Ohio Revised Code (STAR Ohio).

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

The Finance Director will be permitted to invest in any security authorized by the Ohio Revised Code, Section 135.14 or other relevant sections as amended. All investment procedures will be 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. No derivative securities or investment "pools" with the exception of STAR Ohio will be permitted.

The City is in violation of Ohio Revised Code Section 135.14 requiring that investments mature within five years of the date of purchase. The City sold all but one of these securities in January 1998. The remaining Federal National Mortgage Association security with a book value of \$ 164,524 has a stated maturity date of 2023. As of March 31, 2002 the cost exceeded market value by approximately \$26,000.

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB statement No. 3, "Deposit With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial collateral pools with securities being held by the pledging financial institution's agent in the pool's with securities being held by the pledging financial institution's agent in the pools name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- | | |
|------------|---|
| Category 1 | Insured or collateralized with securities held by the City or its agent in the City's name. |
| Category 2 | Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. |
| Category 3 | Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. |

Investments:

- | | |
|------------|--|
| Category 1 | Insured or registered with securities held by the City or its agent in the City's name. |
| Category 2 | Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. |
| Category 3 | Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name. |

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

A. Deposits

At year end the carrying amount of the City's deposits was \$ 6,022,527 and the bank balance \$6,597,737. The Federal Deposit Insurance Corporation (FDIC) covered \$ 600,000. Deposits of \$ 4,786,379 were classified as Category 1, and the remaining balance of \$ 1,211,358 was Category 3.

B. Investments

The City's investments at December 31, 2001 are summarized below:

<u>Categorized Investment</u>	Category 1	Carrying Amount	Fair Value
U.S. Government Securities	\$10,095,950	\$10,095,950	\$10,095,950
Repurchase Agreements	<u>434,642</u>	<u>434,642</u>	<u>434,642</u>
Total Categorized Investments	<u>\$10,530,592</u>	<u>\$10,530,592</u>	<u>\$10,530,592</u>
<u>Uncategorized Investment</u>			
STAR Ohio	<u>N/A</u>	<u>6,419,351</u>	<u>6,419,351</u>
Total Uncategorized Investments	<u>N/A</u>	<u>\$6,419,351</u>	<u>\$6,419,351</u>
Total Investments	<u>\$10,530,592</u>	<u>\$16,949,943</u>	<u>\$16,949,943</u>

The classification of Equity in City Treasury Cash and Investments on the combined financial statements is based on criteria set forth in GASB Statement No.9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents*</u>	<u>Investments</u>
GASB Statement No. 9	\$ 6,735,320	\$ 16,237,150
Investments:		
STAR Ohio	(6,419,351)	6,419,351
Repurchase Agreement	(434,642)	434,642
Certificates of Deposit	<u>6,141,200</u>	<u>(6,141,200)</u>
Per GASB Statement No. 3	<u>\$ 6,022,527</u>	<u>\$ 16,949,943</u>
	=====	=====

* Includes Restricted Asset

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - FIXED ASSETS AND DEPRECIATION

A. Changes in General Fixed Assets

The changes in General Fixed Assets during 2001 were as follows:

	<u>Balance Jan. 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec. 31, 2001</u>
Land	\$ 1,549,616	\$ 336,385	\$ 3,735	\$ 1,882,266
Building	8,628,150	4,741,180	110,765	13,258,565
Improvements	13,800,821	197,824	40,000	13,958,645
Equipment	8,390,687	1,467,835	484,992	9,373,530
Construction- In-Progress	<u>3,397,647</u>	<u>879,609</u>	<u>3,385,798</u>	<u>891,458</u>
TOTALS	\$ <u>35,766,921</u>	\$ <u>7,622,833</u>	\$ <u>4,025,290</u>	\$ <u>39,364,464</u>
Accumulated Depreciation	(13,345,518)			(14,550,509)
Net	\$ 22,421,403 =====			\$ 24,813,955 =====

B. Enterprise Fund Fixed Assets

Enterprise Fund Fixed Assets and Accumulated Depreciation at December 31, 2001, were as follows:

	<u>Enterprise Funds</u>
Land	\$ 9,655,710
Building	16,895,283
Improvements	26,980,849
Equipment	6,894,824
Construction-in-Progress	<u>4,886,403</u>
Totals	\$ 65,313,069
Accumulated Depreciation	(22,076,460)
Net	\$ 43,236,609 =====

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - TAXES

A. Income Tax

The City levies a municipal income tax of 2% 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% of the tax paid to another municipality. All taxes are remitted to the Central Collection 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 Central Collection Agency, either monthly or quarterly as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly (if the annual estimated tax is greater than ten dollars) and file a declaration annually.

B. Property Tax

Property taxes include amounts levied against all real and public utility property, and tangible personal property that is used in business located in the City. Real property taxes are levied before the first day of October, on the assessed value listed as of the prior January 1st. The due date for the 2001 levy was February 13, 2002, for all or one-half of taxes due. The second half due date is July 15, 2002. The lien of the state for taxes levied each year attaches on the first day of January and continues until such taxes and any penalty, interest or other charges accruing thereon are paid.

Assessed values are established by the Lake County Auditor at 35% of appraised market value for real property; 100% for public utilities, and 28% for tangible personal property. A reevaluation of all property is required to be completed no less than every six years. A reevaluation was completed in 2000. The tax rate applicable to 2001 was 6.91 mills (\$.00691) on each dollar of tax valuation.

NOTE 6 - DEFINED BENEFITS PENSION PLANS

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

A. Public Employees Retirement System (PERS)

The following information was provided by PERS 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 PERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by the state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 1-800-222-PERS (7377) or (614) 466-2085.

The Ohio Revised Code provided statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

annual covered salary to fund pension obligations. For 2001 the City was required to contribute 13.55 percent of covered payroll. The City's contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$988,676; \$748,498; and \$917,209, respectively, which were equal to the required contributions for each year.

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 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 ended December 31, 2001, 2000, and 1999 were \$528,968; \$483,320; and \$443,199 for police and \$609,358; \$576,784; and \$556,739 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 7 - POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

PERS provides postretirement health care benefits to age and service retirees with ten or more years of qualifying Ohio Service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions and requires public employers to fund postretirement health care through their contributions to PERS. The 2001 employer contribution rate was 13.55 percent of covered payroll. The portion used to fund health care for the year was 4.3 percent.

The postretirement health care coverage is advance-funded on an actuarially determined basis. The following assumptions and calculations were based on PERS' latest actuarial review performed as of December 31, 2000: an entry age normal actuarial cost method of valuation is used in determining the present value of benefit liabilities; the difference between the assumed and actual experience is part of the unfunded actuarial accrued liability; the investment assumption rate for 2000 was 7.75 percent; all investments are carried at market value; for actuarial valuation purposes, a smoothed market approach is used- meaning that assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets; individual pay increases are assumed to increase 4.75 percent compounded annually , with no change in the number of active employees; annual pay increases over and above 4.75 percent base increase were assumed to range from 0.54 percent to 5.1 percent; and health care costs are assumed to increase 4.75 percent annually.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

For 2001, the number of active and contributing participants was 411,076. The City's actual contributions for 2001, which were used to fund post-employment benefits was \$313,707. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2000, the date of the latest actuarial review, was \$11,735,900,000. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364,600,000 and \$2,628,700,000 respectively.

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

OP&F provides postretirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18, whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis.

The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. The total police employer contribution rate is 19.50 percent of covered payroll and the total firefighter employer contribution rate is 24.00 percent of covered payroll.

The Ohio Revised Code provides statutory authority allowing OP&F's Board of Trustees to provide post employment health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board is used to pay retiree health care expenses. The Board defined allocation was 7.25 percent and 7.5 percent of covered payroll in 2000 and 2001, respectively. The allocation is 7.75 percent in 2002. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2000 (the latest information available) was 12,853 for police and 10,037 for firefighters. The portion of the City's contributions that were used to pay post employment benefits was \$203,653 for police and \$190,729 for firefighters. The OP&F's total health care expenses for the year ended December 31, 2000 (the latest information available) were \$106,160,054, which was net of member contributions of \$5,657,431.

NOTE 8 - OTHER EMPLOYEE BENEFITS

Compensated Absences

1. 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. The value of that carried over vacation was \$35,568 for all funds. In the case of death, termination, or retirement, an employee (or his estate) is paid for any unused vacation. Accrual for the City as a whole amounted to \$963,273, at December 31, 2001. For governmental funds the portion of these amounts that is expected to be paid using expendable available resources is reported as an expenditure in the fund from which the individual earning the leave is paid and a corresponding liability is reflected in the account "salaries, wages, & benefits payable". This accrual was \$65,327. The remaining portion of the liability, \$795,036 is reported in the General Long-Term Debt Account Group. In the

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Enterprise funds vacation is expensed when earned and the related liability \$138,478 is reported within the funds.

2. 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 service receive an additional amount of 20 percent for sick leave hours accumulated in excess of 960 hours for most City employees and 1159.2 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 1159.2 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 1159.2 for firefighters. This obligation amounted to \$3,282,218 for the City at December 31, 2001 for those employees who are likely to retire from the City. The Enterprise Funds have accrued \$461,565 for this liability. \$78,021 representing the current portion of unpaid sick leave was accrued in the Governmental Funds and \$2,742,632 has been accrued in the General Long-Term Debt Account Group for Governmental Fund Liability.

3. 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 80 hours of compensatory time. Accrual for the City as a whole amounted to \$110,423. This is accounted for as a liability in the General Fund.

NOTE 9 - CONSTRUCTION AND OTHER COMMITMENTS

A. Sanitary Sewer Improvements

The City neared completion of a Downtown Sanitary Sewer project. This project when complete will cost approximately \$2,300,000 and will be paid for by grants of approximately \$600,000, current resources and debt that is supported by sewer fees. Other sewer work is being undertaken with the Highland-Maple project. This project is expected to cost approximately \$1,500,000 when complete. Current resources and debt supported by sewer fees will pay for this project. Engineering and design plans are under way for future projects.

B. Fire Station Construction

The City of Willoughby passed a \$6,200,000, 25-year bond issue in November 1998. The Bonds were issued in March 1999. Construction of the headquarters fire station was completed in 2001 and the new satellite fire station was completed in 2000.

C. Downtown Streetscape

The City spent over \$700,000 on a streetscape project in our historic downtown. The project included underground wiring for historic style streetlights, brick pavers inserted in pedestrian walkways alongside the downtown businesses and a road resurfacing. Current resources paid for the project.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

D. Road Program

The City continues to spend in excess of \$500,000 of current resources annually on road resurfacing and rehabilitation.

NOTE 10 - CONTINGENCIES, CLAIMS AND JUDGMENTS

A. Litigation

The City is subject to various types of claims, including worker compensation and unemployment, claims for damage to privately owned vehicles by government owned vehicles and 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. General obligation bonds in the enterprise funds are being retired by use of revenues generated by those funds. The lone exception is the Airport Fund where current income does not support debt repayment. The General Bond Retirement Fund is currently paying the obligation. 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.

NOTE 11 - 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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 - JOINT ORGANIZATIONS

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 electricity. NOPEC is currently comprised of 92 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

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 2001. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

NOTE 13 - NOTES PAYABLE

In 2000, the City entered into an agreement to purchase property with a zero% interest loan and has no intention of converting this to a bond. The schedule of remaining payments for this Capital Projects Fund note payable follows.

Note Payable	225,000
Current Year Payment	<u>50,000</u>
Balance at 12/31/2001	<u>175,000</u>
Schedule of Future Payments	
2002	50,000
2003	50,000
2004	<u>75,000</u>
Total Future Payments	<u>175,000</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 - LONG-TERM OBLIGATIONS

Long Term Obligations of the City at December 31, 2001 are as follows:

	<u>Balance</u> <u>1/1/2001</u>	<u>Issued</u> <u>(Retired)</u>	<u>Balance</u> <u>12/31/2001</u>
Special Assessment Debt			
F-1 Sewer Assessment			
12.125% 1982	\$ 187,440	\$ (93,720)	\$ 93,720
1983 Street Improvement			
9.375% 1983 (1)	319,186	(106,395)	212,791
1986 Street Improvement			
7.625% 1986 (2)	733,726	(122,288)	611,438
Biltmore Place			
5.66% 1995	<u>405,000</u>	<u>(15,000)</u>	<u>390,000</u>
Subtotal - Special Assessment Debt	<u>\$ 1,645,352</u>	<u>\$ (337,403)</u>	<u>\$ 1,307,949</u>
(1) 96.7228 % S. A. Share Balance Unvoted Bonds			
(2) 81.525 % S. A. Share Balance Unvoted Bonds			
 General Obligation Bonds Voted			
Service Garage			
6.875% 1986	\$ 525,000	\$ (75,000)	\$ 450,000
Fire Station Construction			
4.95% 1999	<u>5,850,000</u>	<u>(140,000)</u>	<u>5,710,000</u>
Subtotal - Voted	<u>\$ 6,375,000</u>	<u>\$ (215,000)</u>	<u>\$ 6,160,000</u>
 General Obligation Bonds Unvoted			
1983 Street Improvement			
9.375% 1983	\$ 10,814	\$ (3,605)	\$ 7,209
1986 Street Improvement			
7.625% 1986	166,273	(27,712)	138,561
Lost Nation Road Improvement			
6.250% - 7.400% 1990	1,430,000	(130,000)	1,300,000
Landfill & Erosion Control			
3.0% - 6.375% 1992	978,629	(81,553)	897,076
Various Purpose Bond Issue			
4.3% - 5.45% 1996	2,675,000	(150,000)	2,525,000
O.P.W.C.			
Karen Isle Watermains			
Interest free loan 20 years (2000 - 2020)	9,003	(450)	8,553
Brown Avenue Watermains			
Interest free loan 20 years (2001 - 2021)	<u>-</u>	<u>15,675</u>	<u>15,675</u>
Subtotal - Unvoted G. O.	<u>\$ 5,269,719</u>	<u>\$ (377,645)</u>	<u>\$ 4,892,074</u>
Total Government Fund G.O. Debt	<u>\$ 11,644,719</u>	<u>\$ (592,645)</u>	<u>\$ 11,052,074</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

	<u>Balance</u> <u>1/1/2001</u>	<u>Issued</u> <u>(Retired)</u>	<u>Balance</u> <u>12/31/2001</u>
Enterprise Fund G.O. Debt			
Sewer Bonds			
3.0% - 6.375% 1992 O.P.W.C.	\$ 821,370	\$ (68,447)	\$ 752,923
Waldamere Glenwood Sanitary Sewer Interest free loan 20 years (1997 - 2017)	165,000	(10,000)	155,000
Vine Street Area Sanitary Sewer Interest free loan 20 years (2001 - 2021) O.W.D.A. Loans	-	207,677	207,677
Grove Erie Sanitary Sewer 4.8% 20 Years (1994 - 2013)	479,974	(27,343)	452,631
Waldamere Glenwood 4.04% 20 years (1997 - 2017)	267,881	(11,695)	256,186
Waste Water Treatment 10.02% 20 years	3,041,864	(394,049)	2,647,815
Downtown Sanitary Sewer 3.91% 20 years	1,092,130	103,961	1,196,091
Highland/Maple/Wood Sanitary Sewer 3.99% 20 years	-	709,060	709,060
Subtotal - Sewer	<u>\$ 5,868,219</u>	<u>\$ 509,164</u>	<u>\$ 6,377,383</u>
Airport Bonds			
Airport Improvement 4.23% 1999	\$ 1,140,000	\$ (110,000)	\$ 1,030,000
F-1 Sewer Assessment 12.125% 1982	<u>2,560</u>	<u>(1,280)</u>	<u>1,280</u>
Subtotal - Airport	<u>\$ 1,142,560</u>	<u>\$ (111,280)</u>	<u>\$ 1,031,280</u>
Golf Course Improvement 6.898% 1989	<u>\$ 1,635,000</u>	<u>\$ (135,000)</u>	<u>\$ 1,500,000</u>
Total Enterprise Fund G.O. Debt	<u>\$ 8,645,779</u>	<u>\$ 262,884</u>	<u>\$ 8,908,663</u>
Other General Long Term Debt			
Police Pension Liability 4.25% 67 years	\$ 133,396	\$ (1,773)	\$ 131,623
Landfill Postclosure Care Liability	1,027,847	(20,600)	1,007,247
Compensated Absences	<u>3,303,470</u>	<u>234,198</u>	<u>3,537,668</u>
Subtotal - Other General Long Term Debt	<u>\$ 4,464,713</u>	<u>\$ 211,825</u>	<u>\$ 4,676,538</u>
Total All Long Term Debt	<u>\$ 26,400,563</u>	<u>\$ (455,339)</u>	<u>\$ 25,945,224</u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

In addition to the employee and employer contributions made to the OP&F, the City makes semi-annual payments to the OP&F for its portion of past service costs determined at the time the fund was established. Payments are made from the Police and Fire Pensions Special Revenue Fund. The City's remaining unfunded past service cost (\$131,623 at December 31, 2001) is paid in semi-annual installments, including principal and interest of \$7,423 through the year 2035 and is recorded in the General Long-Term Debt Account Group.

The City's legal debt margin at December 31, 2001, was \$57,408,696. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2001 are as follows:

	---BONDS---					
	General Obligation	Special Assessment	G.O. Revenue Bonds	O.W.D.A. & O.P.W.C.	Police Pension Liability	Totals
2002	\$1,228,295	\$437,304	\$519,465	\$912,402	\$7,423	\$3,104,889
2003	1,208,967	317,213	515,055	914,902	7,423	2,963,560
2004	1,179,285	190,549	515,414	914,902	7,423	2,807,573
2005	1,158,002	180,234	509,411	914,902	7,423	2,769,972
2006	1,140,676	169,900	502,385	914,902	7,423	2,735,286
2007-2011	4,574,498	197,833	1,651,790	1,080,298	37,115	7,541,534
2012-2016	3,271,419	200,420	72,811	930,126	37,115	4,511,891
2017-2021	2,114,713	-	-	568,105	37,115	2,719,933
2022-2035	<u>1,266,750</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>98,802</u>	<u>1,368,052</u>
	<u>\$17,142,605</u>	<u>\$ 1,693,453</u>	<u>\$ 4,286,331</u>	<u>\$ 7,153,039</u>	<u>\$ 247,262</u>	<u>\$30,522,690</u>

NOTE 15 - CONDUIT DEBT

The City of Willoughby is party to certain Conduit Debt Obligations:

<u>Type</u>	<u>On Behalf Of</u>	<u>Amount</u>	<u>Year of Issue</u>
MultiFamily Housing Mortgage Revenue Bonds	Oakhill Village	\$5,500,000	2001
Industrial Development Revenue Bonds	Kennedy Group	\$6,500,000	1998
Industrial Development Revenue Refunding Bonds	Ohio Presbyterian Retirement Services	\$8,200,000	1996
Economic Development Revenue Bonds	Andrews School	\$6,050,000	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.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 - 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 \$1,007,247 reported as Landfill Post closure Care Liability in the General Long-Term Debt Account Group at December 31, 2001 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 17 - 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.

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

<u>Coverage</u>	<u>Company</u>	<u>Claim Limit</u>	<u>Deductible</u>
General Liability	CNA Companies	\$ 1,000,000	\$ 0
Public Officials Liability	Zurich U. S.	\$ 2,000,000	\$ 25,000
Law Enforcement Liability	Zurich U. S.	\$ 1,000,000	\$ 5,000
Commercial Property	CNA Companies	\$ 52,912,469	\$ 1,000
Commercial Crime	CNA Companies	\$ 10,000	\$ 0
Boiler & Machinery	CNA Companies	\$ 4,000,000	\$ 1,000
Automobile Liability	CNA Companies	\$ 1,000,000	\$ 0
Automobile Comprehensive	CNA Companies	Per	\$ 100
Automobile Collision	CNA Companies	Schedule	\$ 500
Excess General Liability (Umbrella)	Selective Insurance Co.	\$ 9,000,000	\$ 0
Fire Errors & Omissions	CNA Companies	\$ 1,000,000	\$ 0
Ambulance Malpractice	CNA Companies	\$ 1,000,000	\$ 0
Blanket Bond	CNA Companies	\$ 100,000	\$ 0
Bond-Finance Officials	Ohio Farmers Insurance	\$ 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.

The City is currently involved in a shared savings Workers' Compensation plan sponsored by the Ohio Municipal Treasurer's Association. The plan does not carry any long-term liabilities and savings are shared among entities in the group.

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

Previously the City had applied for and was accepted into the State's Retrospective Rating Plan for the years 1993-1995, whereby the City initially pays a fraction of the premium (the minimum premium) it would pay as an experience-rated risk. As costs for the City's injured workers' claims are incurred, the City must reimburse the state fund for those costs, subject to the plan's individual claim cost limitation and the City's premium limitation. To account for this plan, the City established a Workers' Compensation Self-Insurance Fund (an Internal Service Fund) to pay workers' compensation claims from the accumulated assets of the fund. The City's retrospective rating plan provides for a \$250,000 catastrophic limit per claim and an unlimited claim limit.

\$75,595, reported in the fund at December 31, 2001 was estimated by the third party administrator and is based on the requirements of Governmental Standards Board Statement 10, which requires that a liability be recorded for unpaid claims costs. The estimate was not affected by incremental claims adjustment expense and does not include other allocated or unallocated claim adjustment expenses.

The schedule below presents the changes in claims liabilities for the past three fiscal years.

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
1999	\$106,660	\$28,975	\$29,380	\$106,255
2000	106,255	7,621	38,281	75,595
2001	75,595	10,531	10,531	75,595

NOTE 18 - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables at December 31, 2001, consisted of the following:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 1,436,436	\$ 13,931
Enforcement And Education	527	0
Indigent Drivers	1,180	0
Court Computer	16,177	0
General Bond Retirement	1,908,553	0
Capital Fund	50,169	1,023
Golf Course	2,843	26,993
Sewer Fund	170,129	2,872
Airport	527	3,416,485
Workers' Compensation	1,261	0
Deposits	0	2,055
Municipal Court	0	124,443
	<u>\$ 3,587,802</u>	<u>\$ 3,587,802</u>
	=====	=====

NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONTINUED)

NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Key financial information for the year ended December 31, 2001, for the Golf Course, Sewer and Airport Funds is as follows:

	<u>Golf Course Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Totals</u>
Operating Revenues	\$ <u>895,795</u>	\$ <u>2,914,839</u>	\$ <u>136,650</u>	\$ <u>3,947,284</u>
Operating Expenses:				
Depreciation	\$ <u>46,843</u>	\$ <u>1,135,276</u>	\$ <u>365,780</u>	\$ <u>1,547,899</u>
Other	\$ <u>649,011</u>	\$ <u>2,574,074</u>	\$ <u>165,517</u>	\$ <u>3,388,602</u>
Operating Income (Loss)	\$ <u>199,941</u>	\$ <u>(794,511)</u>	\$ <u>(394,647)</u>	\$ <u>(989,217)</u>
Net Income (Loss)	\$ <u>105,291</u>	\$ <u>(459,451)</u>	\$ <u>(378,507)</u>	\$ <u>(732,667)</u>
Net Working Capital	\$ <u>(25,913)</u>	\$ <u>395,139</u>	\$ <u>(3,276,508)</u>	\$ <u>(2,907,282)</u>
Assets	\$ <u>2,714,851</u>	\$ <u>33,399,429</u>	\$ <u>11,522,343</u>	\$ <u>47,636,623</u>
Bonds, Notes, Loans Payable	\$ <u>1,500,000</u>	\$ <u>6,377,383</u>	\$ <u>1,031,280</u>	\$ <u>8,908,663</u>
Total Equity	\$ <u>1,131,648</u>	\$ <u>25,309,798</u>	\$ <u>7,046,185</u>	\$ <u>33,487,631</u>
Income Tax	\$ <u>0</u>	\$ <u>700,000</u>	\$ <u>0</u>	\$ <u>700,000</u>
Acquisitions of Property Plant and Equipment	\$ <u>24,765</u>	\$ <u>2,484,274</u>	\$ <u>303,778</u>	\$ <u>2,812,817</u>
Current Additions to Contributed Capital	\$ <u>0</u>	\$ <u>292,170</u>	\$ <u>295,790</u>	\$ <u>587,960</u>

NOTE 20 – RESTATEMENT OF RETAINED EARNINGS

The City realized there was an error in the reporting of the Property Tax Payable liability in the Proprietary Fund. The amount of the payable had been overstated.

<u>FundType</u>	<u>Proprietary</u>
<u>Fund</u>	<u>Airport</u>
Balance 12/31/00	\$ (2,841,702)
Prior Period Adjustment	<u>42,337</u>
Balance as Restated 12/31/00	\$ <u>(2,799,365)</u>

The City of
WILLOUGHBY, OHIO



FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments that are not 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 and/or the general laws of Ohio.

Since there is only one General Fund and comparative financial statements are not presented and the legal level of budgetary control is not greater than the program level, there are no additional presentations in this section of the CAFR. General Fund financial statements can be found in the General Purpose (Combined) Financial Statements.

SPECIAL REVENUE FUNDS

Limited by city, state and/or federal law for the financing of limited functions (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to a specified purpose.

FIRE PENSION FUND - to accumulate property taxes levied for the partial payment of the current liability for firemen's disability and pension.

POLICE PENSION FUND - to accumulate property taxes levied for the partial payment of the current and accrued liability for police disability pension. Amounts collected for the police and firemen's disability and pension are periodically remitted to the state operated Police and Firemen's Disability and Pension Fund.

LAW ENFORCEMENT FUND - to account for the accumulation of proceeds from the public auction of contraband, and the payment of related costs incurred by the Law Enforcement Agency.

RECREATION FUND - to accumulate 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.

CORPORATE MAINTENANCE FUND – the function of this fund is to assess small projects that occur during the year, but are neither a regular occurrence nor a long-term project. This may include sidewalks, house razing, 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. 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. 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 a fund for the purpose of acquisition, improvement, replacement or repair of Court capital assets and for related staff training. These funds are collected from an additional court cost levied on each case.

URBAN FOREST MANAGEMENT FUND - the City utilizes this fund to account for a matching fund grant from the State of Ohio. This grant is to 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. Services are provided to victims of crime.

NATUREWORKS FUND - to account for grant funds from the State of Ohio for the improvement of parks in the City. This fund will be closed.

STREET LIGHTING FUND - the City assesses a 1.1 mill rate 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.

FUTURE RETIREMENT RESERVE FUND – to fund the retirements of employees in the City's operating funds. These funds are derived from a transfer from the General Fund.

RAILROAD GRADE CROSSING FUND – to account for fines received and expenditures for crossing improvements. There was no activity in the fund this year.

CHAGRIN RIVER FUND – to account for pass through grant funds and expenditures for the study of the Chagrin River.

CITY OF WILLOUGHBY, OHIO
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 As Of December 31, 2001

	FIRE PENSION	POLICE PENSION	LAW ENFORCEMENT	RECREATION	STREET CONSTRUCTION MAINTENANCE AND REPAIR	STATE HIGHWAY	CORPORATE MAINTENANCE	ENFORCEMENT AND EDUCATION
ASSETS								
Equity in City Treasury Cash	\$31,723	\$55,981	\$9,455	\$125,440	\$309,745	\$125,060	\$58,326	\$12,167
Accounts Receivable	0	0	0	1,053	0	0	0	0
Taxes Receivable	156,134	156,134	0	112,056	0	0	0	0
Special Assessments Receivable	0	0	0	0	0	0	4,594	0
Due from Other Funds	0	0	0	0	0	0	0	527
Due from Other Governments	8	8	0	281	248,152	17,766	0	0
Inventory - Supplies	0	0	0	0	72,822	0	0	0
TOTAL ASSETS	<u>\$187,865</u>	<u>\$212,123</u>	<u>\$9,455</u>	<u>\$238,830</u>	<u>\$630,719</u>	<u>\$142,826</u>	<u>\$62,920</u>	<u>\$12,694</u>
LIABILITIES								
Accounts Payable	\$0	\$0	\$0	\$4,657	\$12,905	\$0	\$0	\$0
Salaries, Wages & Benefits Payable	27,232	23,821	0	17,925	76,019	0	0	0
Due to Other Governments	0	0	0	1,806	0	0	0	0
Deferred Revenue	156,142	156,142	0	112,059	159,834	11,226	4,594	0
TOTAL LIABILITIES	<u>183,374</u>	<u>179,963</u>	<u>0</u>	<u>136,447</u>	<u>248,758</u>	<u>11,226</u>	<u>4,594</u>	<u>0</u>
FUND EQUITY								
Fund Balance:								
Reserved for Encumbrances	0	0	0	10,600	65,957	16,345	30,179	0
Reserved for Inventory	0	0	0	0	72,822	0	0	0
Unreserved (Deficit)	4,491	32,160	9,455	91,783	243,182	115,255	28,147	12,694
TOTAL FUND EQUITY	<u>4,491</u>	<u>32,160</u>	<u>9,455</u>	<u>102,383</u>	<u>381,961</u>	<u>131,600</u>	<u>58,326</u>	<u>12,694</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$187,865</u>	<u>\$212,123</u>	<u>\$9,455</u>	<u>\$238,830</u>	<u>\$630,719</u>	<u>\$142,826</u>	<u>\$62,920</u>	<u>\$12,694</u>

INDIGENT DRIVERS TREATMENT	COURT COMPUTER	URBAN FOREST MANAGEMENT	VICTIMS ASSISTANCE	NATURE WORKS	STREET LIGHTING	FUTURE RETIREMENT RESERVE	RAILROAD GRADE CROSSING	CHAGRIN RIVER	TOTAL 2001
\$268,212	\$657,439	\$22,600	\$36,207		\$447,029	\$205,670			\$2,365,054
0	0	0	0	0	0	0	0	0	1,053
0	0	0	0	0	0	0	0	0	424,324
0	0	0	0	0	453,701	0	0	0	458,295
1,180	16,177	0	0	0	0	0	0	0	17,884
100	0	0	0	0	0	0	0	0	266,315
0	0	2,000	0	0	0	0	0	0	74,822
<u>\$269,492</u>	<u>\$673,616</u>	<u>\$24,600</u>	<u>\$36,207</u>	<u>\$0</u>	<u>\$900,730</u>	<u>\$205,670</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,607,747</u>
\$0	\$6,230	\$0	\$47	\$0	\$38,946	\$0	\$0	\$0	\$62,785
0	0	0	1,162	0	0	52,689	0	0	198,848
0	0	0	0	0	0	0	0	0	1,806
0	0	0	0	0	453,701	0	0	0	1,053,698
0	6,230	0	1,209	0	492,647	52,689	0	0	1,317,137
6,295	36,298	3,613	0	0	2,475	0	0	0	171,762
0	0	2,000	0	0	0	0	0	0	74,822
<u>263,197</u>	<u>631,088</u>	<u>18,987</u>	<u>34,998</u>	<u>0</u>	<u>405,608</u>	<u>152,981</u>	<u>0</u>	<u>0</u>	<u>2,044,026</u>
<u>269,492</u>	<u>667,386</u>	<u>24,600</u>	<u>34,998</u>	<u>0</u>	<u>408,083</u>	<u>152,981</u>	<u>0</u>	<u>0</u>	<u>2,290,610</u>
<u>\$269,492</u>	<u>\$673,616</u>	<u>\$24,600</u>	<u>\$36,207</u>	<u>\$0</u>	<u>\$900,730</u>	<u>\$205,670</u>	<u>\$0</u>	<u>\$0</u>	<u>\$3,607,747</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2001

	FIRE	POLICE	LAW		STREET				
	PENSION	PENSION	ENFORCEMENT	RECREATION	CONSTRUCTION	STATE	CORPORATE	ENFORCEMENT	
					MAINTENANCE	HIGHWAY	MAINTENANCE	AND EDUCATION	
					AND REPAIR				
REVENUES:									
Taxes	\$148,247	\$148,247	\$0	\$113,964	\$0	\$0	\$0	\$0	\$0
Intergovernmental	14,887	14,887	0	63,276	690,242	51,344	0	0	0
Charges for Services	0	0	0	212,498	535	0	0	0	0
Special Assessments	0	0	0	0	0	0	27,086	0	0
Fines, Licenses, Permits	0	0	991	0	0	0	0	0	5,617
Miscellaneous	0	0	0	1,101	1,365	0	0	0	0
Total Revenues	<u>163,134</u>	<u>163,134</u>	<u>991</u>	<u>390,839</u>	<u>692,142</u>	<u>51,344</u>	<u>27,086</u>	<u>0</u>	<u>5,617</u>
EXPENDITURES:									
Current:									
Security of Persons and Property	614,103	540,894	0	0	0	0	0	0	0
Leisure Time Activities	0	0	0	754,967	0	0	0	0	0
Community Environment	0	0	0	0	0	0	28,528	0	0
Transportation	0	0	0	0	1,469,510	16,345	0	0	0
General Government	0	0	0	0	0	0	77	0	0
Capital Expenditures	0	0	0	0	0	0	0	0	0
Total Expenditures	<u>614,103</u>	<u>540,894</u>	<u>0</u>	<u>754,967</u>	<u>1,469,510</u>	<u>16,345</u>	<u>28,605</u>	<u>0</u>	<u>0</u>
Excess of Revenue Over (Under) Expenditures	(450,969)	(377,760)	991	(364,128)	(777,368)	34,999	(1,519)	0	5,617
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	<u>455,000</u>	<u>365,000</u>	<u>0</u>	<u>335,000</u>	<u>885,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>455,000</u>	<u>365,000</u>	<u>0</u>	<u>335,000</u>	<u>885,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess Revenue and Other Sources Over (Under)									
Expenditures and Other Uses	4,031	(12,760)	991	(29,128)	107,632	34,999	(1,519)	0	5,617
FUND BALANCE(DEFICIT)RESTATED JANUARY 1	460	44,920	8,464	131,511	275,368	96,601	59,845	0	7,077
INCREASE (DECREASE) IN RESERVE									
FOR INVENTORY	0	0	0	0	(1,039)	0	0	0	0
FUND BALANCE AT DECEMBER 31	<u>\$4,491</u>	<u>\$32,160</u>	<u>\$9,455</u>	<u>\$102,383</u>	<u>\$381,961</u>	<u>\$131,600</u>	<u>\$58,326</u>	<u>\$0</u>	<u>\$12,694</u>

INDIGENT DRIVERS TREATMENT	COURT COMPUTER	URBAN FOREST MANAGEMENT	VICTIMS ASSISTANCE	NATURE WORKS	STREET LIGHTING	FUTURE RETIREMENT RESERVE	RAILROAD GRADE CROSSING	CHAGRIN RIVER	TOTAL 2001
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$410,458
0	0	0	27,819	0	0	0	0	31,660	894,115
0	0	9,600	0	0	0	0	0	0	222,633
0	0	0	0	0	484,413	0	0	0	511,499
21,369	221,232	0	0	0	0	0	0	0	249,209
<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>0</u>	<u>2,466</u>
<u>21,369</u>	<u>221,232</u>	<u>9,600</u>	<u>27,819</u>	<u>0</u>	<u>484,413</u>	<u>0</u>	<u>0</u>	<u>31,660</u>	<u>2,290,380</u>
0	0	0	38,425	0	469,616	85,679	0	0	1,748,717
0	0	0	0	0	0	0	0	0	754,967
0	0	11,459	0	0	0	0	0	0	39,987
0	0	0	0	0	0	0	0	0	1,485,855
9,335	77,409	0	0	0	0	119	0	31,660	118,600
<u>0</u>	<u>51,667</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>51,667</u>
<u>9,335</u>	<u>129,076</u>	<u>11,459</u>	<u>38,425</u>	<u>0</u>	<u>469,616</u>	<u>85,798</u>	<u>0</u>	<u>31,660</u>	<u>4,199,793</u>
12,034	92,156	(1,859)	(10,606)	0	14,797	(85,798)	0	0	(1,909,413)
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>22,049</u>	<u>0</u>	<u>225,000</u>	<u>0</u>	<u>0</u>	<u>2,312,049</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>22,049</u>	<u>0</u>	<u>225,000</u>	<u>0</u>	<u>0</u>	<u>2,312,049</u>
12,034	92,156	(1,859)	14,394	22,049	14,797	139,202	0	0	402,636
257,458	575,230	29,459	20,604	(22,049)	393,286	13,779	0	0	1,892,013
<u>0</u>	<u>0</u>	<u>(3,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(4,039)</u>
<u>\$269,492</u>	<u>\$667,386</u>	<u>\$24,600</u>	<u>\$34,998</u>	<u>\$0</u>	<u>\$408,083</u>	<u>\$152,981</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,290,610</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 ALL SPECIAL REVENUE FUNDS
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

A-3

FIRE PENSION FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Taxes	\$146,103	\$148,247	\$2,144
Intergovernmental	<u>13,251</u>	<u>14,893</u>	<u>1,642</u>
Total Revenues	<u>159,354</u>	<u>163,140</u>	<u>3,786</u>
EXPENDITURES:			
Security of Persons and Property	<u>624,458</u>	<u>608,214</u>	<u>16,244</u>
Total Expenditures	<u>624,458</u>	<u>608,214</u>	<u>16,244</u>
Excess of Revenues Over (Under) Expenditures	(465,104)	(445,074)	20,030
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>455,000</u>	<u>455,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>455,000</u>	<u>455,000</u>	<u>0</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(10,104)	9,926	20,030
FUND BALANCE AT BEGINNING OF YEAR	<u>21,797</u>	<u>21,797</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$11,693</u>	<u>\$31,723</u>	<u>\$20,030</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 ALL SPECIAL REVENUE FUNDS
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

POLICE PENSION FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Taxes	\$146,103	\$148,247	\$2,144
Intergovernmental	<u>13,251</u>	<u>14,892</u>	<u>1,641</u>
Total Revenues	<u>159,354</u>	<u>163,139</u>	<u>3,785</u>
EXPENDITURES:			
Security of Persons and Property	<u>578,604</u>	<u>536,823</u>	<u>41,781</u>
Total Expenditures	<u>578,604</u>	<u>536,823</u>	<u>41,781</u>
Excess of Revenues Over (Under) Expenditures	(419,250)	(373,684)	45,566
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>365,000</u>	<u>365,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>365,000</u>	<u>365,000</u>	<u>0</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(54,250)	(8,684)	45,566
FUND BALANCE AT BEGINNING OF YEAR	<u>64,665</u>	<u>64,665</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$10,415</u>	<u>\$55,981</u>	<u>\$45,566</u>

CITY OF WILLOUGHBY, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
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ALL SPECIAL REVENUE FUNDS
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

LAW ENFORCEMENT FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Fines, Licenses, Permits	<u>\$500</u>	<u>\$991</u>	<u>\$491</u>
Total Revenues	<u>500</u>	<u>991</u>	<u>491</u>
EXPENDITURES:			
Security of Persons and Property	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Excess of Revenues Over (Under) Expenditures	(4,500)	991	5,491
FUND BALANCE AT BEGINNING OF YEAR	<u>8,464</u>	<u>8,464</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$3,964</u>	<u>\$9,455</u>	<u>\$5,491</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 ALL SPECIAL REVENUE FUNDS
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

RECREATION FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> POSITIVE (NEGATIVE)
REVENUES:			
Taxes	\$102,861	\$107,290	\$4,429
Intergovernmental	16,506	73,070	56,564
Charges for Services	180,000	211,515	31,515
Other	<u>15,000</u>	<u>2,202</u>	<u>(12,798)</u>
Total Revenues	<u>314,367</u>	<u>394,077</u>	<u>79,710</u>
EXPENDITURES:			
Leisure Time Activities	<u>778,438</u>	<u>759,544</u>	<u>18,894</u>
Total Expenditures	<u>778,438</u>	<u>759,544</u>	<u>18,894</u>
Excess of Revenues Over (Under) Expenditures	(464,071)	(365,467)	98,604
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>335,000</u>	<u>335,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>335,000</u>	<u>335,000</u>	<u>0</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(129,071)	(30,467)	98,604
FUND BALANCE AT BEGINNING OF YEAR	140,528	140,528	0
Prior Year Encumbrances Appropriated	<u>140</u>	<u>140</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$11,597</u>	<u>\$110,201</u>	<u>\$98,604</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

STREET CONSTRUCTION
 MAINTENANCE AND REPAIR FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)
REVENUES:			
Intergovernmental	670,000	690,854	20,854
Charges for Services	<u>400</u>	<u>535</u>	<u>135</u>
Total Revenues	<u>670,400</u>	<u>691,389</u>	<u>20,989</u>
EXPENDITURES:			
Transportation	<u>1,662,200</u>	<u>1,459,459</u>	<u>202,741</u>
Total Expenditures	<u>1,662,200</u>	<u>1,459,459</u>	<u>202,741</u>
Excess of Revenues Over (Under) Expenditures & Other Uses	(991,800)	(768,070)	223,730
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	885,000	885,000	0
Other	<u>4,000</u>	<u>1,365</u>	<u>(2,635)</u>
Total Other Financing Sources (Uses)	<u>889,000</u>	<u>886,365</u>	<u>(2,635)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(102,800)	118,295	221,095
FUND BALANCE AT BEGINNING OF YEAR	115,686	115,686	0
Prior Year Encumbrances Appropriated	<u>976</u>	<u>976</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$13,862</u>	<u>\$234,957</u>	<u>\$221,095</u>

CITY OF WILLOUGHBY, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET & ACTUAL
ALL SPECIAL REVENUE FUNDS
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

STATE HIGHWAY FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Intergovernmental	<u>\$49,000</u>	<u>\$51,394</u>	<u>\$2,394</u>
Total Revenues	<u>49,000</u>	<u>51,394</u>	<u>2,394</u>
EXPENDITURES:			
Transportation	<u>35,000</u>	<u>32,690</u>	<u>2,310</u>
Total Expenditures	<u>35,000</u>	<u>32,690</u>	<u>2,310</u>
Excess of Revenues Over (Under) Expenditures	14,000	18,704	4,704
FUND BALANCE AT BEGINNING OF YEAR	<u>90,011</u>	<u>90,011</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$104,011</u>	<u>\$108,715</u>	<u>\$4,704</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 ALL SPECIAL REVENUE FUNDS
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

CORPORATE MAINTENANCE FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Special Assessments	<u>\$41,000</u>	<u>\$27,146</u>	<u>(\$13,854)</u>
Total Revenues	<u>41,000</u>	<u>27,146</u>	<u>(13,854)</u>
EXPENDITURES:			
Community Environment	<u>60,700</u>	<u>27,807</u>	<u>32,893</u>
Total Expenditures	<u>60,700</u>	<u>27,807</u>	<u>32,893</u>
Excess of Revenues Over (Under) Expenditures	(19,700)	(661)	19,039
OTHER FINANCING SOURCES (USES):			
Advance Repaid	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(39,700)	(20,661)	19,039
FUND BALANCE AT BEGINNING OF YEAR	48,537	48,537	0
Prior Year Encumbrances Appropriated	<u>271</u>	<u>271</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$9,108</u>	<u>\$28,147</u>	<u>\$19,039</u>

CITY OF WILLOUGHBY, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
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ALL SPECIAL REVENUE FUNDS
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

ENFORCEMENT AND EDUCATION FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Fines, Licenses, Permits	<u>\$3,750</u>	<u>\$5,352</u>	<u>\$1,602</u>
Total Revenues	<u>3,750</u>	<u>5,352</u>	<u>1,602</u>
EXPENDITURES:			
Security of Persons and Property	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	3,750	5,352	1,602
FUND BALANCE AT BEGINNING OF YEAR	<u>6,815</u>	<u>6,815</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$10,565</u>	<u>\$12,167</u>	<u>\$1,602</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 ALL SPECIAL REVENUE FUNDS
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

INDIGENT DRIVERS TREATMENT FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)
REVENUES:			
Fines, Licenses, Permits	<u>\$35,000</u>	<u>\$39,959</u>	<u>\$4,959</u>
Total Revenues	<u>35,000</u>	<u>39,959</u>	<u>4,959</u>
EXPENDITURES:			
General Government	<u>50,000</u>	<u>25,000</u>	<u>25,000</u>
Total Expenditures	<u>50,000</u>	<u>25,000</u>	<u>25,000</u>
Excess of Revenues Over (Under) Expenditures	(15,000)	14,959	29,959
FUND BALANCE AT BEGINNING OF YEAR	<u>246,958</u>	<u>246,958</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$231,958</u>	<u>\$261,917</u>	<u>\$29,959</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 ALL SPECIAL REVENUE FUNDS
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

COURT COMPUTER FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Fines, Licenses, Permits	\$210,000	\$220,106	\$10,106
Total Revenues	<u>210,000</u>	<u>220,106</u>	<u>10,106</u>
EXPENDITURES:			
General Government	250,000	108,230	141,770
Capital	<u>0</u>	<u>51,635</u>	<u>(51,635)</u>
Total Expenditures	<u>250,000</u>	<u>159,865</u>	<u>90,135</u>
Excess of Revenues Over (Under) Expenditures	(40,000)	60,241	100,241
FUND BALANCE AT BEGINNING OF YEAR	551,007	551,007	0
Prior Year Encumbrances Appropriated	<u>3,795</u>	<u>3,795</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$514,802</u>	<u>\$615,043</u>	<u>\$100,241</u>

CITY OF WILLOUGHBY, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
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(BUDGET BASIS)
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A-3 (CONTINUED)

URBAN FOREST MANAGEMENT FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)
REVENUES:			
Charges for Services	<u>\$11,000</u>	<u>\$9,600</u>	<u>(\$1,400)</u>
Total Revenues	<u>11,000</u>	<u>9,600</u>	<u>(1,400)</u>
EXPENDITURES:			
Community Environment	<u>20,000</u>	<u>14,458</u>	<u>5,542</u>
Total Expenditures	<u>20,000</u>	<u>14,458</u>	<u>5,542</u>
Excess of Revenues Over (Under) Expenditures	(9,000)	(4,858)	4,142
FUND BALANCE AT BEGINNING OF YEAR	<u>23,845</u>	<u>23,845</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$14,845</u>	<u>\$18,987</u>	<u>\$4,142</u>

CITY OF WILLOUGHBY, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET & ACTUAL
ALL SPECIAL REVENUE FUNDS
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

VICTIMS ASSISTANCE FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Intergovernmental	<u>\$20,862</u>	<u>\$27,819</u>	<u>\$6,957</u>
Total Revenues	<u>20,862</u>	<u>27,819</u>	<u>6,957</u>
EXPENDITURES:			
Security of Persons and Property	<u>42,069</u>	<u>38,148</u>	<u>3,921</u>
Total Expenditures	<u>42,069</u>	<u>38,148</u>	<u>3,921</u>
Excess of Revenues Over (Under) Expenditures	(21,207)	(10,329)	10,878
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	3,793	14,671	10,878
FUND BALANCE AT BEGINNING OF YEAR	<u>21,530</u>	<u>21,530</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$25,323</u>	<u>\$36,201</u>	<u>\$10,878</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
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 ALL SPECIAL REVENUE FUNDS
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

NATUREWORKS FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Intergovernmental	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES:			
Capital	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	0	0	0
OTHER FINANCING SOURCES (USES):			
Advance Repaid	<u>(1,951)</u>	<u>(1,951)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(1,951)</u>	<u>(1,951)</u>	<u>0</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(1,951)	(1,951)	0
FUND BALANCE AT BEGINNING OF YEAR	<u>1,951</u>	<u>1,951</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF WILLOUGHBY, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
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ALL SPECIAL REVENUE FUNDS
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

STREET LIGHTING FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Special Assessments	<u>\$463,261</u>	<u>\$484,413</u>	<u>\$21,152</u>
Total Revenues	<u>463,261</u>	<u>484,413</u>	<u>21,152</u>
EXPENDITURES:			
Security of Persons and Property	<u>518,000</u>	<u>468,584</u>	<u>49,416</u>
Total Expenditures	<u>518,000</u>	<u>468,584</u>	<u>49,416</u>
Excess of Revenues Over (Under) Expenditures	(54,739)	15,829	70,568
FUND BALANCE AT BEGINNING OF YEAR	<u>428,380</u>	<u>428,380</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$373,641</u>	<u>\$444,209</u>	<u>\$70,568</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
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A-3 (CONTINUED)

FUTURE RETIREMENT RESERVE FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES:			
General Government	26,000	13,075	12,925
Security of Persons	<u>200,000</u>	<u>147,871</u>	<u>52,129</u>
Total Expenditures	<u>226,000</u>	<u>160,946</u>	<u>65,054</u>
Excess of Revenues Over (Under) Expenditures	(226,000)	(160,946)	65,054
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	<u>225,000</u>	<u>225,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>225,000</u>	<u>0</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses	(1,000)	64,054	65,054
FUND BALANCE AT BEGINNING OF YEAR	<u>141,616</u>	<u>141,616</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$140,616</u>	<u>\$205,670</u>	<u>\$65,054</u>

CITY OF WILLOUGHBY, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET & ACTUAL
ALL SPECIAL REVENUE FUNDS
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

RAILROAD GRADE CROSSING FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:			
Fines, Licenses, Permits	<u>\$1,000</u>	<u>\$0</u>	<u>(\$1,000)</u>
Total Revenues	<u>1,000</u>	<u>0</u>	<u>(1,000)</u>
EXPENDITURES:			
Security of Persons and Property	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	1,000	0	(1,000)
FUND BALANCE AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$1,000</u>	<u>\$0</u>	<u>(\$1,000)</u>

CITY OF WILLOUGHBY, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET & ACTUAL
ALL SPECIAL REVENUE FUNDS
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

A-3 (CONTINUED)

CHAGRIN RIVER FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:			
Intergovernmental	<u>\$31,660</u>	<u>\$31,660</u>	<u>\$0</u>
Total Revenues	<u>31,660</u>	<u>31,660</u>	<u>0</u>
EXPENDITURES:			
General Government	<u>31,660</u>	<u>31,660</u>	<u>0</u>
Total Expenditures	<u>31,660</u>	<u>31,660</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	0	0	0
FUND BALANCE AT BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

DEBT SERVICE FUNDS

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

GENERAL BOND RETIREMENT FUND - to accumulate monies for the payment of interest and principal on General Obligation Bonds.

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 in the immediate area of the project and are paid for by those residents through assessments against their property.

Outstanding Bond Issues are:

F-1 Storm and Sanitary Sewer on Reeves Road (1982-2002)

Industrial Parks Improvements (1984-2003)

Halle, Strumbly, Tioga and Meadowland Improvement (1987-2006)

Glenbrook Road Improvement (1996-2016)

CITY OF WILLOUGHBY, OHIO
 COMBINING BALANCE SHEET
 ALL DEBT SERVICE FUNDS
 AS OF DECEMBER 31, 2001

B-1

	GENERAL BOND <u>RETIREMENT</u>	SPECIAL ASSESSMENTS	TOTAL <u>2001</u>
ASSETS			
Equity in City Treasury Cash	\$163,446	\$524,750	\$688,196
Receivables:			
Taxes	1,374,842	0	1,374,842
Special Assessments	0	1,730,403	1,730,403
Accrued Interest	0	30	30
Due from Other Funds	1,908,553	0	1,908,553
Due from Other Governments	<u>70</u>	<u>0</u>	<u>70</u>
TOTAL ASSETS	<u>\$3,446,911</u>	<u>\$2,255,183</u>	<u>\$5,702,094</u>
LIABILITIES			
Deferred Revenue	\$1,374,912	\$1,730,403	\$3,105,315
Matured Bonds & Interest Payable	<u>2,940</u>	<u>0</u>	<u>2,940</u>
TOTAL LIABILITIES	<u>1,377,852</u>	<u>1,730,403</u>	<u>3,108,255</u>
FUND EQUITY			
Fund Balance			
Reserved for Encumbrances	11,243	0	11,243
Reserved for Debt Service	149,263	524,780	674,043
Reserved for Long Term Loan-Airport	<u>1,908,553</u>	<u>0</u>	<u>1,908,553</u>
TOTAL FUND EQUITY	<u>2,069,059</u>	<u>524,780</u>	<u>2,593,839</u>
 TOTAL LIABILITIES & FUND EQUITY	 <u>\$3,446,911</u>	 <u>\$2,255,183</u>	 <u>\$5,702,094</u>

*CITY OF WILLOUGHBY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL DEBT SERVICE FUNDS
 For the Year Ended December 31, 2001*

B-2

	GENERAL BOND <u>RETIREMENT</u>	SPECIAL ASSESSMENTS	TOTAL <u>2001</u>
REVENUES:			
Taxes	\$1,309,516	\$0	\$1,309,516
Intergovernmental	131,530	0	131,530
Special Assessments	0	487,892	487,892
Interest Income	<u>0</u>	<u>801</u>	<u>801</u>
TOTAL REVENUES	<u>1,441,046</u>	<u>488,693</u>	<u>1,929,739</u>
EXPENDITURES:			
Current:			
General Government	31,600	16,017	47,617
Debt Service:			
Principal	608,320	337,403	945,723
Interest	<u>632,875</u>	<u>131,265</u>	<u>764,140</u>
TOTAL EXPENDITURES	<u>1,272,795</u>	<u>484,685</u>	<u>1,757,480</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	168,251	4,008	172,259
FUND BALANCE JANUARY 1	<u>1,900,808</u>	<u>520,772</u>	<u>2,421,580</u>
FUND BALANCE DECEMBER 31	<u>\$2,069,059</u>	<u>\$524,780</u>	<u>\$2,593,839</u>

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES-BUDGET & ACTUAL
 DEBT SERVICE FUNDS
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

B-3

GENERAL BOND RETIREMENT FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Taxes	\$1,285,662	\$1,309,516	\$23,854
Intergovernmental	<u>119,757</u>	<u>131,591</u>	<u>11,834</u>
Total Revenues	<u>1,405,419</u>	<u>1,441,107</u>	<u>35,688</u>
EXPENDITURES:			
General Government	36,000	32,281	3,719
Debt Service			
Principal	722,870	718,320	4,550
Interest	<u>679,028</u>	<u>679,028</u>	<u>0</u>
Total Expenditures	<u>1,437,898</u>	<u>1,429,629</u>	<u>8,269</u>
Excess of Revenues Over (Under) Expenditures	(32,479)	11,478	43,957
FUND BALANCE AT BEGINNING OF YEAR	140,717	140,717	0
Prior Year Encumbrances Appropriated	<u>7</u>	<u>7</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$108,245</u>	<u>\$152,202</u>	<u>\$43,957</u>

CITY OF WILLOUGHBY, OHIO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES-BUDGET & ACTUAL
DEBT SERVICE FUNDS
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

B-3 (CONTINUED)

SPECIAL ASSESSMENTS FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)
REVENUES:			
Special Assessments	\$450,000	\$487,892	\$37,892
Interest Income	<u>1,500</u>	<u>901</u>	<u>(599)</u>
Total Revenues	<u>451,500</u>	<u>488,793</u>	<u>37,293</u>
EXPENDITURES:			
General Government	20,000	16,017	3,983
Debt Service			
Principal	337,403	337,403	0
Interest	<u>131,265</u>	<u>131,265</u>	<u>0</u>
Total Expenditures	<u>488,668</u>	<u>484,685</u>	<u>3,983</u>
Excess of Revenues Over (Under) Expenditures	(37,168)	4,108	41,276
FUND BALANCE AT BEGINNING OF YEAR	<u>520,642</u>	<u>520,642</u>	<u>0</u>
FUND BALANCE AT END OF YEAR	<u>\$483,474</u>	<u>\$524,750</u>	<u>\$41,276</u>

CAPITAL PROJECTS FUND

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary, special assessment, or trust funds).

CAPITAL PROJECTS FUND - to account for various capital projects and equipment financed by income tax receipts, interest and sale of capital assets.

Since there is only one Capital Projects Fund and comparative financial statements are not presented and the legal level of budgetary control is not greater than the program level, there are no additional presentations in this section of the CAFR. Capital Projects Fund financial statements can be found in the General Purpose (Combined) Financial Statements.

ENTERPRISE FUNDS

To account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including allocations) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

GOLF COURSE FUND - to account for the operation and services provided at the Willoughby Lost Nation Golf Course (18 hole, 72 par) acquired in May 1987. Actual operation by the City began October 1, 1987. This property is adjacent to the airport.

SEWER FUND - to account for sanitary sewer services provided to the residential and commercial users of the cities of Willoughby and Eastlake.

AIRPORT FUND - to account for the operations and services provided at Willoughby Lost Nation Municipal Airport acquired in May 1986.

All activities necessary to provide the above services are accounted for in each particular fund including, but not limited to, administration, operations maintenance, financing and related debt service, and billing collection.

CITY OF WILLOUGHBY, OHIO
 COMBINING BALANCE SHEET
 ALL ENTERPRISE FUNDS
 As Of DECEMBER 31, 2001

C-1

	<u>GOLF COURSE FUND</u>	<u>SEWER FUND</u>	<u>AIRPORT FUND</u>	<u>TOTAL 2001</u>
ASSETS				
CURRENT ASSETS				
Equity in City Treasury Cash	\$195,179	\$1,158,123	\$129,024	\$1,482,326
Accounts Receivable	0	62,441	147,705	210,146
Due from Other Funds	2,843	170,129	527	173,499
Due from Other Governments	0	1,308,719	0	1,308,719
Prepaid Expenses	1,204	1,444	2,394	5,042
Inventory	<u>3,064</u>	<u>28,271</u>	<u>0</u>	<u>31,335</u>
TOTAL CURRENT ASSETS	<u>202,290</u>	<u>2,729,127</u>	<u>279,650</u>	<u>3,211,067</u>
RESTRICTED ASSETS				
Cash Investments	<u>0</u>	<u>1,188,947</u>	<u>0</u>	<u>1,188,947</u>
FIXED ASSETS				
Land	1,799,950	400,641	7,455,119	9,655,710
Building	86,271	16,651,051	157,960	16,895,282
Improvements	818,780	18,917,819	7,244,250	26,980,849
Equipment	363,159	6,261,073	270,593	6,894,825
Construction in Progress	<u>0</u>	<u>4,717,899</u>	<u>168,504</u>	<u>4,886,403</u>
TOTAL FIXED ASSETS	3,068,160	46,948,483	15,296,426	65,313,069
Accumulated Depreciation	<u>(555,599)</u>	<u>(17,467,128)</u>	<u>(4,053,733)</u>	<u>(22,076,460)</u>
TOTAL NET FIXED ASSETS	<u>2,512,561</u>	<u>29,481,355</u>	<u>11,242,693</u>	<u>43,236,609</u>
TOTAL ASSETS	<u>\$2,714,851</u>	<u>\$33,399,429</u>	<u>\$11,522,343</u>	<u>\$47,636,623</u>

continued on following page

CITY OF WILLOUGHBY, OHIO
 COMBINING BALANCE SHEET
 ALL ENTERPRISE FUNDS
 As Of DECEMBER 31, 2001

C-1 (CONTINUED)

	<u>GOLF COURSE FUND</u>	<u>SEWER FUND</u>	<u>AIRPORT FUND</u>	<u>TOTAL 2001</u>
 LIABILITIES AND FUND EQUITY				
 CURRENT LIABILITIES				
Accounts Payable	\$2,535	\$881,830	\$4,493	\$888,858
Salaries, Wages & Benefits Payable	44,925	644,045	17,042	706,012
Accrued Interest Payable	8,750	182,756	3,534	195,040
Property Tax Payable	0	0	3,324	3,324
Due to Other Funds	26,993	2,872	3,416,485	3,446,350
Due to Other Governments	0	745	0	745
Bonds Payable - Current	<u>145,000</u>	<u>621,740</u>	<u>111,280</u>	<u>878,020</u>
TOTAL CURRENT LIABILITIES	<u>228,203</u>	<u>2,333,988</u>	<u>3,556,158</u>	<u>6,118,349</u>
 LONG - TERM LIABILITIES				
Bonds Payable - Net	<u>1,355,000</u>	<u>5,755,643</u>	<u>920,000</u>	<u>8,030,643</u>
TOTAL LONG - TERM LIABILITIES	<u>1,355,000</u>	<u>5,755,643</u>	<u>920,000</u>	<u>8,030,643</u>
 TOTAL LIABILITIES	 <u>1,583,203</u>	 <u>8,089,631</u>	 <u>4,476,158</u>	 <u>14,148,992</u>
 FUND EQUITY				
Contributed Capital	19,900	23,934,471	13,201,686	37,156,057
Less: Amortization	<u>(15,920)</u>	<u>(9,670,057)</u>	<u>(3,275,305)</u>	<u>(12,961,282)</u>
Contributed Capital - Net	<u>3,980</u>	<u>14,264,414</u>	<u>9,926,381</u>	<u>24,194,775</u>
Retained Earnings:				
Reserved for Equipment Replacement	0	594,473	0	594,473
Reserved for Long Term Loan-Airport	0	158,737	0	158,737
Unreserved (Deficit)	<u>1,127,668</u>	<u>10,292,174</u>	<u>(2,880,196)</u>	<u>8,539,646</u>
Total Retained Earnings (Deficit)	<u>1,127,668</u>	<u>11,045,384</u>	<u>(2,880,196)</u>	<u>9,292,856</u>
TOTAL FUND EQUITY	<u>1,131,648</u>	<u>25,309,798</u>	<u>7,046,185</u>	<u>33,487,631</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$2,714,851</u>	 <u>\$33,399,429</u>	 <u>\$11,522,343</u>	 <u>\$47,636,623</u>

*CITY OF WILLOUGHBY, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN RETAINED EARNINGS
 ALL ENTERPRISE FUNDS
 For The Year Ended December 31, 2001*

C-2

	<u>GOLF COURSE</u> <u>FUND</u>	<u>SEWER</u> <u>FUND</u>	<u>AIRPORT</u> <u>FUND</u>	<u>TOTAL</u> <u>2001</u>
Operating Revenues:				
Charges for Services	\$894,177	\$2,885,450	\$19,622	\$3,799,249
Rentals	0	0	114,892	114,892
Other	<u>1,618</u>	<u>29,389</u>	<u>2,136</u>	<u>33,143</u>
Total Operating Revenues	<u>895,795</u>	<u>2,914,839</u>	<u>136,650</u>	<u>3,947,284</u>
Operating Expenses:				
Personal Services	359,954	1,754,692	89,460	2,204,106
Contractual Services	85,562	356,467	48,058	490,087
Materials & Supplies	177,116	101,505	12,536	291,157
Heat, Light & Power	20,916	351,934	13,201	386,051
Other Expenses	5,463	9,476	2,262	17,201
Depreciation	<u>46,843</u>	<u>1,135,276</u>	<u>365,780</u>	<u>1,547,899</u>
Total Operating Expenses	<u>695,854</u>	<u>3,709,350</u>	<u>531,297</u>	<u>4,936,501</u>
Net Income (Loss) from Operations	199,941	(794,511)	(394,647)	(989,217)
Non-Operating Revenues (Expenses):				
Interest - Income	9,288	24,568	30,357	64,213
- Expense	(113,662)	(429,012)	(46,125)	(588,799)
Income Tax	0	700,000	0	700,000
Other - Income	<u>9,724</u>	<u>39,504</u>	<u>31,908</u>	<u>81,136</u>
Total Non-Operating Revenues (Expenses)	<u>(94,650)</u>	<u>335,060</u>	<u>16,140</u>	<u>256,550</u>
Net Income (Loss)	105,291	(459,451)	(378,507)	(732,667)
Changes in Retained Earnings:				
Add Depreciation on Fixed Assets Acquired by Grant Revenues and Contractual Payments Restricted for Capital Additions that Reduces Contributed Capital	<u>1,990</u>	<u>575,269</u>	<u>297,676</u>	<u>874,935</u>
Increase (Decrease) in Retained Earnings	107,281	115,818	(80,831)	142,268
Retained Earnings Restated January 1	<u>1,020,387</u>	<u>10,929,566</u>	<u>(2,799,365)</u>	<u>9,150,588</u>
Retained Earnings December 31	<u>\$1,127,668</u>	<u>\$11,045,384</u>	<u>(\$2,880,196)</u>	<u>\$9,292,856</u>

City of Willoughby, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2001

C-3 (continued on following page)

	<u>Golf</u> <u>Course</u>	<u>Sewer</u> <u>Fund</u>	<u>Airport</u> <u>Fund</u>	<u>Totals</u>
Cash flows from operating activities:				
Cash received from customers	\$894,177	\$2,220,159	\$118,500	\$3,232,836
Cash paid to customers	(293,988)	(276,592)	80,086	(490,494)
Cash paid to employees	(348,347)	(1,676,432)	(88,981)	(2,113,760)
Other operating revenues	<u>1,618</u>	<u>29,389</u>	<u>2,136</u>	<u>33,143</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>253,460</u>	<u>296,524</u>	<u>111,741</u>	<u>661,725</u>
Cash flows from noncapital financing activities:				
Income Tax	<u>0</u>	<u>950,000</u>	<u>0</u>	<u>950,000</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>0</u>	<u>950,000</u>	<u>0</u>	<u>950,000</u>
Cash flows from capital and related financing activities:				
Proceeds from OWDA loan	0	1,074,524	0	1,074,524
Acquisition and construction of capital assets	(24,765)	(2,484,274)	(303,778)	(2,812,817)
Principal paid on bonds and OWDA loans	(135,000)	(565,360)	(111,280)	(811,640)
Interest paid on bonds and OWDA loans	(113,662)	(429,012)	(46,125)	(588,799)
Capital contributed by grants	0	292,170	295,790	587,960
Contributions from customers	9,724	38,459	(957)	47,226
Proceeds from the sale of fixed assets	<u>0</u>	<u>1,045</u>	<u>0</u>	<u>1,045</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(263,703)</u>	<u>(2,072,448)</u>	<u>(166,350)</u>	<u>(2,502,501)</u>
Cash flows from investing activities:				
Interest on investments	<u>9,288</u>	<u>24,568</u>	<u>30,357</u>	<u>64,213</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>9,288</u>	<u>24,568</u>	<u>30,357</u>	<u>64,213</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(955)	(801,356)	(24,252)	(826,563)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>196,134</u>	<u>3,148,426</u>	<u>153,276</u>	<u>3,497,836</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$195,179</u>	<u>\$2,347,070</u>	<u>\$129,024</u>	<u>\$2,671,273</u>

*City of Willoughby, Ohio
Combining Statement of Cash Flows
All Enterprise Funds
For the Year Ended December 31, 2001*

C-3 (CONTINUED)

	<u>Golf Course</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$199,941	(\$794,511)	(\$394,647)	(\$989,217)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	46,843	1,135,276	365,780	1,547,899
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	6,244	3,125	(15,487)	(6,118)
(Increase) decrease in accrued interest receivable	0	33,500	0	33,500
(Increase) decrease in due from other govts	0	(692,968)	0	(692,968)
(Increase) decrease in due from other funds	(1,300)	(8,948)	(527)	(10,775)
(Increase) decrease in prepaid expense	3,358	21,902	1,983	27,243
(Increase) decrease in inventory of supplies	(1,184)	8,776	0	7,592
Increase (decrease) in accounts payable	(1,261)	533,076	(1,749)	530,066
Increase (decrease) in accrued salaries, wages, and benefits	11,607	78,260	479	90,346
Increase (decrease) in accrued interest payable	(788)	(21,988)	(338)	(23,114)
Increase (decrease) in property tax liabilities	0	0	95	95
Increase (decrease) in due to other governments	0	693	0	693
Increase (decrease) in due to other funds	(10,000)	331	156,152	146,483
TOTAL ADJUSTMENTS	<u>53,519</u>	<u>1,091,035</u>	<u>506,388</u>	<u>1,650,942</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$253,460</u>	<u>\$296,524</u>	<u>\$111,741</u>	<u>\$661,725</u>

Schedule of Noncash Investing, Capital and Financing Activities:

The Airport Fund had additions of Contributed Capital in the amount of \$295,790 from the Federal Government.
The Sewer Fund had additions of Contributed Capital in the amount of \$292,170 from the State and Other Governments
and deletions in the amount of \$53,080, for a net increase of \$239,090.

CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS -BUDGET & ACTUAL
 ALL ENTERPRISE FUND TYPES
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001

C-4

(continued on following pages)

GOLF COURSE FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (<u>NEGATIVE</u>)
REVENUES:			
Charges for Services	\$920,500	\$894,177	(\$26,323)
Interest Income	8,000	10,101	2,101
Other	<u>1,911</u>	<u>1,618</u>	<u>(293)</u>
TOTAL REVENUES	<u>930,411</u>	<u>905,896</u>	<u>(24,515)</u>
EXPENSES:			
Leisure Time Activities	713,183	659,835	53,348
Debt Principal	135,000	135,000	0
Debt Interest	<u>114,450</u>	<u>114,450</u>	<u>0</u>
TOTAL EXPENSES	<u>962,633</u>	<u>909,285</u>	<u>53,348</u>
Excess of Revenues Over (Under) Expenses	(32,222)	(3,389)	28,833
OTHER FINANCING SOURCES (USES):			
Other	4,000	9,724	5,724
Advance Repaid	<u>(10,000)</u>	<u>(10,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(6,000)</u>	<u>(276)</u>	<u>5,724</u>
Excess of Revenues & Other Sources Over (Under) Expenses & Other Uses	(38,222)	(3,665)	34,557
RETAINED EARNINGS JANUARY 1	<u>193,785</u>	<u>193,785</u>	<u>0</u>
RETAINED EARNINGS DECEMBER 31	<u>\$155,563</u>	<u>\$190,120</u>	<u>\$34,557</u>

*CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS -BUDGET & ACTUAL
 ALL ENTERPRISE FUND TYPES
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001*

C-4 (CONTINUED)

SEWER FUND			
	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE <u>(NEGATIVE)</u>
REVENUES:			
Income Tax	\$750,000	\$750,000	\$0
Intergovernmental	602,898	305,084	(297,814)
Charges for Services	2,885,800	2,870,382	(15,418)
Interest Income	85,000	122,514	37,514
Other	<u>54,469</u>	<u>126,311</u>	<u>71,842</u>
TOTAL REVENUES	<u>4,378,167</u>	<u>4,174,291</u>	<u>(203,876)</u>
EXPENSES:			
Basic Utility Service	6,144,239	5,547,693	596,546
Debt Principal	565,365	565,360	5
Debt Interest	<u>450,994</u>	<u>451,000</u>	<u>(6)</u>
TOTAL EXPENSES	<u>7,160,598</u>	<u>6,564,053</u>	<u>596,545</u>
Excess of Revenues Over (Under) Expenses	(2,782,431)	(2,389,762)	392,669
OTHER FINANCING SOURCES (USES):			
Sale of Debt	<u>2,335,989</u>	<u>527,707</u>	<u>(1,808,282)</u>
Total Other Financing Sources (Uses)	<u>2,335,989</u>	<u>527,707</u>	<u>(1,808,282)</u>
Excess of Revenues & Other Sources Over (Under) Expenses & Other Uses	(446,442)	(1,862,055)	(1,415,613)
RETAINED EARNINGS JANUARY 1	2,241,965	2,241,965	0
Prior Year Encumbrances Appropriated	<u>11,215</u>	<u>11,215</u>	<u>0</u>
RETAINED EARNINGS DECEMBER 31	<u>\$1,806,738</u>	<u>\$391,125</u>	<u>(\$1,415,613)</u>

*CITY OF WILLOUGHBY, OHIO
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS -BUDGET & ACTUAL
 ALL ENTERPRISE FUND TYPES
 (BUDGET BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2001*

C-4 (CONTINUED)

AIRPORT FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)
REVENUES:			
Charges for Services	\$18,200	\$19,011	\$811
Interest Income	20,000	33,989	13,989
Other	<u>94,396</u>	<u>97,827</u>	<u>3,431</u>
TOTAL REVENUES	<u>132,596</u>	<u>150,827</u>	<u>18,231</u>
EXPENSES:			
Transportation	215,141	159,183	55,958
Debt Principal	1,280	1,280	0
Debt Interest	<u>311</u>	<u>311</u>	<u>0</u>
TOTAL EXPENSES	<u>216,732</u>	<u>160,774</u>	<u>55,958</u>
Excess of Revenues Over (Under) Expenses	(84,136)	(9,947)	74,189
RETAINED EARNINGS JANUARY 1	133,559	133,559	0
Prior Year Encumbrances Appropriated	<u>500</u>	<u>500</u>	<u>0</u>
RETAINED EARNINGS DECEMBER 31	<u>\$49,923</u>	<u>\$124,112</u>	<u>\$74,189</u>

INTERNAL SERVICE FUND

To account for the financing of services provided to other departments of the City of Willoughby on a cost reimbursement basis.

WORKERS' COMPENSATION FUND - this fund is used to account for a retrospective rating workers' compensation program provided to the City employees.

Since there is only one Internal Service Fund, comparative financial statements are not presented and the legal level of budgetary control is not greater than the program level, only a budgetary presentation is included in this section of the CAFR. The Internal Service Fund section can be found in the General Purpose (Combined) Financial Statements.

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS -BUDGET & ACTUAL
INTERNAL SERVICE FUND
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

D-1

WORKERS' COMPENSATION FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)
REVENUES:			
Interest Income	<u>\$25,000</u>	<u>\$28,603</u>	<u>\$3,603</u>
Total Revenues	<u>25,000</u>	<u>28,603</u>	<u>3,603</u>
EXPENSES:			
Other	<u>50,000</u>	<u>10,531</u>	<u>39,469</u>
Total Expenses	<u>50,000</u>	<u>10,531</u>	<u>39,469</u>
Excess of Revenues Over (Under) Expenses	(25,000)	18,072	43,072
OTHER FINANCING SOURCES (USES):			
Prior Year Reimbursement	<u>0</u>	<u>33,410</u>	<u>33,410</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>33,410</u>	<u>33,410</u>
Excess of Revenues & Other Sources Over (Under) Expenses & Other Uses	(25,000)	51,482	76,482
RETAINED EARNINGS JANUARY 1	<u>637,431</u>	<u>637,431</u>	<u>0</u>
RETAINED EARNINGS DECEMBER 31	<u>\$612,431</u>	<u>\$688,913</u>	<u>\$76,482</u>

TRUST AND AGENCY FUNDS

To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These funds can include:

(A) Non-expendable trust funds are accounted for similarly to proprietary funds. Asset or principle maintenance is usually the reason for these trust funds.

(B) Agency Funds are purely custodial in nature. Results of operations are not measured. These funds report only assets and liabilities.

The City's fiduciary funds include a non-expendable trust fund and two agency funds.

NON-EXPENDABLE TRUST FUND

CEMETERY - 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 and are reported in the fund. The receipts to the fund are reflected in Exhibit V pages.

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; 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 BALANCE SHEET
 ALL TRUST AND AGENCY FUNDS
 AS OF DECEMBER 31, 2001

E-1

AGENCY FUNDS

NON-EXPENDABLE

	TRUST FUND <u>CEMETERY</u>	DEPOSITS & <u>INSPECTIONS</u>	MUNICIPAL <u>COURT</u>	TOTAL <u>2001</u>
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ASSETS

Equity in City Treasury - Cash	\$139,833	\$1,316,942	\$297,488	\$1,754,263
TOTAL ASSETS	<u>\$139,833</u>	<u>\$1,316,942</u>	<u>\$297,488</u>	<u>\$1,754,263</u>

LIABILITIES

Accounts Payable	\$0	\$1,314,360	\$71,639	\$1,385,999
Due to Other Funds	0	2,055	124,443	126,498
Due to Other Governments	<u>0</u>	<u>527</u>	<u>101,406</u>	<u>101,933</u>
TOTAL LIABILITIES	<u>0</u>	<u>1,316,942</u>	<u>297,488</u>	<u>1,614,430</u>

FUND EQUITY

Reserve for Non-Current Investments	135,163	0	0	135,163
Unreserved	<u>4,670</u>	<u>0</u>	<u>0</u>	<u>4,670</u>
TOTAL FUND EQUITY	<u>139,833</u>	<u>0</u>	<u>0</u>	<u>139,833</u>
TOTAL LIABILITIES & FUND EQUITY BALANCE	<u>\$139,833</u>	<u>\$1,316,942</u>	<u>\$297,488</u>	<u>\$1,754,263</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -BUDGET & ACTUAL
NON-EXPENDABLE TRUST FUND
(BUDGET BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2001

E-2

CEMETERY CARE FUND

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)
REVENUES:			
Miscellaneous	<u>\$5,000</u>	<u>\$5,700</u>	<u>\$700</u>
Total Revenues	<u>5,000</u>	<u>5,700</u>	<u>700</u>
FUND BALANCE JANUARY 1	<u>153,463</u>	<u>153,463</u>	<u>0</u>
FUND BALANCE DECEMBER 31	<u>\$158,463</u>	<u>\$159,163</u>	<u>\$700</u>

*CITY OF WILLOUGHBY, OHIO
 COMBINING STATEMENT OF CHANGES IN
 ASSETS and LIABILITIES - ALL AGENCY FUNDS
 For The Year Ended December 31, 2001*

E-3

	<u>BALANCE</u> <u>12/31/2000</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/2001</u>
DEPOSITS & INSPECTIONS				
ASSETS				
Equity in City Treasury - Cash	<u>\$1,717,902</u>	<u>\$551,052</u>	<u>\$952,012</u>	<u>\$1,316,942</u>
TOTAL ASSETS	<u>\$1,717,902</u>	<u>\$551,052</u>	<u>\$952,012</u>	<u>\$1,316,942</u>
LIABILITIES				
Accounts Payable	\$1,717,579	\$511,470	\$914,689	\$1,314,360
Due to Other Funds	0	2,055	0	2,055
Due to Other Govts.	<u>323</u>	<u>37,527</u>	<u>37,323</u>	<u>527</u>
TOTAL LIABILITIES	<u>\$1,717,902</u>	<u>\$551,052</u>	<u>\$952,012</u>	<u>\$1,316,942</u>
MUNICIPAL COURT				
ASSETS				
Equity in City Treasury - Cash	<u>\$277,320</u>	<u>\$4,422,238</u>	<u>\$4,402,070</u>	<u>\$297,488</u>
TOTAL ASSETS	<u>\$277,320</u>	<u>\$4,422,238</u>	<u>\$4,402,070</u>	<u>\$297,488</u>
LIABILITIES				
Accounts Payable	\$72,229	\$1,307,294	\$1,307,884	\$71,639
Due to Other Funds	109,651	1,871,595	1,856,803	124,443
Due to Other Govts.	<u>95,440</u>	<u>1,243,349</u>	<u>1,237,383</u>	<u>101,406</u>
TOTAL LIABILITIES	<u>\$277,320</u>	<u>\$4,422,238</u>	<u>\$4,402,070</u>	<u>\$297,488</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Equity in City Treasury - Cash	<u>\$1,995,222</u>	<u>\$4,973,290</u>	<u>\$5,354,082</u>	<u>\$1,614,430</u>
TOTAL ASSETS	<u>\$1,995,222</u>	<u>\$4,973,290</u>	<u>\$5,354,082</u>	<u>\$1,614,430</u>
LIABILITIES				
Accounts Payable	\$1,789,808	\$1,818,764	\$2,222,573	\$1,385,999
Due to Other Funds	109,651	1,873,650	1,856,803	126,498
Due to Other Govts.	<u>95,763</u>	<u>1,280,876</u>	<u>1,274,706</u>	<u>101,933</u>
TOTAL LIABILITIES	<u>\$1,995,222</u>	<u>\$4,973,290</u>	<u>\$5,354,082</u>	<u>\$1,614,430</u>

ACCOUNT GROUPS

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

GENERAL FIXED ASSETS ACCOUNT GROUP - to account for fixed assets other than those accounted for in the proprietary funds or trust funds.

GENERAL LONG-TERM DEBT ACCOUNT GROUP - to account for all unmatured long-term indebtedness of the City that is not a specific liability of any proprietary fund, special assessment fund, or trust fund.

Financial information for the general long-term debt can be found in the General Purpose (Combined) Financial Statements.

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCE
DECEMBER 31, 2001

F-1

GENERAL FIXED ASSETS

Land	\$1,882,266
Building	13,258,565
Improvements	13,958,645
Equipment	9,373,530
Construction in Progress	<u>891,458</u>
TOTAL GENERAL FIXED ASSETS	\$39,364,464

LESS: ACCUMULATED DEPRECIATION (14,550,509)

NET GENERAL FIXED ASSETS \$24,813,955

INVESTMENT IN GENERAL FIXED ASSETS FROM:

(Source Of Funding)	
General Fund	\$1,929,343
Special Revenue Funds	1,327,641
Grant Funds	33,512
Capital Projects Fund	31,731,930
Donations	1,535,062
Special Assessments Fund	<u>2,806,976</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$39,364,464</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION and ACTIVITY
As Of December 31, 2001

F-2

	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDING</u>	<u>IMPROVEMENTS</u>	<u>EQUIPMENT</u>	<u>CONSTRUCTION IN PROGRESS</u>
SECURITY OF PERSONS AND PROPERTY						
Police Law Enforcement	\$3,977,462	\$22,360	\$1,711,869	\$145,105	\$2,085,329	\$12,799
Fire Control	<u>9,563,101</u>	<u>179,280</u>	<u>6,609,149</u>	<u>24,645</u>	<u>2,750,027</u>	<u>0</u>
TOTAL SECURITY OF PERSONS & PROPERTY	<u>\$13,540,563</u>	<u>\$201,640</u>	<u>\$8,321,018</u>	<u>\$169,750</u>	<u>\$4,835,356</u>	<u>\$12,799</u>
LEISURE TIME						
Administration	\$346,347	\$66,632	\$221,990	\$1,078	\$56,647	\$0
Recreation Programs	36,709	0	0	0	36,709	0
Senior Citizens	200,708	0	5,431	19,828	175,449	0
Parks & Playgrounds	3,421,336	315,452	744,495	1,807,639	525,817	27,933
Swimming Facilities	<u>3,080,085</u>	<u>0</u>	<u>68,900</u>	<u>2,895,454</u>	<u>115,731</u>	<u>0</u>
TOTAL LEISURE TIME	<u>\$7,085,185</u>	<u>\$382,084</u>	<u>\$1,040,816</u>	<u>\$4,723,999</u>	<u>\$910,353</u>	<u>\$27,933</u>
COMMUNITY ENVIRONMENT						
Building & Zoning	\$98,665	\$0	\$0	\$1,670	\$96,995	\$0
Economic Development	<u>77,491</u>	<u>0</u>	<u>0</u>	<u>70,084</u>	<u>7,407</u>	<u>0</u>
TOTAL COMMUNITY ENVIRONMENT	<u>\$176,156</u>	<u>\$0</u>	<u>\$0</u>	<u>\$71,754</u>	<u>\$104,402</u>	<u>\$0</u>
BASIC UTILITY SERVICE						
Storm Water - Collections	\$8,753,622	\$20,350	\$0	\$8,626,894	\$0	\$106,378
Solid Waste Collection	<u>156,100</u>	<u>12,280</u>	<u>128,620</u>	<u>0</u>	<u>15,200</u>	<u>0</u>
TOTAL BASIC UTILITY SERVICE	<u>\$8,909,722</u>	<u>\$32,630</u>	<u>\$128,620</u>	<u>\$8,626,894</u>	<u>\$15,200</u>	<u>\$106,378</u>
TRANSPORTATION						
Street Maint. & Repair	\$4,598,338	\$64,557	\$1,798,386	\$28,336	\$1,995,830	\$711,229
Traffic Signs & Signals	<u>221,707</u>	<u>4,260</u>	<u>85,802</u>	<u>0</u>	<u>131,645</u>	<u>0</u>
TOTAL TRANSPORTATION	<u>\$4,820,045</u>	<u>\$68,817</u>	<u>\$1,884,188</u>	<u>\$28,336</u>	<u>\$2,127,475</u>	<u>\$711,229</u>
GENERAL GOVERNMENT						
Legislative	\$1,490	\$0	\$0	\$0	\$1,490	\$0
Mayor	45,263	0	0	0	45,263	0
Finance	117,537	0	0	2,510	115,027	0
Legal	6,511	0	0	0	6,511	0
Public Works Administration	161,266	3,820	0	0	157,446	0
Lands & Buildings	841,157	0	593,092	145,078	102,987	0
Personnel	4,577	0	0	0	4,577	0
General Admin. Support	2,479,767	1,077,780	1,260,451	22,178	119,358	0
Municipal Court	717,058	0	4,556	123,826	555,557	33,119
Civil Service	2,344	0	0	0	2,344	0
Vehicle Maintenance	<u>119,083</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>119,083</u>	<u>0</u>
TOTAL GENERAL GOVERNMENT	<u>\$4,496,053</u>	<u>\$1,081,600</u>	<u>\$1,858,099</u>	<u>\$293,592</u>	<u>\$1,229,643</u>	<u>\$33,119</u>
PUBLIC HEALTH AND WELFARE						
Cemetery	<u>\$336,740</u>	<u>\$115,495</u>	<u>\$25,824</u>	<u>\$44,320</u>	<u>\$151,101</u>	<u>\$0</u>
TOTAL PUBLIC HEALTH & WELFARE	<u>\$336,740</u>	<u>\$115,495</u>	<u>\$25,824</u>	<u>\$44,320</u>	<u>\$151,101</u>	<u>\$0</u>
TOTAL GENERAL FIXED ASSETS	<u>\$39,364,464</u>	<u>\$1,882,266</u>	<u>\$13,258,565</u>	<u>\$13,958,645</u>	<u>\$9,373,530</u>	<u>\$891,458</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION and ACTIVITY
For the Year Ended December 31, 2001

F-3

	GENERAL FIXED ASSETS 12/31/2000	ADDITIONS	DELETIONS	GENERAL FIXED ASSETS 12/31/2001
SECURITY OF PERSONS AND PROPERTY				
Police Law Enforcement	\$3,371,685	\$768,534	(\$162,757)	\$3,977,462
Fire Control	<u>8,383,451</u>	<u>4,482,032</u>	<u>(3,302,382)</u>	<u>9,563,101</u>
TOTAL	<u>\$11,755,136</u>	<u>\$5,250,566</u>	<u>(\$3,465,139)</u>	<u>\$13,540,563</u>
LEISURE TIME				
Administration	\$350,757	\$0	(\$4,410)	\$346,347
Recreation Programs	36,709	0	0	36,709
Senior Citizens	193,319	7,389	0	200,708
Parks & Playgrounds	3,326,649	280,674	(185,987)	3,421,336
Swimming Facilities	<u>3,024,183</u>	<u>55,902</u>	<u>0</u>	<u>3,080,085</u>
TOTAL	<u>\$6,931,617</u>	<u>\$343,965</u>	<u>(\$190,397)</u>	<u>\$7,085,185</u>
COMMUNITY ENVIRONMENT				
Building & Zoning	\$98,665	\$0	\$0	\$98,665
Economic Development	<u>77,491</u>	<u>0</u>	<u>0</u>	<u>77,491</u>
TOTAL	<u>\$176,156</u>	<u>\$0</u>	<u>\$0</u>	<u>\$176,156</u>
BASIC UTILITY SERVICE				
Storm Water - Collections	\$8,655,514	\$98,108	\$0	\$8,753,622
Solid Waste Collection	<u>156,100</u>	<u>0</u>	<u>0</u>	<u>156,100</u>
TOTAL	<u>\$8,811,614</u>	<u>\$98,108</u>	<u>\$0</u>	<u>\$8,909,722</u>
TRANSPORTATION				
Street Maint. & Repair	\$3,857,459	\$791,624	(\$50,745)	\$4,598,338
Traffic Signs & Signals	<u>208,426</u>	<u>16,480</u>	<u>(3,199)</u>	<u>221,707</u>
TOTAL	<u>\$4,065,885</u>	<u>\$808,104</u>	<u>(\$53,944)</u>	<u>\$4,820,045</u>
GENERAL GOVERNMENT				
Legislative	\$1,490	\$0	\$0	\$1,490
Mayor	41,140	13,789	(9,666)	45,263
Finance	224,427	32,122	(139,012)	117,537
Legal	8,627	1,376	(3,492)	6,511
Public Works Administration	160,679	44,439	(43,852)	161,266
Lands & Buildings	835,721	24,486	(19,050)	841,157
Personnel	4,577	0	0	4,577
General Admin. Support	1,642,832	857,751	(20,816)	2,479,767
Municipal Court	679,385	90,895	(53,222)	717,058
Civil Service	2,344	0	0	2,344
Vehicle Maintenance	<u>116,596</u>	<u>2,487</u>	<u>0</u>	<u>119,083</u>
TOTAL	<u>\$3,717,818</u>	<u>\$1,067,345</u>	<u>(\$289,110)</u>	<u>\$4,496,053</u>
PUBLIC HEALTH AND WELFARE				
Cemetery	<u>\$308,695</u>	<u>\$54,745</u>	<u>(\$26,700)</u>	<u>\$336,740</u>
TOTAL	<u>\$308,695</u>	<u>\$54,745</u>	<u>(\$26,700)</u>	<u>\$336,740</u>
TOTAL GENERAL FIXED ASSETS	<u>\$35,766,921</u>	<u>\$7,622,833</u>	<u>(\$4,025,290)</u>	<u>\$39,364,464</u>

The City of
WILLOUGHBY, OHIO



Statistical
INFORMATION



TABLE 1

**CITY OF WILLOUGHBY, OHIO
GENERAL GOVERNMENTAL EXPENDITURES
BY FUNCTION LAST TEN YEARS**

<u>YEAR</u>	<u>SECURITY OF PERSONS & PROPERTY</u>	<u>PUBLIC HEALTH WELFARE</u>	<u>LEISURE TIME ACTIVITIES</u>	<u>COMMUNITY ENVIRONMENT</u>	<u>BASIC UTILITY SERVICES</u>	<u>TRANSPORTATION</u>	<u>GENERAL GOVERNMENT</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
1992	\$ 6,272,535	\$227,588	\$ 881,791	\$600,084	\$1,052,328	\$1,004,158	\$3,718,194	\$2,036,139	\$15,792,817
1993	\$ 5,424,988	\$193,381	\$ 687,237	\$430,768	\$ 761,810	\$ 872,214	\$5,741,331	\$2,676,407	\$16,788,136
1994	\$ 6,374,043	\$208,861	\$ 788,361	\$518,722	\$ 790,924	\$1,047,732	\$6,187,765	\$3,394,682	\$19,311,090*
1995	\$ 6,180,566	\$208,814	\$ 863,977	\$561,518	\$ 841,938	\$1,112,322	\$5,835,266	\$2,604,839	\$18,209,240*
1996	\$ 6,534,718	\$205,281	\$ 930,669	\$545,954	\$ 742,993	\$1,151,561	\$5,836,472	\$3,834,239	\$19,781,887*
1997	\$ 6,908,466	\$233,268	\$1,064,425	\$653,254	\$ 803,152	\$1,200,164	\$5,982,844	\$3,316,632	\$20,162,205*
1998	\$ 6,959,434	\$248,499	\$1,093,118	\$624,382	\$ 860,534	\$ 984,836	\$5,858,354	\$2,891,394	\$19,520,551*
1999	\$ 8,018,149	\$261,344	\$1,165,211	\$707,381	\$ 784,543	\$1,239,257	\$6,196,063	\$4,662,325	\$23,034,273*
2000	\$ 8,573,790	\$282,611	\$1,301,193	\$636,717	\$ 858,730	\$1,366,847	\$7,761,648	\$9,129,477	\$29,911,013*
2001**	\$10,028,770	\$317,099	\$1,614,383	\$776,451	\$ 856,023	\$1,485,855	\$5,136,145	\$4,015,432	\$24,230,158*

Includes all Governmental Type Funds

*Does not include Debt Service principal or interest

**Benefit expenditures are now being charged to the appropriate function in preparation for GASB 34. Previously, benefits were charged to General Government for all Operating Funds.

TABLE 2

**CITY OF WILLOUGHBY, OHIO
GENERAL REVENUES BY SOURCE
LAST TEN YEARS**

<u>YEAR</u>	<u>MUNICIPAL INCOME TAX</u>	<u>PROPERTY TAXES AND INTERGOVERNMENTAL REVENUES</u>	<u>CHARGES FOR SERVICES</u>	<u>SPECIAL ASSESSMENTS</u>	<u>FINES, LICENSES AND OTHER</u>	<u>INTEREST REVENUE</u>	<u>MISC. REVENUE</u>	<u>TOTAL</u>
1992	\$ 7,799,687	\$7,641,753	\$175,762	\$1,504,585	\$1,183,324	\$ 407,672	\$ 272,581	\$18,985,364
1993	\$ 8,603,004	\$5,833,310	\$210,187	\$1,404,143	\$1,306,462	\$ 443,524	\$ 217,541	\$18,018,171
1994	\$ 8,900,632	\$6,281,050	\$247,275	\$1,211,570	\$1,657,542	\$ 336,575	\$ 731,109	\$19,365,753
1995	\$ 9,830,833	\$5,802,303	\$293,874	\$1,221,769	\$1,714,555	\$ 540,055	\$ 677,215	\$20,080,604
1996	\$10,906,548	\$6,038,753	\$283,473	\$1,244,411	\$1,502,235	\$ 652,758	\$ 646,031	\$21,274,209
1997	\$11,362,875	\$6,707,915	\$309,218	\$1,363,488	\$1,833,158	\$ 481,815	\$ 797,467	\$22,855,936
1998	\$12,655,910	\$7,453,110	\$359,546	\$1,196,634	\$1,746,999	\$ 958,359	\$1,019,766	\$25,390,324
1999	\$12,680,563	\$8,425,916	\$379,439	\$1,177,676	\$1,725,267	\$1,247,685	\$ 658,128	\$26,294,674
2000	\$13,246,097	\$8,090,060	\$465,399	\$1,050,957	\$2,022,640	\$1,524,249	\$ 705,779	\$27,105,181
2001*	\$13,354,406	\$7,773,311	\$510,914	\$ 999,391	\$2,048,737	\$1,169,800	\$ 339,659	\$26,196,218

Includes All Governmental Type Funds

* Implementation of GASB 33

TABLE 3

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

<u>TAX YEAR YEAR PAID</u>	<u>NET TAX LEVY</u>	<u>CURRENT COLLECTIONS</u>	<u>PERCENTAGE OF CURRENT COLLECTION TO NET LEVY</u>	<u>DELINQUENT COLLECTIONS</u>	<u>TOTAL COLLECTIONS</u>	<u>PERCENTAGE OF TOTAL COLLECTIONS TO NET LEVY</u>
1990-1991	\$1,322,282	\$1,135,574	86%	\$ 61,665	\$1,197,239	91%
1991-1992	\$1,315,401	\$1,239,694	94%	\$ 52,276	\$1,291,970	98%
1992-1993	\$1,354,071	\$1,274,981	94%	\$ 47,066	\$1,322,047	98%
1993-1994	\$1,314,999	\$1,294,595	98%	\$ 26,264	\$1,320,859	100%
1994-1995	\$1,392,165	\$1,368,613	98%	\$ 29,397	\$1,398,010	100%
1995-1996	\$1,412,445	\$1,366,894	97%	\$ 28,059	\$1,394,953	99%
1996-1997	\$1,439,406	\$1,404,326	98%	\$36,972	\$1,441,298	100%
1997-1998	\$1,485,266	\$1,454,448	98%	\$19,102	\$1,473,550	99%
1998-1999	\$1,833,757	\$1,796,616	98%	\$36,811	\$1,833,427	100%
1999-2000	\$1,836,700	\$1,822,467	99%	\$33,461	\$1,855,928	101%
2000-2001	\$1,949,795	\$1,884,905	97%	\$34,991	\$1,919,89	98%

Source: Lake County Auditor's Office

TABLE 4

**CITY OF WILLOUGHBY, OHIO
TANGIBLE TAX COLLECTED
LAST TEN YEARS
(UNAUDITED)**

<u>YEAR PAID</u>	<u>AMOUNT</u>
1992	\$ 453,729
1993	\$ 416,160
1994	\$ 421,044
1995	\$ 429,310
1996	\$ 458,409
1997	\$ 493,048
1998	\$ 526,816
1999	\$ 607,483
2000	\$ 644,261
2001	\$ 640,381
UNCOLLECTED AS OF 12-31-2001	\$ 55,952

Source: Lake County Auditor's Office

TABLE 5

**CITY OF WILLOUGHBY, OHIO
 ASSESSED VALUATIONS & ESTIMATED TRUE VALUES
 LAST TEN YEARS**

Assessed Valuation (1)

<u>Tax Year</u>	<u>Year Paid</u>	<u>Real Property</u>	<u>Other Real Estate & Public Utility Property</u>	<u>Tangible Personal Property</u>	<u>Assessed Total</u>
1991	1992	\$160,852,450	\$134,622,820	\$63,075,748	\$358,551,018
1992	1993	\$164,084,440	\$137,602,640	\$65,884,495	\$367,571,575
1993	1994	\$167,464,330	\$137,666,100	\$64,003,028	\$369,133,458
1994	1995	\$187,049,360	\$143,162,970	\$62,121,860	\$392,334,190
1995	1996	\$191,170,030	\$145,241,020	\$64,686,327	\$401,097,377
1996	1997	\$195,732,390	\$149,773,760	\$75,274,034	\$420,780,184
1997	1998	\$232,995,960	\$148,235,870	\$80,742,082	\$461,973,912
1998	1999	\$236,618,180	\$156,943,480	\$89,622,109	\$483,183,769
1999	2000	\$239,993,720	\$160,415,160	\$88,382,847	\$488,791,727
2000	2001	\$272,028,680	\$180,290,940	\$94,429,869	\$546,749,489

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 and equipment - 42%

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

For real property the estimated true values for the last ten years are computed as follows:

<u>Tax Year</u>	<u>Year Paid</u>	<u>Estimated True Values</u>	<u>Tax Year</u>	<u>Year Paid</u>	<u>Estimated True Values</u>
1991	1992	\$459,578,429	1996	1997	\$559,235,400
1992	1993	\$468,812,686	1997	1998	\$665,702,077
1993	1994	\$478,469,514	1998	1999	\$676,051,267
1994	1995	\$534,426,743	1999	2000	\$685,695,657
1995	1996	\$546,200,086	2000	2001	\$777,224,023

TABLE 6

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

<u>TAX YEAR</u>	<u>YEAR PAID</u>	<u>COUNTY LEVY</u>	<u>SCHOOL LEVY</u>	<u>CITY LEVY</u>	<u>TOTAL LEVY</u>	<u>DEBT SERVICE INCLUDED IN TOTAL LEVY</u>	
						<u>CITY LEVY</u>	<u>TOTAL LEVY</u>
1991	1992	12.20	45.61(1)	6.55	64.36	1.70	2.47
1992	1993	13.90	45.26(1)	6.55	65.71	1.70	2.12
1993	1994	13.90	45.11(1)	6.55	65.56	1.70	2.12
1994	1995	14.00	48.31(1)	6.55	68.86	2.05	2.05
1995	1996	14.00	47.71(1)	6.55	68.26	2.05	2.05
1996	1997	14.00	47.92(1)	6.55	68.47	2.05	2.42
1997	1998	14.10	47.01(1)	6.29	67.40	2.19	2.46
1998	1999	15.60	47.01(1)	7.19	69.80	3.09	3.36
1999	2000	15.70	47.73(2)	7.19	70.62	3.09	3.34
2000	2001	15.70	47.14(2)	6.91	69.75	2.65	2.89

(1) Includes .30 mills for continuous Library District Levy passed in 1990 to cover Willoughby/Eastlake School District and distributed directly to library.

(2) Includes five-year additional 1.00 mill Library Levy. Total Library millage is 1.30 mills.

Source: Lake County Auditor's Office

TABLE 7

**CITY OF WILLOUGHBY, OHIO
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS**

<u>YEAR</u>	<u>AMOUNT</u>
1992	\$1,502,457
1993	\$1,428,172
1994	\$1,266,044
1995	\$1,220,160
1996	\$1,251,738
1997	\$1,320,306
1998	\$1,258,444
1999	\$1,208,381
2000	\$1,077,154
2001	\$1,054,801
Uncollected as of 12/31/2001(1)	\$ 70,111

(1) Includes penalty and interest.

Source: Lake County Auditor's Office

TABLE 8

**CITY OF WILLOUGHBY, OHIO
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS**

<u>TAX YEAR</u>	<u>YEAR PAID</u>	<u>BONDED DEBT (NOTE 1)</u>	<u>ASSESSED VALUE (NOTE3)</u>	<u>POPULATION (NOTE 2)</u>	<u>RATIO OF NET BONDED DEBT TO ASSSSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
1991	1992	\$10,434,505	\$358,551,018	20,510	2.91%	\$509
1992	1993	\$11,295,503	\$367,571,575	21,271	3.07%	\$531
1993	1994	\$10,183,708	\$369,133,458	21,271	2.76%	\$479
1994	1995	\$ 9,845,914	\$392,334,190	21,271	2.51%	\$463
1995	1996	\$12,264,119	\$401,097,377	21,271	3.06%	\$577
1996	1997	\$11,333,325	\$420,780,184	21,734	2.69%	\$521
1997	1998	\$10,396,530	\$461,973,912	21,734	2.25%	\$478
1998	1999	\$15,524,735	\$483,183,769	21,494	3.21%	\$722
1999	2000	\$14,430,071	\$488,791,727	22,621	2.95%	\$638
2000	2001	\$13,390,023	\$546,749,489	22,621	2.45%	\$592

Note 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 currently are supported by Enterprise Activities are not included in the Net General Bonded Debt.

Note 2. Source: US Bureau of Census- 1990 & 2000. Interim estimates from Lake County Planning Commission.

Note 3. Table 5 Assessed Valuations and True Estimated Values last ten years.

TABLE 9

**CITY OF WILLOUGHBY, OHIO
LEGAL DEBT MARGIN
DECEMBER 31, 2001**

	<u>2000</u>	<u>2001</u>
Overall Debt Limitation - 10.5% of Assessed Valuation	\$ <u>51,323,131</u>	\$ <u>57,408,696</u>
Gross Indebtedness	\$22,035,850	\$21,318,686
Less Outside Limitations	\$ <u>9,251,131</u>	\$ <u>9,260,840</u>
Debt Within 10.5% Limitations	\$12,784,719	\$12,057,846
Legal Debt Margin Within 10.5% Limitation *	\$ <u>38,538,412</u>	\$ <u>45,350,850</u>
Unvoted Debt Limitation - 5.5% of Assessed Valuation	\$ <u>26,883,545</u>	\$ <u>30,071,222</u>
Gross Indebtedness Authorized by Council	\$12,619,719	\$11,902,846
Less Debt Outside Limitations (Voted)	\$(<u>6,375,000</u>)	\$(<u>6,160,000</u>)
Debt Within 5.5% Limitations	\$ 6,244,719	\$ 5,742,846
Legal Debt Margin Within 5.5% Limitation *	\$ <u>20,638,826</u>	\$ <u>24,328,376</u>

* Calculated without regard to balance in Debt Service Funds.

**CITY OF WILLOUGHBY, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2001
(UNAUDITED)**

	ASSESSED VALUATION (1)	NET GENERAL TAX SUPPORTED DEBT (2)	PERCENT OVERLAPPING	NET TAX SUPPORTED OVERALL DEBT
City of Willoughby	\$ 546,749,489	\$ 11,912,846	100.00%	\$ 11,902,846
Willoughby-Eastlake City Schools	\$1,573,538,274	\$ 2,600,000	34.75%	\$ 2,600,000
Lake County	<u>\$5,684,393,889</u>	<u>\$ 19,095,000</u>	9.62%	<u>\$ 1,836,939</u>
Total		\$ 33,597,846		\$16,339,785

Sources: (1) Lake County Auditor's Office.

(2) Fiscal Officers of Subdivisions (Does not include any balances in Debt Service Funds).

TABLE 11

**CITY OF WILLOUGHBY, OHIO
RATIO OF ANNUAL DEBT SERVICE FOR
BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN YEARS
(UNAUDITED)**

<u>YEAR</u>	<u>DEBT SERVICE PRINCIPAL ON GENERAL OBLIGATIONS DEBT</u>	<u>GENERAL EXPENDITURES</u>	<u>RATIO</u>
1992	\$ 358,147	\$15,792,817	2.27%
1993	\$ 409,188	\$16,788,136	2.44%
1994	\$ 435,015	\$19,311,090	2.25%
1995	\$ 428,474	\$18,209,240	2.35%
1996	\$ 434,025	\$19,781,887	2.19%
1997	\$ 538,825	\$20,162,205	2.67%
1998	\$ 543,825	\$19,520,551	2.79%
1999	\$ 808,625	\$23,034,273	4.87%
2000	\$ 728,625	\$29,911,013	2.44%
2001	\$ 718,320	\$24,230,158	2.96%

TABLE 12

**CITY OF WILLOUGHBY, OHIO
DEMOGRAPHIC STATISTICS
1960 - 2000**

<u>YEAR</u>	<u>TOTAL POPULATION</u>	<u>POPULATION IN GROUP QUARTERS</u>	<u>TOTAL DWELLING UNITS</u>	<u>OCCUPIED DWELLING UNITS HOUSEHOLDS</u>	<u>PERSONS PER/OWNER HOUSEHOLDS</u>	<u>OWNER OCCUPIED HOUSING UNITS %</u>	<u>MEDIAN INCOME</u>	<u>OCCUPIED COUNTY POPULATION</u>
1960	15,058	NA	4501	4276	3.50	79.6	\$ 7,486	148,700
1970	18,634	NA	5995	5878	3.20	66.3	\$12,048	197,200
1980	19,329	5	7749	7434	2.58	62.8	\$23,912	212,801
1990	20,510	264	8969	8732	2.58	61.4	\$38,980	215,499
2000	22,621	351	10700	10265	2.4	59.8	\$38,980	227,511

Sources: U.S. Census 1960, 1970, 1980, 1990, 2000

TABLE 13

**CITY OF WILLOUGHBY, OHIO
BANKING ACTIVITY, BUILDING PERMITS
AND REGISTERED VOTERS
LAST TEN FISCAL YEARS**

<u>FISCAL YEAR</u>	<u>BANK DEPOSITS AT DECEMBER 31 (1)</u>	<u>BUILDING PERMITS ISSUED(2)</u>	<u>REGISTERED VOTERS NOVEMBER ELECTION(3)</u>
1992	\$19,379,280,000	\$22,077,439	11,963
1993	\$21,009,421,000	\$26,818,087	12,247
1994	\$20,885,453,000	\$19,317,849	12,463
1995	\$22,458,573,000	\$41,361,045	12,805
1996	\$27,068,211,000	\$25,859,734	13,993
1997	\$53,941,971,000	\$51,307,636	13,969
1998	\$58,904,596,000	\$49,588,697	14,173
1999	\$57,816,942,000	\$43,172,684	14,045
2000	\$61,942,764,000	\$24,978,787	14,210
2001	\$63,893,769,000	\$20,512,243	14,333

Sources: 1. Federal Reserve Bank of Cleveland

2. Willoughby Building Department

3. Lake County Board of Elections

TABLE 14

**CITY OF WILLOUGHBY
PRINCIPAL TAXPAYERS
2001**

<u>TAXPAYER</u>	<u>DESCRIPTION</u>	<u>REAL PROPERTY TAXABLE VALUATION</u>	<u>% OF TOTAL PROPERTY TAXABLE VALUATION</u>
<u>Real Property</u>			
Tam-A-Rac Estates	Apartments	5,982,310	1.09%
Ohio Presbyterian	Sr. Citizens Ret Facility	4,299,180	0.79%
Kirtland Country Club	Private Club	4,282,130	0.78%
First Interstate	Real Estate Investors/Developers	3,994,930	0.73%
Sam's Investment Inc.	Motel	3,341,740	0.61%
Marvin & Harry Friedman	Multi-Family Bldgs.	2,506,690	0.46%
West Point Partners	Shopping Center	2,480,600	0.45%
Pine Ridge Apt. Co II LTD	Apartment Building	2,411,500	0.44%
GE Quartz	Industrial	2,373,370	0.43%
Kaiser Foundation	Medical Building	2,353,220	0.43%
<u>Personal Property</u>			
Nupro	Valves and Pipe Fittings	12,060,430	2.21%
Metal Seals & Products	Screw Machining Products	4,067,570	0.74%
G E Quartz Inc	Industrial Quartz Plant	3,997,400	0.73%
Ekohwerks Co.	Finishing	2,744,220	0.50%
Willow Hill Industries	Mfg of tubular forgings	2,312,720	0.42%
Bob Krihwan Pontiac	Automotive Dealer	2,143,680	0.39%
Accurate Metal Machine	Bar Stock Production	1,917,540	0.35%
Universal Screw Machine	Machine Shop	1,683,470	0.31%
General Electric	Industrial Quartz Plant	1,637,860	0.30%
Leiken Oldmobile Inc	Automobile Dealership	1,583,040	0.29%
Steel Technologies Corp	Steel warehouse	1,478,690	0.27%
Bud Industries	Electrical Enclosures Mfg.	1,426,390	0.26%
<u>Public Utility (Real and Tangible Personal)</u>			
Cleveland Electric Illuminating	Electric	10,763,540	1.97%
Ameritech	Telephone	6,340,670	1.16%
East Ohio Gas	Natural Gas	1,238,610	0.23%
Total of Above		89,421,500	16.36%
Total Property Values		\$546,749,489	100.00%

Based on Valuation of Property for Taxes to be collected in 2001

Source: Lake County Auditor's Office

TABLE 15

**CITY OF WILLOUGHBY, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2001**

Date of Village Incorporation	August 3, 1853
Date of City Charter	June 19, 1951
Form of Government	Mayor-Council
Area	9.9 Square Miles
Miles of Streets	80
Number of Street Lights	2,875
Fire Protection:	
Number of Stations	2
Number of Firemen and Officers (Exclusive of Volunteer Firemen)	42
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	45
Hospitals	383 Beds
Lake West Hospital	223 Beds
Laurel Wood Hospital	160 Beds
Airport	2 Runways
	Asphalt/Concrete
	5,000 Feet Each
Sewers:	
Sanitary Sewers	251 Miles
Storm Sewers	241 Miles
Recreation and Culture:	
Number of Parks	12 with 153 Acres
Swimming Pools	2 Large, 1 Small
Ballfields	15 with 7 Lighted
Traffic Lights	354
Cemeteries	2 with 50 Acres

TABLE 16

**CITY OF WILLOUGHBY, OHIO
SALARIES OF PRINCIPAL OFFICIALS
DECEMBER 31, 2001**

<u>Title</u>	<u>Annual Salary</u>
Mayor and Safety Director	\$75,000
President of City Council	\$ 7,200
Council Members	\$ 6,000
Director of Public Service	\$68,740
Director of Finance	\$72,506
Director of Parks and Recreation	\$63,597
Judge of Municipal Court	\$63,250
Clerk of Court	\$74,197
Chief of Police	\$91,538
Chief of Fire	\$88,322

**Surety Bond Coverage
December 31,2001**

<u>Position</u>	<u>Coverage</u>	<u>Amount</u>
Director of Finance	Public Official Bond Ohio Farmers Insurance Company	\$40,000
All Employees	Public Employee Dishonesty Blanket Bond The Ohio Casualty Insurance Company	\$25,000



Printed on Recycled Paper

City Of Willoughby, Ohio

DECEMBER 31, 2001

CITY OF WILLOUGHBY, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2001

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the City Council of the
City of Willoughby, Ohio

We have audited the financial statements of the City of Willoughby, as of and for the year ended December 31, 2001, wherein we noted that the City reclassified certain assets to the General, Special Revenue, Capital Projects, and Enterprise Fund Types, and have issued our report thereon dated April 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Willoughby's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 01-1.

Internal Control Over Financial Reporting

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

Honorable Mayor and Members of
the City Council

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

Curtis P. Pennington, Inc.

Cleveland, Ohio
April 10, 2002

CITY OF WILLOUGHBY, OHIO

SCHEDULE OF FINDINGS

DECEMBER 31, 2001

1. SUMMARY OF AUDITOR'S RESULTS

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

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

- 01-1. Ohio Revised Code Section 135.14, effective September 27, 1996, requires investments to mature within five (5) years from the date of settlement, unless the investment is matched to a specific obligation or debt of the subdivision. The City purchased a Federal National Mortgage Association security in 1993 that has a stated maturity date of 2023. See the Schedule of Prior Audit Findings.

3. OTHER FINDINGS

None noted.

CITY OF WILLOUGHBY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2001

The City purchased one Federal National Mortgage Association security for the amount of \$164,524 in 1993. This investment has a stated maturity date of 2023 and was held by the City as of December 31, 2000.

Ohio Revised Code Section 135.14, which was in effect at the time of the audit period, requires that investments mature or are redeemable within two years from the date of purchase or five years from the date of purchase if the securities are subject to an unconditional repurchase agreement with any eligible institution mentioned in Section 135.03 of the Revised Code. Under the provisions of Section 135.14 of the Ohio Revised Code, effective September 27, 1996, any investment in these types of securities must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the subdivision.

The City invested in this security several years before the effective date of the Ohio Revised Code section referred to above and also prior to the adoption of the City's investment policy prohibiting the purchase of these securities.

The City is in violation of Ohio Revised Code Section 135.14.

CITY OF WILLOUGHBY

**ONE PUBLIC SQUARE
WILLOUGHBY, OHIO 44094
(440) 951-2800**

RESPONSE TO FINDINGS ASSOCIATED WITH AUDIT CONDUCTED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
FOR THE YEAR ENDED DECEMBER 31, 2001

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
01-1	The City currently and since the change in the law, does adhere to its own investment policy and the Ohio Revised Code.	N/A	Ray Rogowski, Director of Finance



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
AUGUST 6, 2002**