

*The City of  
Willoughby, Ohio*



*2002*  
COMPREHENSIVE ANNUAL  
*Financial Report*

FOR THE YEAR ENDED DECEMBER 31, 2002





**Auditor of State  
Betty Montgomery**

City Council  
City of Willoughby  
One Public Square  
Willoughby, Ohio 44094

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, 2002 to December 31, 2002. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 14, 2003

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# 2002

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

*for the year ended December 31, 2002*

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*The City of*  
**Willoughby, Ohio**

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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*  
Connie Turosky

*Finance Staff*  
Nancy Kukoleck  
Christine Pedersen  
Cher Phillips  
Martha Schneider  
Debbie Schreiber  
Shawn Wilson



*The City of*  
**Willoughby, Ohio**  
**Comprehensive Annual Financial Report**  
*For the Year Ended December 31, 2002*

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# City Of Willoughby

David E. Anderson  
Mayor and Safety Director

May 20, 2003

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, 2002, is hereby submitted. State law requires that all public offices shall file a financial report for each fiscal year. The law also requires that the report be submitted within one hundred fifty days of the close of the fiscal year.

The City of Willoughby, and specifically the Finance Department, assumes responsibility for the accuracy, completeness, fairness of presentation, and all disclosures contained within this report. Management of the City 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.

The City of Willoughby's financial statements have been audited by Ciuni & Panichi Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Willoughby for the year ended December 31, 2002, are free of material misstatement. The independent audit involved testing evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluation of the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Willoughby's financial statements for the fiscal year December 31, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The CAFR is presented in three sections:

- ◆ **THE INTRODUCTORY SECTION** includes a table of contents, this transmittal letter, the Certificate of Achievement, a list of the City's principal officials, both elected and appointed, and the City of Willoughby's organizational chart.

*"The Courtesy City"*

- ◆ **THE FINANCIAL SECTION** begins with the Report of Independent Accountants, and includes Management’s Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City’s financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
- ◆ **THE STATISTICAL SECTION** includes selected financial and demographic information, generally presented on a multi-year basis.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion & Analysis (MD&A). This letter of transmittal is designed as a supplement to the MD&A and should be read in combination with it. The City of Willoughby MD&A can be found immediately after the report of our independent auditors, Ciuni & Panichi Inc.

### **PROFILE OF THE GOVERNMENT**

The Village of Willoughby was incorporated in 1853 under laws of the State of Ohio. On June 19, 1951, a voter-approved charter became effective establishing the City of Willoughby and a Mayor-Council form of government. The City of Willoughby is 9.9 square miles and serves a population of 22,621. The City, a suburb of Cleveland, is located in Lake County within Northeastern Ohio.

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

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

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

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

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

Water service is provided to the City by Lake County and is under the supervision and governance of the Lake County Commissioners and is included in their own separately released financial report. The

Willoughby-Eastlake School district and the Willoughby Library do not meet the criteria for inclusion in these financial statements.

The City of Willoughby maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City 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. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

## **FACTORS AFFECTING FINANCIAL CONDITIONS**

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City of Willoughby operates.

### **Local Economy**

The City's economic condition and outlook is reflective in many ways of the national economy. Growth has slowed but prospects for the future look brighter. In August of 2002 the City of Willoughby applied for and received ratings from Moody's Investor Services and Standard and Poors. The rating agencies rated the City's General Obligation Debt as Aa2 and AA respectively. This was an upgrade from previous ratings. Income tax revenue was flat for 2002 (budget basis). The City of Willoughby enjoys a diverse industrial base and a growing commercial sector. The opening of a Lowe's home improvement store in early 2003 along with the existing Willoughby Commons, a multi- store big box shopping center, has added to the landscape of the City. The downtown area is thriving and a commercial/industrial park containing 176 acres is currently under construction. All of these endeavors, along with regional and national economic recovery, indicate future economic growth. No single employer contributes more than 5% of the City's income tax and the City is not dependent on any single sector of the economy due to its diverse employer base.

### **Cash Management Policies and Practices**

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 investments. Investments range from short-term repurchase agreements, the State Treasurer's investment pool, to U.S. 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.

## AWARDS & ACKNOWLEDGMENTS

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, 2001. This was the 16th 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.

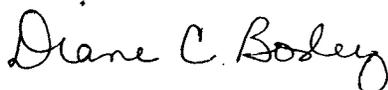
The preparation of the Comprehensive Annual Financial Report, on a timely basis, was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. In addition, we would like to thank the staff of James G. Zupka, CPA, Inc. for their assistance in the implementation of the new reporting model.

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

Respectfully submitted,



Raymond J. Rogowski, CGFM  
Director of Finance



Diane Bosley, CPA  
Deputy Finance Director

THE CITY OF  
*Willoughby*



A BEAUTIFUL PLACE TO  
*Live*

# ORGANIZATIONAL CHART

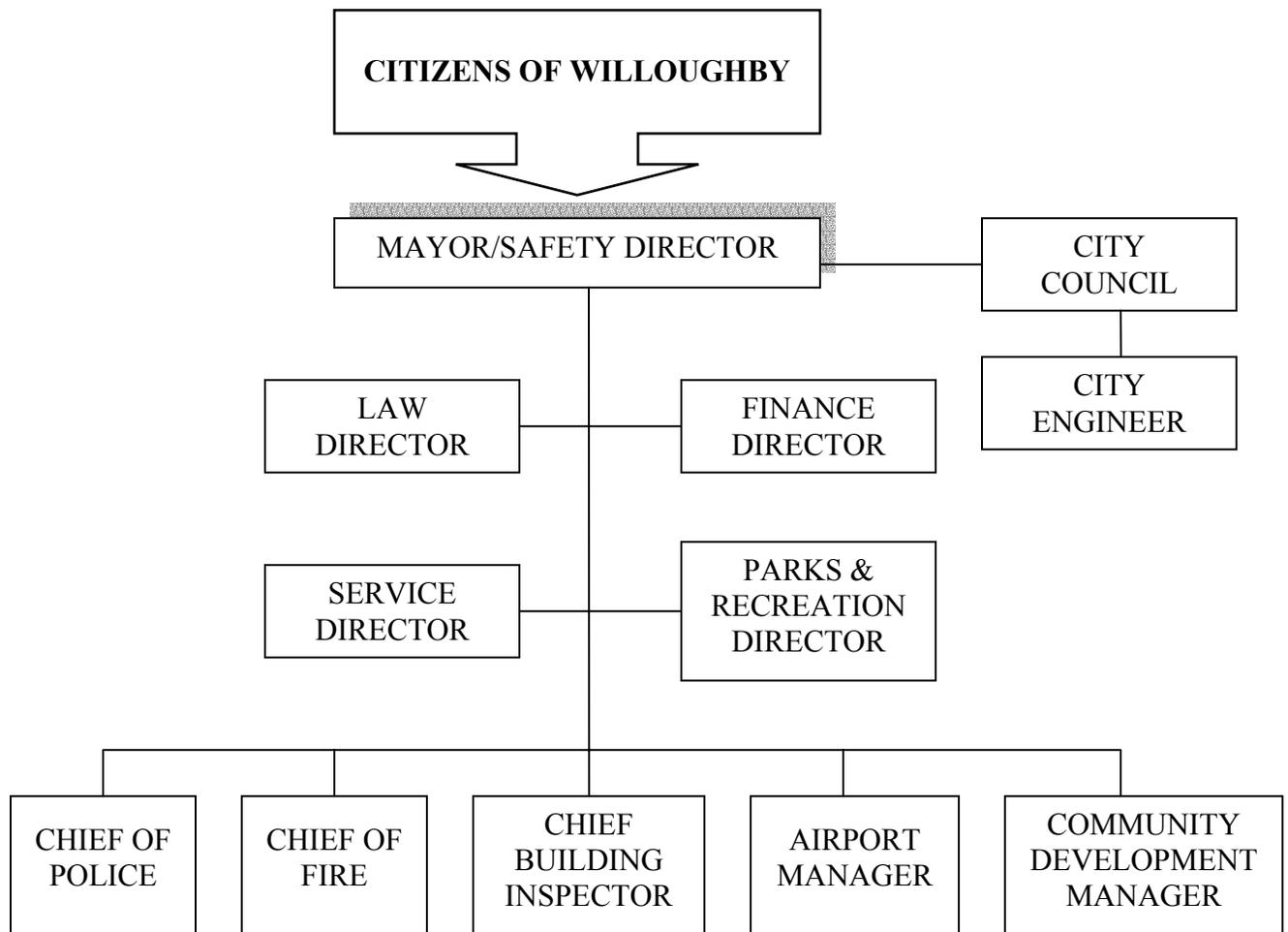
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*The City of*  
**Willoughby, Ohio**

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# ELECTED & APPOINTED OFFICIALS

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*The City of*  
**Willoughby, Ohio**

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*Mayor*

**David E. Anderson**

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## 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**

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*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, 2001

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.



*William Patrick Pate*

President

*Jeffrey L. Esser*

Executive Director

*The City of*  
**Willoughby, Ohio**

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FINANCIAL  
*Information*



A BEAUTIFUL PLACE TO  
*Work*

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willoughby as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Willoughby's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willoughby, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2002, the City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2003 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.

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

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

We conducted our audit to form opinions on the financial statements that collectively comprise the City of Willoughby's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund financial statements to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
April 28, 2003

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**CITY OF WILLOUGHBY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2002  
UNAUDITED**

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The discussion and analysis of the City of Willoughby's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2002. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the transmittal letter, financial statements and the notes to those financial statements to enhance their understanding of the City's performance.

**Financial Highlights**

- ◆ This is the City of Willoughby's first publication of a Comprehensive Annual Financial Report (CAFR) under the new GASB 34 reporting model. The City has chosen early implementation of the new standard. Comparisons to prior financials are not offered for this discussion and analysis.
- ◆ Total assets of the City of Willoughby were \$131,470,905. Of this amount \$84,476,963 were attributable to Governmental activities and \$46,993,942 were from Business-type activities.
- ◆ Total liabilities of the City of Willoughby were \$38,432,553. Of this amount \$26,349,313 were for Governmental activities and \$12,083,240 were from Business-type activities.

**Using This Annual Financial Report**

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

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

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

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

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

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

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

- ◆ ***Governmental activities:*** most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, and charges for service fund most of these activities.
- ◆ ***Business-type activities:*** the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's airport, sewer system, and golf course operations are reported here. Additionally, the City reports an Internal Service fund which has charged various user departments and funds for their participation in a Workers' Compensation program.

Government-wide financial statements can be found starting on page 14 of this report.

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

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

***Governmental Funds*** are used to account for fundamentally the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds.

The City of Willoughby maintains 20 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General fund, Capital Projects fund, and General Bond Retirement fund; these are considered to be major funds.

The General fund is the government's primary operating fund. It accounts for all financial resources of the City except those that are required to be accounted for in a separate fund. The Capital Projects fund is the City's primary fund for the purchase of capital assets not required for purchase by a separate fund. The General Bond Retirement fund accounts for resources accumulated and payments made for principal and interest on long-term debt on governmental funds.

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

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

***Proprietary Funds*** - The City of Willoughby maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer fund operations, Airport fund and Golf Course fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City maintains such a fund for its workers' compensation retrospective rating.

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

The basic proprietary fund financial statements can be found starting on page 21 of this report.

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

### ***Notes to the Financial Statements***

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 26 of this report.

### ***Other Information***

In addition to the basic financial statements and the accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements, the combining statements referred to earlier in connection with nonmajor governmental funds are presented, as well as individual detailed budgetary comparisons for all funds. This information can be found starting on page 62 of this report.

## Government-wide Financial Analysis - The City of Willoughby as a Whole

As noted earlier, the statement of net assets looks at the City as a whole and can prove to be a useful indicator of the City's financial position.

The statement of net assets and the statement of activities are divided into the following categories:

- ◆ Assets
- ◆ Liabilities
- ◆ Net Assets (Assets minus Liabilities)
- ◆ Program Expenses and Revenues
- ◆ General Revenues
- ◆ Net Assets Beginning and End of Year

### The City of Willoughby as a Whole

By far the largest portion of the City of Willoughby's net assets (76%) reflects its investment in capital assets (e.g. land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Willoughby uses those capital assets to provide services to its citizens; consequently these assets are not available for future spending. Although the City of Willoughby's investment is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

The following table provides a summary of the City of Willoughby's net assets for 2002.

<b>City of Willoughby's Net Assets</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Government</b>
	<b>2002</b>	<b>2002</b>	<b>2002</b>
Current and other assets	35,953,550	1,558,118	37,511,668
Capital assets	48,523,413	45,435,824	93,959,237
Total Assets	84,476,963	46,993,942	131,470,905
Current and other liabilities	9,687,205	654,700	10,341,905
Long term liabilities outstanding	16,662,108	11,428,540	28,090,648
Total Liabilities	26,349,313	12,083,240	38,432,553
<b>Net Assets:</b>			
Invested in capital assets, net of debt	36,040,109	34,642,111	70,682,220
Restricted	12,805,059	558,381	13,363,440
Unrestricted (deficit)	9,282,482	(289,790)	8,992,692
<b>Total Net Assets</b>	<b>58,127,650</b>	<b>34,910,702</b>	<b>93,038,352</b>

An additional portion of the City of Willoughby's net assets (14%) represents resources that have been restricted on how they may be used. The remaining balance of unrestricted net assets (\$8,992,692) may be used to meet the government's ongoing obligations to citizens and creditors.

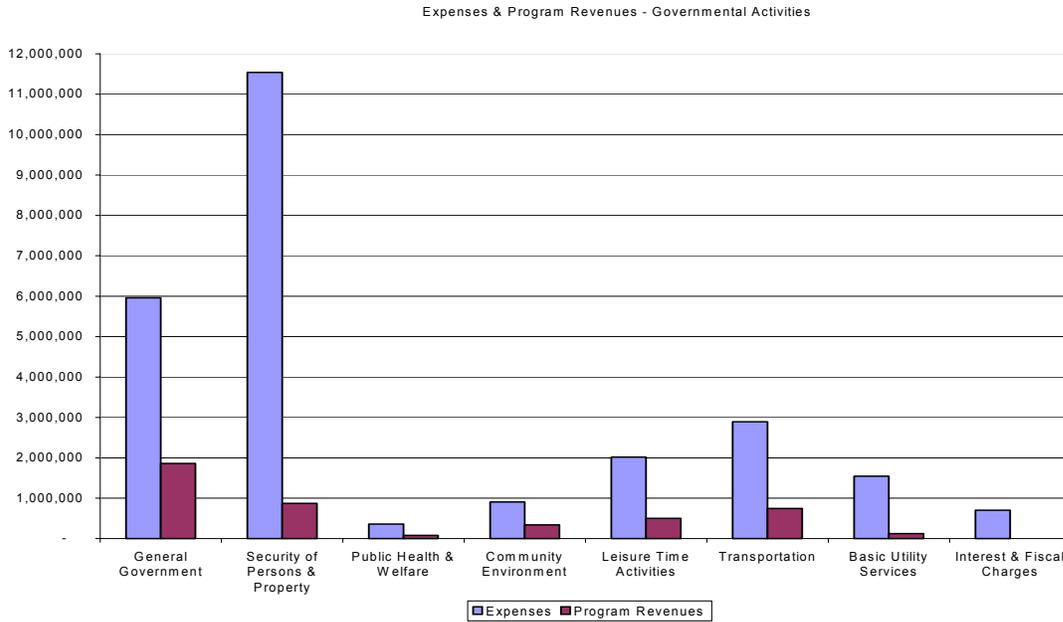
At the end of the current fiscal year, the City of Willoughby is able to report positive balances in governmental activities and the total government categories of net assets. Business-type activities show a net unrestricted deficit of \$289,790, which is attributable to liabilities of the Airport fund which consists primarily of amounts that are due to other funds.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year. However, since this is the first year the City has prepared financial statements following GASB 34, revenue and expense comparisons to 2001 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

<b>City of Willoughby's Change in Net Assets</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Revenues</b>			
Program Revenues			
Charges for Services	3,458,037	4,133,158	7,591,195
Operating Grants, Contributions & Interest	986,298		986,298
Capital Grants & Contributions	73,232	408,749	481,981
General Revenues			
Municipal Income Taxes	13,287,833	800,000	14,087,833
Property & Other Local Taxes	3,542,044		3,542,044
Grants & Entitlements	3,072,611		3,072,611
Investment Earnings	753,337	34,317	787,654
Miscellaneous	219,719	12,014	231,733
<b>Total Revenues</b>	<b>25,393,111</b>	<b>5,388,238</b>	<b>30,781,349</b>
<b>Expenses</b>			
General Government	5,962,383		5,962,383
Security of Persons & Property	11,538,823		11,538,823
Public Health & Welfare	360,111		360,111
Community Environment	906,903		906,903
Leisure Time Activities	2,017,390		2,017,390
Transportation	2,892,787		2,892,787
Basic Utility Services	1,541,443		1,541,443
Interest & Fiscal Charges	700,779		700,779
Golf Course		790,733	790,733
Sewer		4,348,504	4,348,504
Airport		570,955	570,955
<b>Total Expenses</b>	<b>25,920,619</b>	<b>5,710,192</b>	<b>31,630,811</b>
Change in Net Assets	(527,508)	(321,954)	(849,462)
Net Assets 1/1/02	58,655,158	35,232,656	93,887,814
Net Assets 12/31/02	58,127,650	34,910,702	93,038,352

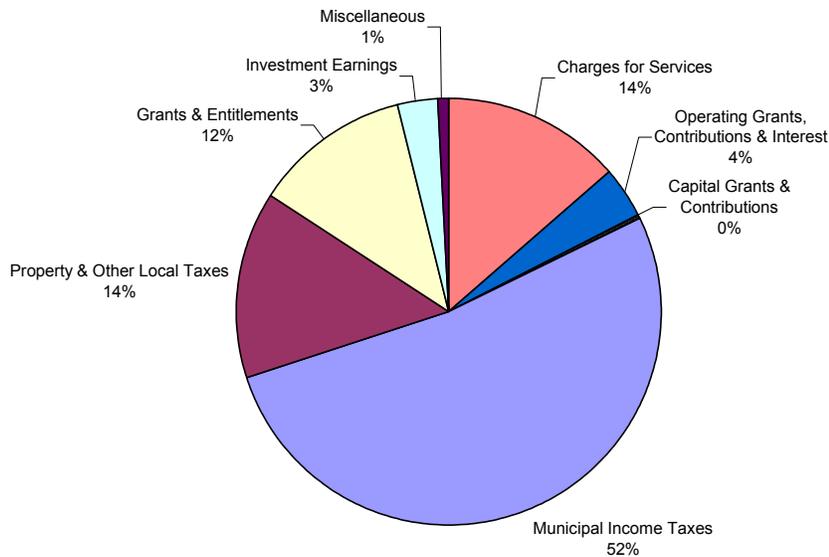
## Governmental Activities

Expenditures in governmental activities were reflective of inflation and increased personnel costs. The City did not increase staffing in 2002.



Revenues for the City of Willoughby were relatively flat for Governmental activities for 2002 reflective of a slowing national and local economy.

## Revenues by Source - Governmental Activities

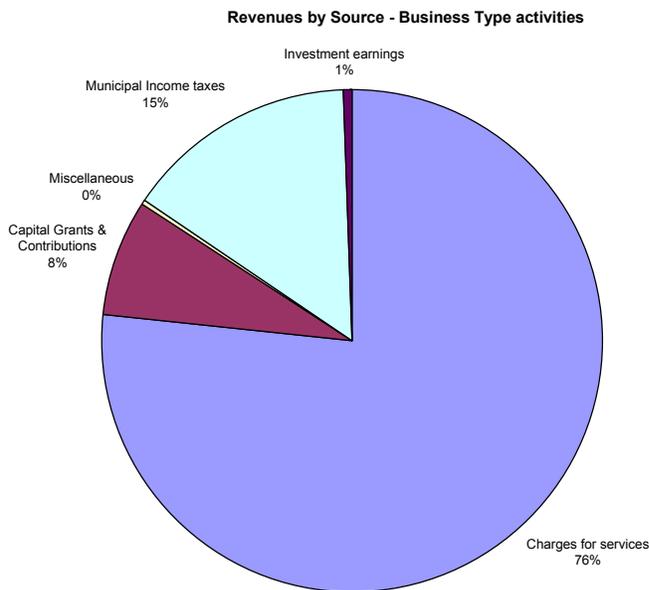
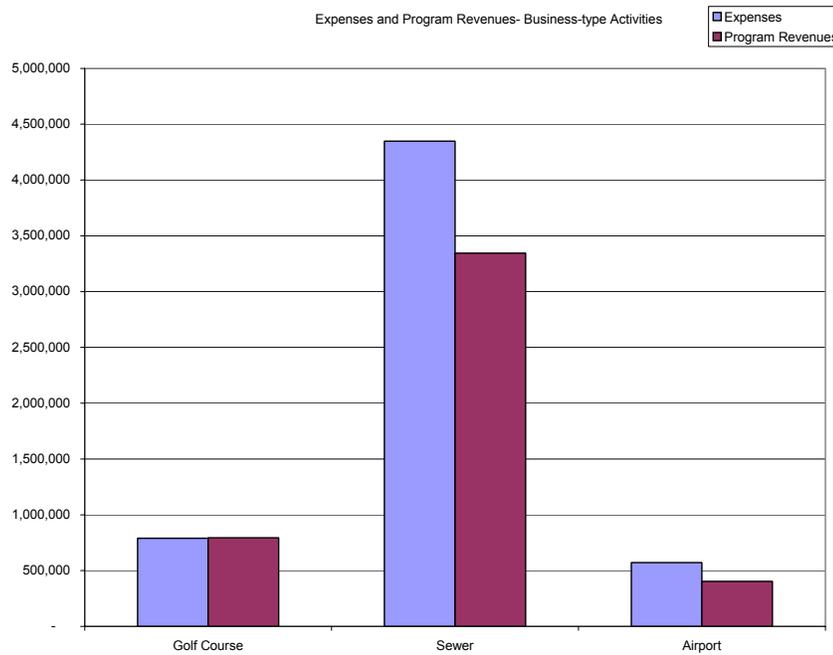


## Business-Type Activities

Business-type activities account for 37.5% of the City of Willoughby's total net assets.

Rates were increased in our sewer fund by 16%. The increase went into effect in June of 2002.

The City of Willoughby *current refunded* bonds that were owed by the Golf Course fund and received a favorable interest rate. The refunding also allowed the Golf Course to borrow an additional \$1,650,000 while keeping its annual debt service slightly lower than the called bonds. The proceeds from the bonds will be used to construct a new club house and maintenance building, as well as provide for watered fairways and additional improvements to the course.



## **Financial Analysis of the City of Willoughby's Funds**

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

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

At the end of the current fiscal year, the City of Willoughby's governmental funds reported combined ending fund balances of \$20,916,710. Of the total amount \$11,708,074 constitutes the unreserved fund balance which is available at the government's discretion. Reservations of fund balance indicate that the funds are already committed. \$4,659,795 is to liquidate purchase orders and contracts entered into during the fiscal year ending December 31, 2002, and prior. \$814,165 is to pay debt service obligations.

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

Unreserved net assets of the Golf Course fund in the amount of \$1,464,820 included funds for the previously mentioned capital project. The Sewer fund carried an unreserved asset in the amount of \$1,383,533. A rate increase in the Sewer Fund was previously mentioned. The Airport fund carried a deficit unreserved balance of \$3,296,900. This deficit is attributable to advances that have been made to the airport in the past for operations and debt service payments made on behalf of the Airport fund by the General Bond Retirement fund. The airport has not required an advance for operational purposes since 1996.

**General Fund Budgetary Highlights** - There were no differences in the original and final budgets for the General fund for 2002. The actual revenues exceeded estimated by \$136,273, and expenditures were under budgeted appropriations by \$413,329. Actual budget basis ending fund balance for the General fund was \$5,835,984.

## **Capital Assets and Debt Administration**

**Capital Assets** - The City of Willoughby's investment in capital assets for governmental and business-type activities as of December 31, 2002, were \$93,959,237 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment as well as infrastructure including roads, sidewalks, bridges, traffic signals, street lights, storm sewers, curbs and gutters. The City of Willoughby's investment in capital assets was a 3.4% increase over the prior year for governmental activities and 3.2% above for business-type activities. These increases are calculated before depreciation.

City of Willoughby's Capital Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2002	2001	2002	2001	2002	2001
Land	6,018,680	5,802,766	9,655,710	9,655,710	15,674,390	15,458,476
Construction in Progress	1,646,923	2,369,299	677,522	4,886,403	2,324,445	7,255,702
Buildings	13,691,786	13,261,533	16,950,847	16,895,282	30,642,633	30,156,815
Improvements	14,955,345	13,958,645	35,125,917	28,980,094	50,081,262	42,938,739
Machinery & Equipment	9,927,950	9,375,178	7,050,818	6,894,825	16,978,768	16,270,003
Infrastructure	27,301,085	26,309,909			27,301,085	26,309,909
Total Capital Assets	73,541,769	71,077,330	69,460,814	67,312,314	143,002,583	138,389,644
Accumulated Depreciation	(25,018,356)	(22,293,178)	(24,024,990)	(22,369,889)	(49,043,346)	(44,663,067)
Capital Assets (Net)	48,523,413	48,784,152	45,435,824	44,942,425	93,959,237	93,726,577

Major capital asset events during 2002 were as follows:

- ◆ Replacement of sewers continued in the amount of \$1,682,000. The major project was the Highland-Maple Sewer project.
- ◆ Various road and infrastructure projects were begun or continued during the year. The amount invested in these projects was \$1,390,000. This included land and easement acquisition for future projects.

**Long-term Debt** - The City of Willoughby's total long-term debt increased by \$958,002 (4.4%). The increase was in business-type activities. This would include the increase in debt for the Golf Course fund where the City of Willoughby current refunded existing bonds and increased the amount outstanding by \$1,650,000 for a project as was previously explained.

City of Willoughby's Outstanding Debt at December 31						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2002	2001	2002	2001	2002	2001
General Obligation Bonds	10,399,976	11,027,846			10,399,976	11,027,846
Special Assessment Bonds	970,547	1,307,950			970,547	1,307,950
Revenue Bonds			4,754,476	3,284,203	4,754,476	3,284,203
OWDA & OPWC	23,778	24,228	6,129,760	5,624,460	6,153,538	5,648,688
Capital Notes Payable	4,220,000	175,000			4,220,000	175,000
Police Pension Liability	129,775	131,623			129,775	131,623
<b>TOTAL</b>	<b>15,744,076</b>	<b>12,666,647</b>	<b>10,884,236</b>	<b>8,908,663</b>	<b>26,628,312</b>	<b>21,575,310</b>

The City of Willoughby in issuing the Golf Course bonds underwent review by Moody's Investor Services and Standard & Poors rating services. Both rating agencies upgraded the City of Willoughby ratings to Aa2 and AA respectively.

State Law limits the amount of debt a City can issue in general obligation bonds to 10.5% of assessed valuation. The City had an assessed valuation of \$560,967,768 at the end of 2002. The City has borrowed less than 45% of our limitation and some debt that is in our total is not subject to that limitation by state law because the debt was actually issued by another party (i.e. O.W.D.A. or O.P.W.C.).

Short-term debt increased by \$4,045,000. The change is a special assessment note for Riverside Commons Commercial Industrial Park for \$4,095,000. Additional information regarding the City of Willoughby debt can be found in note 16 in the notes to the financial statements.

### **Economic Factors and Next Year's Budget**

The City of Willoughby is subject to similar slowdown as the rest of Ohio and the Nation as a whole. Income tax forecast for the coming year has stayed the same as actual receipts from 2002. The City has adopted a slowdown in capital purchases for 2003 for governmental activities because of the slower economy. This is not affecting normal projects such as our road program, but it is slowing down the purchase of machinery, vehicles and equipment. The equipment of the City is in good condition.

During 2003, the City anticipates using \$1.3 million dollars of the General fund balance to sustain needed services for our residents. The City is watching revenues and expenditures closely in order to cope with difficult economic times.

### **Requests for Information**

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

*CITY OF WILLOUGHBY*  
*STATEMENT OF NET ASSETS*  
*DECEMBER 31, 2002*

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 22,544,602	\$ 2,896,851	\$ 25,441,453
Inventory	168,773	26,602	195,375
Accrued Interest Receivable	148,387	0	148,387
Accounts Receivable	181,633	223,752	405,385
Prepaid Items	494	6,131	6,625
Internal Balances	3,409,558	(3,409,558)	0
Intergovernmental Receivable	2,388,836	447,577	2,836,413
Taxes Receivable	5,341,208	250,000	5,591,208
Restricted Assets -Cash	0	1,116,763	1,116,763
Special Assessments Receivable	1,770,059	0	1,770,059
Nondepreciable Capital Assets	7,665,603	10,333,232	17,998,835
Depreciable Capital Assets, Net	40,857,810	35,102,592	75,960,402
<b>TOTAL ASSETS</b>	<b>84,476,963</b>	<b>46,993,942</b>	<b>131,470,905</b>
<b>LIABILITIES</b>			
Accounts Payable	1,274,528	353,837	1,628,365
Salaries, Wages and Benefits Payable	1,513,982	90,744	1,604,726
Accrued Interest Payable	53,576	206,767	260,343
Property Taxes Payable	0	3,254	3,254
Intergovernmental Payable	61,659	98	61,757
Deferred Revenue	2,685,520	0	2,685,520
Notes Payable	4,095,000	0	4,095,000
Matured Bonds and Interest Payable	2,940	0	2,940
Long-Term Liabilities:			
Due Within One Year	2,278,477	1,027,385	3,305,862
Due In More Than One Year	14,383,631	10,401,155	24,784,786
<b>TOTAL LIABILITIES</b>	<b>26,349,313</b>	<b>12,083,240</b>	<b>38,432,553</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	36,040,109	34,642,111	70,682,220
Restricted for:			
Capital Projects	5,697,451	0	5,697,451
Debt Service	4,275,119	0	4,275,119
Equipment Replacement	0	558,381	558,381
Other Purposes	2,674,081	0	2,674,081
Permanent Fund Purpose:			
Nonexpendable - Cemetery Fund	158,408	0	158,408
Unrestricted (Deficit)	9,282,482	(289,790)	8,992,692
<b>TOTAL NET ASSETS</b>	<b>\$ 58,127,650</b>	<b>\$ 34,910,702</b>	<b>\$ 93,038,352</b>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	CHANGES IN NET ASSETS		
					Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 5,962,383	\$ 1,859,780	\$ 0	\$ 0	\$ (4,102,603)		\$ (4,102,603)
Security of Persons and Property	11,538,823	767,404	85,162	16,440	(10,669,817)		(10,669,817)
Public Health and Welfare	360,111	67,620	10,055	0	(282,436)		(282,436)
Community Environment	906,903	325,590	15,000	0	(566,313)		(566,313)
Leisure Time Activities	2,017,390	436,663	17,379	48,733	(1,514,615)		(1,514,615)
Transportation	2,892,787	980	743,136	0	(2,148,671)		(2,148,671)
Basic Utility Services	1,541,443	0	115,566	8,059	(1,417,818)		(1,417,818)
Interest and Fiscal Charges	700,779	0	0	0	(700,779)		(700,779)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>25,920,619</b>	<b>3,458,037</b>	<b>986,298</b>	<b>73,232</b>	<b>(21,403,052)</b>		<b>(21,403,052)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Golf Course	790,733	793,405	0	0		\$ 2,672	2,672
Sewer	4,348,504	3,185,803	0	159,407		(1,003,294)	(1,003,294)
Airport	570,955	153,950	0	249,342		(167,663)	(167,663)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>5,710,192</b>	<b>4,133,158</b>	<b>0</b>	<b>408,749</b>		<b>(1,168,285)</b>	<b>(1,168,285)</b>
<b>TOTAL</b>	<b>\$31,630,811</b>	<b>\$7,591,195</b>	<b>\$986,298</b>	<b>\$481,981</b>	<b>(21,403,052)</b>	<b>(1,168,285)</b>	<b>(22,571,337)</b>
GENERAL REVENUES							
Property Taxes Levied for:							
					1,588,289		1,588,289
					436,205		436,205
					1,405,623		1,405,623
					111,927		111,927
Income Tax Levied for:							
					11,863,562		11,863,562
						800,000	800,000
					1,424,271		1,424,271
					3,072,611		3,072,611
					753,337	34,317	787,654
					219,719	12,014	231,733
<b>TOTAL GENERAL REVENUE</b>					<b>20,875,544</b>	<b>846,331</b>	<b>21,721,875</b>
<b>CHANGE IN NET ASSETS</b>					<b>(527,508)</b>	<b>(321,954)</b>	<b>(849,462)</b>
<b>NET ASSETS BEGINNING OF YEAR-</b> (See Note 3)					<b>58,655,158</b>	<b>35,232,656</b>	<b>93,887,814</b>
<b>NET ASSETS END OF YEAR</b>					<b>\$ 58,127,650</b>	<b>\$ 34,910,702</b>	<b>\$ 93,038,352</b>

See accompanying notes to the basic financial statements.

*CITY OF WILLOUGHBY, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2002*

ASSETS	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>GENERAL BOND RETIREMENT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>Assets:</b>					
Equity in City Treasury Cash & Investments	\$7,727,445	\$10,531,861	\$324,515	\$3,276,246	\$21,860,067
Inventory-Supplies	78,332	0	0	90,441	168,773
Accrued Interest Receivable	148,387	0	0	0	148,387
Accounts Receivable	177,808	3,335	0	490	181,633
Prepaid Items	494	0	0	0	494
Due from Other Funds	1,327,283	40,169	2,060,800	0	3,428,252
Due from Other Governments	1,814,287	57,858	67,340	449,350	2,388,835
Taxes Receivable	3,478,045	0	1,420,721	442,443	5,341,209
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,770,059</u>	<u>1,770,059</u>
<b>TOTAL ASSETS</b>	<b><u>\$14,752,081</u></b>	<b><u>\$10,633,223</u></b>	<b><u>\$3,873,376</u></b>	<b><u>\$6,029,029</u></b>	<b><u>\$35,287,709</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$368,128	\$714,749	\$0	\$143,599	\$1,226,476
Salaries, Wages, and Benefits Payable	1,486,251	0	0	198,993	1,685,244
Due to Other Funds	18,513	1,023	0	0	19,536
Due to Other Governments	46,292	0	130	15,237	61,659
Deferred Revenue	3,116,827	42,472	1,486,298	2,509,547	7,155,144
Notes Payable	0	4,220,000	0	0	4,220,000
Matured Bonds & Interest Payable	<u>0</u>	<u>0</u>	<u>2,940</u>	<u>0</u>	<u>2,940</u>
<b>TOTAL LIABILITIES</b>	<b><u>5,036,011</u></b>	<b><u>4,978,244</u></b>	<b><u>1,489,368</u></b>	<b><u>2,867,376</u></b>	<b><u>14,370,999</u></b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	626,927	3,834,942	10,342	187,584	4,659,795
Reserved for Inventory	78,332	0	0	90,441	168,773
Reserved for Debt Service	0	0	312,866	501,299	814,165
Reserved for Prepaid Items	494	0	0	0	494
Reserved for Long-Term Loan -Airport	1,326,019	23,176	2,060,800	0	3,409,995
Reserved for Non-Current Investments	0	0	0	155,414	155,414
Unreserved	7,684,298	1,796,861	0	0	9,481,159
Unreserved, Reported in Nonmajor					
Special Revenue Funds	0	0	0	2,223,921	2,223,921
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,994</u>	<u>2,994</u>
<b>TOTAL FUND BALANCES</b>	<b><u>9,716,070</u></b>	<b><u>5,654,979</u></b>	<b><u>2,384,008</u></b>	<b><u>3,161,653</u></b>	<b><u>20,916,710</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$14,752,081</u></b>	<b><u>\$10,633,223</u></b>	<b><u>\$3,873,376</u></b>	<b><u>\$6,029,029</u></b>	<b><u>\$35,287,709</u></b>

See accompanying notes to the basic financial statements.

*CITY OF WILLOUGHBY, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
AS OF DECEMBER 31, 2002*

**TOTAL GOVERNMENTAL FUND BALANCES** \$ 20,916,710

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 48,523,413

Other long-term assets are not available to pay for current-period expenditures and therefore are not deferred in the funds:

Property Taxes	153,457
Grants and Entitlements	1,319,735
Income Tax	1,203,372
Special Assessments	1,770,060
Other Assets	<u>23,000</u>

Total 4,469,624

An internal service fund is used by management to account for a retrospective rating workers' compensation program provided to City employees. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 637,325

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

General Obligation Bonds	(10,399,976)
OPWC Loans	(23,778)
Special Assessments	(970,547)
Police Pension Liability	(129,775)
Landfill Post Closure Care Liability	(1,089,003)
Compensated Balances	(3,752,767)
Accrued Interest Payable	<u>(53,576)</u>

Total (16,419,422)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ 58,127,650

*CITY OF WILLOUGHBY, OHIO*  
*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES*  
*GOVERNMENTAL FUNDS*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>GENERAL BOND RETIREMENT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES:</b>					
Municipal Income Taxes	\$10,682,800	\$1,424,271	\$0	\$0	\$12,107,071
Property and Other Local Taxes	1,548,730	111,927	1,405,623	436,206	3,502,486
Intergovernmental	2,984,013	117,006	141,379	882,896	4,125,294
Charges for Services	323,754	0	0	222,767	546,521
Special Assessments	0	0	0	940,926	940,926
Fines and Forfeitures	1,652,093	0	0	308,760	1,960,853
Licenses & Permits	267,526	0	0	0	267,526
Interest	691,535	16,966	32,623	10,256	751,380
Miscellaneous	344,674	4,700	0	12,836	362,210
TOTAL REVENUES	<u>18,495,125</u>	<u>1,674,870</u>	<u>1,579,625</u>	<u>2,814,647</u>	<u>24,564,267</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General Government	5,373,231	17,369	29,994	218,168	5,638,762
Security of Persons and Property	8,722,950	58,449	0	1,772,172	10,553,571
Public Health and Welfare	343,020	0	0	0	343,020
Community Environment	773,181	786	0	68,831	842,798
Leisure Time Activities	813,003	9,673	0	773,987	1,596,663
Transportation	0	0	0	1,633,448	1,633,448
Basic Utility Services	975,252	223,232	0	0	1,198,484
Capital Outlay	36,333	2,829,391	0	11,423	2,877,147
<b>Debt Service:</b>					
Principal	0	0	628,320	337,403	965,723
Interest	0	0	600,427	99,901	700,328
TOTAL EXPENDITURES	<u>17,036,970</u>	<u>3,138,900</u>	<u>1,258,741</u>	<u>4,915,333</u>	<u>26,349,944</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,458,155	(1,464,030)	320,884	(2,100,686)	(1,785,677)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	0	52,691	0	2,280,000	2,332,691
Transfers Out	(2,332,691)	0	0	0	(2,332,691)
Refunding Debt Payment	0	0	(1,552,500)	0	(1,552,500)
Debt Proceeds	0	0	1,546,565	0	1,546,565
Sale of Assets	0	16,949	0	0	16,949
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,332,691)</u>	<u>69,640</u>	<u>(5,935)</u>	<u>2,280,000</u>	<u>11,014</u>
NET CHANGE IN FUND BALANCES	(874,536)	(1,394,390)	314,949	179,314	(1,774,663)
FUND BALANCE BEGINNING OF YEAR	10,586,510	7,049,369	2,069,059	2,966,720	22,671,658
INCREASE (DECREASE) IN RESERVE FOR INVENTORY	4,096	0	0	15,619	19,715
FUND BALANCES END OF YEAR	<u>\$9,716,070</u>	<u>\$5,654,979</u>	<u>\$2,384,008</u>	<u>\$3,161,653</u>	<u>\$20,916,710</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NET CHANGES IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS** \$ (1,774,663)

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

Government funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (256,250)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 18,511

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

Property Taxes	39,559	
Grants and Entitlements	(32,333)	
Income Tax	1,180,762	
Special Assessments	<u>(418,638)</u>	
Total		769,350

Repayment of bond principal, police pension, and landfill post-closure costs are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 885,815

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds an interest expenditure is reported when due. 5,484

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

Compensated Absences	(215,099)	
Change in Inventory	<u>19,715</u>	
Total		(195,384)

The internal services fund used by management to account for a retrospective rating workers' compensation program provided to City employees is not reported in entity-wide statement of activities. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 19,629

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ (527,508)

*CITY OF WILLOUGHBY, OHIO*  
*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*GENERAL FUND*  
*FOR THE YEAR ENDED DECEMBER 31,2002*

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Municipal Income Tax	\$11,450,580	\$11,450,580	\$11,450,270	(\$310)
Property and Other Local Taxes	1,453,184	1,453,184	1,541,400	88,216
Intergovernmental	3,141,003	3,141,003	2,962,758	(178,245)
Charges for Services	270,550	270,550	321,698	51,148
Fines and Forfeitures	1,492,000	1,492,000	1,608,153	116,153
Licenses, Permits	270,500	270,500	265,671	(4,829)
Interest Income	700,000	700,000	766,146	66,146
Other	<u>203,274</u>	<u>203,274</u>	<u>201,268</u>	<u>(2,006)</u>
Total Revenues	<u>18,981,091</u>	<u>18,981,091</u>	<u>19,117,364</u>	<u>136,273</u>
<b>EXPENDITURES:</b>				
General Government	5,949,867	5,949,867	5,696,707	253,160
Security of Persons and Property	8,850,480	8,850,480	8,721,982	128,498
Public Health and Welfare	345,487	345,487	344,621	866
Community Environment	798,872	798,872	782,598	16,274
Leisure Time Activities	865,158	865,158	847,949	17,209
Basic Utility Service	<u>998,000</u>	<u>998,000</u>	<u>1,000,678</u>	<u>(2,678)</u>
Total Expenditures	<u>17,807,864</u>	<u>17,807,864</u>	<u>17,394,535</u>	<u>413,329</u>
Excess of Revenues Over (Under) Expenditures	1,173,227	1,173,227	1,722,829	549,602
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(2,332,691)	(2,332,691)	(2,332,691)	0
Other	<u>171,509</u>	<u>171,509</u>	<u>143,406</u>	<u>(28,103)</u>
Total Other Financing Sources (Uses)	<u>(2,161,182)</u>	<u>(2,161,182)</u>	<u>(2,189,285)</u>	<u>(28,103)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(987,955)	(987,955)	(466,456)	521,499
<b>FUND BALANCE BEGINNING OF YEAR</b>	6,275,209	6,275,209	6,275,209	0
Prior Year Encumbrances Appropriated	<u>27,231</u>	<u>27,231</u>	<u>27,231</u>	<u>0</u>
<b>FUND BALANCE END OF YEAR</b>	<u>\$5,314,485</u>	<u>\$5,314,485</u>	<u>\$5,835,984</u>	<u>\$521,499</u>

See accompanying notes to the basic financial statements

CITY OF WILLOUGHBY, OHIO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2002

	BUSINESS-TYPE ACTIVITIES			TOTAL 2002	GOVERNMENTAL ACTIVITIES- Internal Service Fund  WORKERS' COMPENSATION
	GOLF COURSE	SEWER	AIRPORT		
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Equity in City Treasury Cash	\$1,639,853	\$1,133,795	\$123,203	\$2,896,851	\$684,535
Inventory	1,809	24,793	0	26,602	0
Accounts Receivable	1,707	48,684	173,361	223,752	0
Prepaid Expenses	1,505	2,046	2,580	6,131	0
Due from Other Funds	3,589	172,385	1,457	177,431	842
Due from Other Governments	0	447,577	0	447,577	0
Taxes Receivable	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>250,000</u>	<u>0</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,648,463</u>	<u>2,079,280</u>	<u>300,601</u>	<u>4,028,344</u>	<u>685,377</u>
<b>NONCURRENT ASSETS</b>					
Restricted Assets:					
Cash Investments	0	1,116,763	0	1,116,763	0
Land and Construction in Progress	1,959,383	918,730	7,455,119	10,333,232	0
Depreciable Capital Assets, Net	<u>769,107</u>	<u>30,657,497</u>	<u>3,675,988</u>	<u>35,102,592</u>	<u>0</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>2,728,490</u>	<u>32,692,990</u>	<u>11,131,107</u>	<u>46,552,587</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<u>4,376,953</u>	<u>34,772,270</u>	<u>11,431,708</u>	<u>50,580,931</u>	<u>685,377</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	99,959	249,473	4,405	353,837	48,052
Salaries, Wages & Benefits Payable	20,659	262,177	6,142	288,978	0
Accrued Interest Payable	15,580	188,010	3,177	206,767	0
Property Tax Payable	0	0	3,254	3,254	0
Due to Other Funds	16,993	1,264	3,568,732	3,586,989	0
Due to Other Governments	0	98	0	98	0
Bonds Payable - Current	<u>85,000</u>	<u>682,385</u>	<u>115,000</u>	<u>882,385</u>	<u>0</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>238,191</u>	<u>1,383,407</u>	<u>3,700,710</u>	<u>5,322,308</u>	<u>48,052</u>
<b>NONCURRENT LIABILITIES</b>					
Salaries, Wages & Benefits Payable	30,452	394,350	11,791	436,593	0
Bonds Payable - Net	<u>2,974,477</u>	<u>6,131,851</u>	<u>805,000</u>	<u>9,911,328</u>	<u>0</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>3,004,929</u>	<u>6,526,201</u>	<u>816,791</u>	<u>10,347,921</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u>3,243,120</u>	<u>7,909,608</u>	<u>4,517,501</u>	<u>15,670,229</u>	<u>48,052</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	(330,987)	24,761,991	10,211,107	34,642,111	0
Reserved for Equipment					
Replacement	0	558,381	0	558,381	0
Unreserved (Deficit)	<u>1,464,820</u>	<u>1,542,290</u>	<u>(3,296,900)</u>	<u>(289,790)</u>	<u>637,325</u>
<b>TOTAL NET ASSETS</b>	<u>\$1,133,833</u>	<u>\$26,862,662</u>	<u>\$6,914,207</u>	<u>\$34,910,702</u>	<u>\$637,325</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>BUSINESS-TYPE ACTIVITIES</u>			TOTAL	GOVERNMENTAL ACTIVITIES- <u>Internal Service Fund</u>
	<u>GOLF COURSE</u>	<u>SEWER</u>	<u>AIRPORT</u>	<u>2002</u>	<u>WORKERS' COMPENSATION</u>
<b>OPERATING REVENUES:</b>					
Charges for Services	\$791,523	\$3,161,106	\$23,216	\$3,975,845	\$0
Rentals	0	0	130,734	130,734	0
Other	<u>1,882</u>	<u>24,697</u>	<u>0</u>	<u>26,579</u>	<u>0</u>
Total Operating Revenues	<u>793,405</u>	<u>3,185,803</u>	<u>153,950</u>	<u>4,133,158</u>	<u>0</u>
<b>OPERATING EXPENSES:</b>					
Personal Services	401,722	1,842,659	90,728	2,335,109	0
Contractual Services	79,621	398,928	23,402	501,951	0
Materials & Supplies	177,647	105,922	12,276	295,845	0
Heat, Light & Power	21,100	346,686	12,827	380,613	0
Other Expenses	5,145	11,069	1,846	18,060	0
Depreciation	<u>46,168</u>	<u>1,241,694</u>	<u>387,827</u>	<u>1,675,689</u>	<u>0</u>
Total Operating Expenses	<u>731,403</u>	<u>3,946,958</u>	<u>528,906</u>	<u>5,207,267</u>	<u>0</u>
Net Income (Loss) from Operations	<u>62,002</u>	<u>(761,155)</u>	<u>(374,956)</u>	<u>(1,074,109)</u>	<u>0</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest - Income	10,447	15,889	7,981	34,317	14,704
- Expense	<u>(72,262)</u>	<u>(401,546)</u>	<u>(42,049)</u>	<u>(515,857)</u>	<u>0</u>
Municipal Income Tax	0	800,000	0	800,000	0
Other - Income	1,998	10	27,704	29,712	4,925
Other - Expense	<u>0</u>	<u>(4,766)</u>	<u>0</u>	<u>(4,766)</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>(59,817)</u>	<u>409,587</u>	<u>(6,364)</u>	<u>343,406</u>	<u>19,629</u>
Net Income (Loss) Before Contributions and Transfers	2,185	(351,568)	(381,320)	(730,703)	19,629
Capital Contributions	<u>0</u>	<u>159,407</u>	<u>249,342</u>	<u>408,749</u>	<u>0</u>
CHANGE IN NET ASSETS	2,185	(192,161)	(131,978)	(321,954)	19,629
NET ASSETS BEGINNING OF YEAR	<u>1,131,648</u>	<u>27,054,823</u>	<u>7,046,185</u>	<u>35,232,656</u>	<u>617,696</u>
NET ASSETS END OF YEAR	<u>\$1,133,833</u>	<u>\$26,862,662</u>	<u>\$6,914,207</u>	<u>\$34,910,702</u>	<u>\$637,325</u>

See accompanying notes to the basic financial statements.

*CITY OF WILLOUGHBY, OHIO*  
*STATEMENT OF CASH FLOWS*  
*PROPRIETARY FUNDS*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*

(continued on following page)

	<u>Business-Type Activities</u>				<u>Governmental Activities- Internal Service</u>
	<u>Golf Course</u>	<u>Sewer</u>	<u>Airport</u>	<u>Total</u>	<u>Workers' Compensation</u>
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$791,523	\$3,822,958	\$127,364	\$4,741,845	\$419
Cash paid to customers	(281,281)	(1,489,087)	101,195	(\$1,669,173)	(22,618)
Cash paid to employees	(395,536)	(1,830,177)	(89,837)	(\$2,315,550)	0
Other operating revenues	<u>1,882</u>	<u>24,697</u>	<u>0</u>	<u>\$26,579</u>	<u>0</u>
NET CASH PROVIDED BY (USED) FOR OPERATING ACTIVITIES	<u>116,588</u>	<u>528,391</u>	<u>138,722</u>	<u>783,701</u>	<u>(22,199)</u>
<b>Cash flows from noncapital financing activities:</b>					
Municipal Income Tax	0	800,000	0	800,000	0
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>0</u>	<u>800,000</u>	<u>0</u>	<u>800,000</u>	<u>0</u>
<b>Cash flows from capital and related financing activities:</b>					
Proceeds from long term debt	3,150,000	1,045,638	0	4,195,638	0
Acquisition and construction of capital assets	(262,097)	(1,635,516)	(248,537)	(2,146,150)	0
Principal paid on long term debt	(1,500,000)	(608,785)	(111,280)	(2,220,065)	0
Interest paid on long term debt	(72,262)	(401,546)	(42,049)	(515,857)	0
Contributions of capital	0	128,437	249,342	377,779	0
Contributions from customers	<u>1,998</u>	<u>30,980</u>	<u>0</u>	<u>32,978</u>	<u>0</u>
NET CASH PROVIDED BY (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>1,317,639</u>	<u>(1,440,792)</u>	<u>(152,524)</u>	<u>(275,677)</u>	<u>0</u>
<b>Cash flows from investing activities:</b>					
Interest on investments	<u>10,447</u>	<u>15,889</u>	<u>7,981</u>	<u>34,317</u>	<u>14,704</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>10,447</u>	<u>15,889</u>	<u>7,981</u>	<u>34,317</u>	<u>14,704</u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	1,444,674	(96,512)	(5,821)	1,342,341	(7,495)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>195,179</u>	<u>2,347,070</u>	<u>129,024</u>	<u>2,671,273</u>	<u>692,030</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$1,639,853</u>	<u>\$2,250,558</u>	<u>\$123,203</u>	<u>\$4,013,614</u>	<u>\$684,535</u>

(Sewer Fund includes \$1,116,763 of cash and cash equivalent in restricted assets)

See accompanying notes to the basic financial statements.

*CITY OF WILLOUGHBY, OHIO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002*

(continued)

	<u>Business-Type Activities</u>				<u>Governmental Activities- Internal Service</u>
	<u>Golf Course</u>	<u>Sewer</u>	<u>Airport</u>	<u>Total</u>	<u>Workers' Compensation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$62,002	(\$761,155)	(\$374,956)	(\$1,074,109)	\$0
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	46,168	1,241,694	387,827	\$1,675,689	0
Change in assets and liabilities:					
(Increase) decrease in inventory of supplies	1,255	3,478	0	\$4,733	0
(Increase) decrease in accounts receivable	(1,707)	13,757	(25,656)	(\$13,606)	0
(Increase) decrease in prepaid expense	(301)	(602)	(186)	(\$1,089)	0
(Increase) decrease in due from other funds	(746)	(2,256)	(930)	(\$3,932)	419
(Increase) decrease in due from other govts	0	650,351	0	\$650,351	0
Increase (decrease) in accounts payable	97,424	(632,357)	(88)	(\$535,021)	(22,618)
Increase (decrease) in accrued salaries, wages, and benefits	6,186	12,482	891	\$19,559	0
Increase (decrease) in accrued interest payable	6,830	5,254	(357)	\$11,727	0
Increase (decrease) in property tax liabilities	0	0	(70)	(\$70)	0
Increase (decrease) in due to other funds	(10,000)	(1,608)	152,247	\$140,639	0
Increase (decrease) in due to other governments	0	(647)	0	(\$647)	0
(Increase) decrease in deferred charges	(90,523)	0	0	(\$90,523)	0
TOTAL ADJUSTMENTS	<u>54,586</u>	<u>1,289,546</u>	<u>513,678</u>	<u>1,857,810</u>	<u>(22,199)</u>
NET CASH PROVIDED BY (USED) FOR OPERATING ACTIVITIES	<u>\$116,588</u>	<u>\$528,391</u>	<u>\$138,722</u>	<u>\$783,701</u>	<u>(\$22,199)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

The Airport Fund had additions from contributions of capital in the amount of \$249,342 from the Federal Government.  
The Sewer Fund had additions from contributions of capital in the amount of \$159,407 from the State and Other Governments.  
The Golf Course Fund retired outstanding 1989 Golf Course Improvement Bonds through issuance of general obligation bonds with \$1,603,435 of net proceeds.

See accompanying notes to the basic financial statements.

*CITY OF WILLOUGHBY, OHIO*  
*STATEMENT OF ASSETS AND LIABILITIES*  
*AGENCY FUNDS*  
*AS OF DECEMBER 31, 2002*

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	<u>AGENCY</u>
<b>ASSETS</b>	
Equity in City Treasury Cash	\$1,418,687
Accounts Receivable	<u>173,000</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,591,687</u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$1,163,117
Deposits Held and Due to Others	170,170
Due to Other Governments	<u>258,400</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$1,591,687</u></b>

See accompanying notes to the basic financial statements.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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**NOTE 1: REPORTING ENTITY**

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

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. This definition of a reporting entity is found in GASB Statement No. 14, *The Financial Reporting Entity*.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and

1. the City is able to significantly influence the programs or services performed or provided by the organization; or
2. the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization.

Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The reporting entity of the City does not include any component units.

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

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Willoughby have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

**A. Basis of Presentation**

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

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Fund Financial Statements** – Fund financial statements are designed to present financial information of the City at a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

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

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

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

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

**Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Enterprise Funds** – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City’s major enterprise funds:

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

**Internal Service Fund** – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City’s only internal service fund accounts for a retrospective rating workers’ compensation program provided to the City employees.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: *pension trust funds*, *investment trust funds*, *private-purpose trust funds*, and *agency funds*. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City’s own programs. The City of Willoughby has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City’s agency funds account for money received for insurance and payment of utility bills, deposits held for contractors and developers, and money on deposit with Willoughby Municipal Court.

C. **Measurement Focus**

**Government-wide Financial Statements** – The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 8). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), fines and forfeitures, interest, grants and entitlements, and rentals.

**Deferred Revenue** – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. **Pooled Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, with the exception of the Municipal Court, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in City Treasury Cash and Investments" on the combined balance sheet.

The City complies with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. As a governmental entity other than an external investment pool in 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 5).

In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of December 31, 2002:

- The portfolio was limited to nonparticipating interest-earning investment

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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contracts, State Treasury Asset Reserve of Ohio (STAROhio), 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 STAROhio, 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 nonnegotiable 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 investments balance exceeds the cumulative value of those investments subject to GASB Statement No. 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.

STAROhio is an investment pool professionally managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The fund follows all state statutes from the Ohio Revised Code under the Uniform Depository Act. The fund is audited by the State of Ohio to insure compliance with these laws. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2002.

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 2002 amounted to \$691,535 which includes \$318,520 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.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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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.

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 remaining maturity of three months or less to be cash equivalents.

F. **Receivables**

Receivables at December 31, 2002, consist of taxes, amounts due from other governments, accounts (billings for user charged services), special assessments, and accrued interest on investments. All are deemed collectible in full.

G. **Materials and Supplies Inventory**

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

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

Inventory consists of expendable supplies held for consumption.

H. **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2002, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. **Capital Assets**

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000. The City's infrastructure consists of roads, watermains, storm sewers, culverts, traffic signals, and bridges. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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

**J. Interfund Balances**

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

**K. Compensated Absences**

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

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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Sick leave benefits are accrued as a liability using the accumulation method. The amount is based on accumulated sick leave and employee wage rates at year end, taking into consideration any limits specified in the City's termination policy.

L. **Accrued Liabilities and Long-term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. **Fund Balance Reserves**

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, inventories, debt service, prepaid items, long-term loan-airport, and noncurrent investments.

N. **Net Assets**

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

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

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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O. **Grants and Intergovernmental Revenues**

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

P. **Operating Revenues and Expenses**

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

Q. **Contributions of Capital**

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

R. **Interfund Activity**

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

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

S. **Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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T. **Estimates**

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

U. **Budgetary Data**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2002.

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

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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**NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY**

**A. Changes in Accounting Principles**

For 2002, the City implemented:

- GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*
- GASB Statement No. 37, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus*
- GASB Statement No. 38, *Certain Financial Statement Note Disclosures*
- GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*

GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s program between business-type and governmental activities. The beginning net asset amount for the business-type activities reflects the recognition of donated sanitary sewers and a revenue adjustment for recording sewer charge delinquencies. The beginning net asset amount for governmental activities reflects the changes in fund balance for governmental funds at December 31, 2001, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

**B. Restatement of Fund Balance/Equity**

The implementation of these changes had the following effects on fund balance/equity of the major and nonmajor funds of the City as they were previously reported.

**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

The transition from fund balance/equity to net assets of both governmental and business-type activities is also presented.

	General	Capital Projects	General Bond Retirement	Nonmajor Funds	Total Governmental
Fund Balances, Dec 31, 2001	\$ 10,236,431	\$ 7,049,369	\$ 2,069,059	\$ 2,815,390	\$ 22,170,249
Fund Reclassification	0	0	0	139,833	139,833
Sewer Improvements					0
Revenue Adjustments	350,079	0	0	11,497	361,576
Adjusted Fund Balances, Dec 31, 2001	<u>\$ 10,586,510</u>	<u>\$ 7,049,369</u>	<u>\$ 2,069,059</u>	<u>\$ 2,966,720</u>	22,671,658
GASB 34 Adjustments					
Capital Assets					48,784,152
Internal Service Fund					617,696
Long-term Liabilities					(17,036,562)
Accrued Interest Payable					(59,060)
Long-term (Deferred) Assets					3,677,274
Net Assets, December 31, 2001					<u>\$ 58,655,158</u>
	Internal Service	Enterprise	Total Business-Type		
Fund Balance/Equity, Dec 31, 2001	\$ 617,696	\$ 33,487,631	\$ 34,105,327		\$ 56,275,576
Fund Reclassification	0	0	0		139,833
Sewer Improvements		1,705,816	1,705,816		1,705,816
Revenue Adjustments	0	39,209	39,209		400,785
Adjusted Fund Balance/Equity, Dec 31, 2001	<u>\$ 617,696</u>	<u>\$ 35,232,656</u>	35,850,352		58,522,010
GASB 34 Adjustments					
Capital Assets			0		48,784,152
Internal Service Fund			(617,696)		0
Long-term Liabilities			0		(17,036,562)
Accrued Interest Payable			0		(59,060)
Long-term (Deferred) Assets			0		3,677,274
Net Assets, December 31, 2001			<u>\$ 35,232,656</u>		<u>\$ 93,887,814</u>

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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**NOTE 4: COMPLIANCE AND ACCOUNTABILITY**

A. **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 5).

B. **Fund Deficits**

At December 31, 2002, the Airport fund had deficit net assets of \$3,296,900. The Due to Other Funds amount represents long-term debt on behalf of the Airport fund paid by the General fund, the General Retirement Bond fund, the Sewer fund and the Capital fund. The Airport fund has liabilities (Due to Other Funds) in the amount of \$3,568,732, which consists of \$1,326,019 due to the General fund, \$2,060,800 to the General Retirement 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.

**NOTE 5: 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 five 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;

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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- 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 2 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 (STAROhio).

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 STAROhio 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 \$155,414 has a stated maturity date of 2023. As of April 30, 2003, the cost exceeds market value by approximately \$13,000.

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 percent of the carrying value of all public deposits held by each institution.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Obligations that may pledge 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, *Deposits 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 institutions' agent in the pools with securities being held by the pledging financial institutions' agent in the pools' name are classified as Category 3.

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

<b>DEPOSITS</b>	
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.
<b>INVESTMENTS</b>	
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.

**A. Deposits**

At year end the carrying amount of the City's deposits was \$5,921,413 and the bank balance was \$7,771,806. The Federal Deposit Insurance Corporation (FDIC) covered \$500,000. Deposits of \$7,032,751 were classified as Category 1 and the remaining balance of \$239,055 was Category 3.

**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**B. Investments**

The City's investments at December 31, 2002, are summarized below:

	Category 1	Carrying Amount	Fair Value
U.S. Government Securities	\$ 12,507,786	\$ 12,507,786	\$ 12,507,786
Repurchase Agreements	<u>1,785,061</u>	1,785,061	1,785,061
STAR Ohio		<u>7,762,643</u>	<u>7,762,643</u>
Total Investments	<u>\$ 14,292,847</u>	<u>\$ 22,055,490</u>	<u>\$ 22,055,490</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.

	Cash and Cash Equivalents*	Investments
GASB Statement No. 9	\$ 13,909,529	\$ 14,067,374
Investments:		
STAR Ohio	(7,762,643)	7,762,643
Certificates of Deposit	1,559,588	(1,559,588)
Repurchase Agreement	<u>(1,785,061)</u>	<u>1,785,061</u>
Per GASB Statement No. 3	<u>\$ 5,921,413</u>	<u>\$ 22,055,490</u>

*\*Includes Restricted Asset*

**NOTE 6: INTERFUND TRANSFERS AND BALANCES**

As of December 31, 2002, interfund transfers were as follows:

<u>Transfer To</u>	<u>Transfer From General Fund</u>
Capital Projects Fund	\$ 52,691
Nonmajor Governmental Funds	<u>2,280,000</u>
	<u>\$ 2,332,691</u>

The General fund transfers to the Capital Projects and Nonmajor governmental funds were made to provide additional resources for current operations.

**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

As of December 31, 2002, interfund balances were as follows:

	Due from Other Funds	Due to Other Funds
<u>Major Funds</u>		
General	\$ 1,327,283	\$ 18,513
Capital Projects	40,169	1,023
General Bond Retirement	2,060,800	0
Golf Course	3,589	16,993
Sewer	172,385	1,264
Airport	1,457	3,568,732
<u>Internal Service Fund</u>	<u>842</u>	<u>0</u>
	<u>\$ 3,606,525</u>	<u>\$ 3,606,525</u>

Interfund balances of \$3,409,558 are a result of advances from the General fund for Airport operations, the General Bond Retirement fund for Airport debt payments and the Capital Projects fund for equipment purchases of the Airport and Golf enterprise funds. Remaining amounts are for reimbursements due from operations.

**NOTE 7: BUDGETARY BASIS OF ACCOUNTING**

While the City is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the general fund and the major special revenue fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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 paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- D. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- E. Investments are reported at fair value (GAAP) rather than cost (budget).

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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

<b>Net Change in Fund Balance</b>	
GAAP Basis	\$ (874,536)
Net Adjustment for Revenue Accruals	(1,215,357)
Fair Value Adjustment for Investments	(43,948)
Net Adjustment for Expenditure Accruals	1,957,502
Encumbrances	(590,171)
Current Expense Against Prior Year Encumbrances	300,054
Budget Basis	<u>\$ (466,456)</u>

**NOTE 8: RECEIVABLES**

Receivables at December 31, 2002, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility services).

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

**A. Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2002 for real and public property taxes represents collections of 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) are for 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003 operations.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2002 public utility property taxes which became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2002, was \$6.91 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Real Property	\$443,308,380
Public Utility Tangible	\$17,030,430
Tangible Personal	\$100,628,958
<b>Total</b>	<b>\$560,967,768</b>

Real property taxes are payable annually or semiannually. The due date for the 2002 levy was February 12, 2003, for all or one half of the taxes due. The second half due date is July 9, 2003.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Willoughby. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002, and for which there is an enforceable legal claim. In general, for Police Pension, Fire Pension, Recreation, and General Bond Retirement funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2002 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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**B. Income Taxes**

The City levies a municipal income tax of 2 percent on all salaries, wages, commissions, and other compensation, and net profits earned within the City, as well as resident incomes earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality. 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.

**C. Intergovernmental Receivables**

A summary of the principal items of intergovernmental receivables follows:

<b>Governmental Activities:</b>	
Property & Other Local Taxes	\$ 61,561
Estate Tax	142,189
Gasoline & Motor Vehicle Tax	385,548
Local Government	1,415,621
Charges for Service	2,732
Homestead and Rollback	117,867
Grants	15,000
Fines	248,318
Total Governmental	<u>2,388,836</u>
<b>Business-Type Activities:</b>	
Charges for Service	352,801
Accounts Receivable	94,776
Total Business Type	<u>447,577</u>
<b>Total Intergovernmental Receivables</b>	<b><u>\$ 2,836,413</u></b>

**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**NOTE 9: CAPITAL ASSETS**

A summary of changes in capital assets during 2002 as follows:

	Balance 01/01/02	Additions	Deletions	Balance 12/31/02
<b>Governmental Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$5,802,766	\$215,914	\$0	\$6,018,680
Construction in Progress	2,369,299	860,746	(1,583,122)	1,646,923
<i>Total Capital Assets Not Being Depreciated</i>	<u>8,172,065</u>	<u>1,076,660</u>	<u>(1,583,122)</u>	<u>7,665,603</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	13,261,533	497,035	(66,782)	13,691,786
Improvements	13,958,645	1,001,716	(5,016)	14,955,345
Machinery and Equipment	9,375,178	919,153	(366,381)	9,927,950
Infrastructure:				
Roads	16,240,614	840,838		17,081,452
Sidewalks	1,020,503	42,432		1,062,935
Curbs & Gutters	985,795	0		985,795
Storm Sewers	6,097,305	0		6,097,305
Street Lights	44,648	0		44,648
Traffic Signals	1,387,834	107,906		1,495,740
Bridges	533,210	0		533,210
<i>Total Capital Assets Being Depreciated</i>	<u>62,905,265</u>	<u>3,409,080</u>	<u>(438,179)</u>	<u>65,876,166</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(3,294,628)	(534,227)	58,163	(3,770,692)
Improvements	(5,783,467)	(449,949)	5,016	(6,228,400)
Machinery and Equipment	(5,474,343)	(923,451)	345,040	(6,052,754)
Infrastructure:		0		
Roads	(5,017,803)	(890,128)		(5,907,931)
Sidewalks	(267,171)	(36,053)		(303,224)
Curbs & Gutters	(242,072)	(34,582)		(276,654)
Storm Sewers	(1,563,657)	(174,454)		(1,738,111)
Street Lights	(11,186)	(2,905)		(14,091)
Traffic Signals	(619,746)	(76,983)		(696,729)
Bridges	(19,105)	(10,665)		(29,770)
<i>Total Accumulated Depreciation</i>	<u>(22,293,178)</u>	<u>(3,133,397)</u>	<u>408,219</u>	<u>(25,018,356)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>40,612,087</u>	<u>275,683</u>	<u>(29,960)</u>	<u>40,857,810</u>
<b>Total Government Activities</b>				
Capital Assets, Net	<u>\$48,784,152</u>	<u>\$1,352,343</u>	<u>(\$1,613,082)</u>	<u>\$48,523,413</u>

**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Balance 01/01/02	Additions	Deletions	Balance 12/31/02
<b>Business-Type Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$9,655,710	\$0	\$0	\$9,655,710
Construction in Progress	4,886,403	656,989	(4,865,870)	677,522
<i>Total Capital Assets Not Being Depreciated</i>	<u>14,542,113</u>	<u>656,989</u>	<u>(4,865,870)</u>	<u>10,333,232</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	16,895,282	55,565	0	16,950,847
Improvements	28,980,094	6,145,823	0	35,125,917
Machinery and Equipment	6,894,825	182,152	(26,159)	7,050,818
<i>Total Capital Assets Being Depreciated</i>	<u>52,770,201</u>	<u>6,383,540</u>	<u>(26,159)</u>	<u>59,127,582</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(6,771,498)	(422,362)	0	(7,193,860)
Improvements	(11,290,963)	(963,241)	0	(12,254,204)
Machinery and Equipment	(4,307,428)	(290,086)	20,588	(4,576,926)
<i>Total Accumulated Depreciation</i>	<u>(22,369,889)</u>	<u>(1,675,689)</u>	<u>20,588</u>	<u>(24,024,990)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>30,400,312</u>	<u>4,707,851</u>	<u>(5,571)</u>	<u>35,102,592</u>
<b>Total Business-Type Capital Assets, Net</b>	<u><u>\$44,942,425</u></u>	<u><u>\$5,364,840</u></u>	<u><u>(\$4,871,441)</u></u>	<u><u>\$45,435,824</u></u>
*Depreciation expense was charged to governmental functions as follows:				
General Government				\$295,663
Security of Persons and Property				777,072
Public Health and Welfare				17,481
Community Environment				18,476
Leisure Time Activities				400,950
Transportation				1,280,796
Basic Utility Service				342,959
<b>Total</b>				<u><u>\$3,133,397</u></u>
Depreciation expense was charged to business-type activities as follows:				
Golf				\$46,168
Sewer				1,241,694
Airport				387,827
<b>Total</b>				<u><u>\$1,675,689</u></u>

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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**NOTE 10:     **DEFINED BENEFIT 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.     Ohio Public Employees Retirement System (OPERS)**

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

The City of Willoughby contributes to OPERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Ohio Public Employees Retirement Board. OPERS 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. OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 1-800-222-PERS (7377) or (614) 222-6705.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For 2002 the City was required to contribute 13.55 percent of covered payroll. The City's contributions to OPERS for the years ended December 31, 2002, 2001 and 2000 were \$1,042,817, \$988,676 and \$748,498, 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 at 140 East Town Street, Columbus, Ohio 43215-5164.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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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, 2002, 2001 and 2000 were \$560,086, \$528,968 and \$483,320 for police and \$616,876, \$609,358 and \$576,784 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 11: POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (OPERS)**

OPERS 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 Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS 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 OPERS. The 2002 employer contribution rate was 13.55 percent of covered payroll. The portion used to fund health care for the year was 5.00 percent.

The postretirement health care coverage is advance-funded on an actuarially determined basis. The following assumptions and calculations were based on OPERS' latest actuarial review performed as of December 31, 2001: 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 2001 was 8.00 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 4.00 percent compounded annually with no change in the number of active employees; annual pay increases over and above 4.00 percent base increase were assumed to range from 0.50 percent to 6.3 percent; and health care costs are assumed to increase 4.00 percent annually.

For 2002, the number of active and contributing participants was 402,041. The City's actual contributions for 2002, which were used to fund postemployment benefits, were \$384,800. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001, the date of the latest actuarial review, was \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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The OPERS board adopted a new health care plan in December 2001. The Health Care "Choices" Plan is in response to the rising cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach offering a broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit, which contrasts the ten year "cliff" eligibility standard for the present plan. The benefit recipient will be free to select the option that best meets their needs.

**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 Postemployment 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 postemployment 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 7.50 percent and 7.75 percent of covered payroll in 2001 and 2002, respectively. 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, 2001, (the latest information available) was 13,174 for police and 10,239 for firefighters. The portion of the City's contributions that were used to pay postemployment benefits was \$222,354 for police and \$199,251 for firefighters. The OP&F's total health care expenses for the year ended December 31, 2001, (the latest information available) were \$122,298,771, which was net of member contributions of \$6,874,699.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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**NOTE 12: OTHER EMPLOYEE BENEFITS – COMPENSATED ABSENCES**

A. **Accumulated Unpaid Vacation**

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

B. **Accumulated Unpaid Sick Leave**

All full-time employees earn sick leave at a rate of 1.25 days for each completed full month of service. Sick leave is accumulated without limit. Upon retirement, an employee is entitled to receive payment for accumulated sick leave. The amount paid is based upon length of service with the maximum amount of accumulated sick leave being 960 hours. Employees with 15 years 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.

C. **Accumulated Unpaid Compensatory Time**

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

**NOTE 13: CONSTRUCTION AND OTHER COMMITMENTS**

A. **Riverside Commons**

The City began construction of the \$4,095,000 special assessment project. The project when complete will provide roads, sewers, waterlines, and other appurtenances to a 170 acre commercial / industrial project.

B. **Sanitary Sewer Projects**

The City completed construction on the Highland-Maple sewer project at a cost of approximately \$2,100,000 and plans were completed to allow for the construction of the approximately \$1,500,000 Center-Wood sanitary sewer project.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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C. **Road Program**

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

**NOTE 14: CONTINGENCIES, CLAIMS AND JUDGMENTS**

A. **Litigation**

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

B. **Special Assessment/Enterprise Bonds**

Special assessment bonds are being retired by assessments against the affected property owners. 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 15: OTHER COMMITMENTS**

**Water/Sewer Billing Agreement**

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

**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 16: LONG-TERM OBLIGATIONS**

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

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<b><u>Governmental Activities:</u></b>				
<b><u>General Obligations Bonds Voted</u></b>				
Service Garage	1986	2007	6.875%	1,500,000
Fire Station Construction	1999	2024	4.95%	6,200,000
<b><u>General Obligation Bonds Unvoted</u></b>				
1983 Street Improvement	1983	2003	9.375%	2,225,000
1986 Street Improvement	1986	2006	7.625%	2,417,225
Lost Nation Road Improvement	1990	2011	6.25%-7.40%	2,600,000
Landfill and Erosion Control	1992	2012	3.0%-6.375%	1,601,148
Various Purpose Bond Issue OPWC	1996	2016	4.3%-5.45%	3,230,000
Karen Isle Watermains	2001	2021	Interest Free	9,003
Brown Avenue Watermains	2001	2021	Interest Free	15,675
<b><u>Special Assessment Debt</u></b>				
F-1 Sewer Assessment	1982	2002	12.125%	1,931,874
1983 Street Improvement	1983	2003	9.375%	76,687
1986 Street Improvement	1986	2006	7.625%	547,775
Biltmore Place	1995	2016	5.66%	464,000
<b><u>Other General Long Term Debt</u></b>				
Police Pension Liability	1968	2035	4.25%	148,460
Landfill Postclosure Care	1994	2034		1,227,640
<b><u>Business-Type Activities:</u></b>				
<b><u>Enterprise Fund G.O. Debt Sewer Bonds</u></b>				
Sewer 1992 OPWC	1992	2012	3.0%-6.375%	1,343,852
Waldamere-Glenwood Sanitary Sewer	1997	2017	Interest Free	200,000
Vine Street Area Sanitary Sewer OWDA	2003	2023	Interest Free	223,351
Grove-Erie Sanitary Sewer	1994	2013	4.8%	639,009
Waldamere-Glenwood Sanitary Sewer	1997	2017	4.04%	305,320
Waste Water Treatment	1986	2006	10.02%	5,941,535
Downtown Sanitary Sewer	2001	2020	3.91%	1,372,534
Highland-Maple-Wood Sanitary Sewer	2003	2022	3.99%	1,671,611
<b><u>Airport Bonds</u></b>				
Airport Improvement	1999	2009	4.23%	1,360,000
F-1 Sewer Assessment	1987	2002	12.125%	53,126
<b><u>Golf Bonds</u></b>				
Golf Course Improvement	2002	2022	4.179%	3,150,000

**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Changes in the long-term obligations of the City during 2002 were as follows.

	Balance 01/01/02	Increases	Decreases	Balance 12/31/02	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<b><u>General Obligation Bonds Voted</u></b>					
Service Garage	\$ 450,000	\$ 0	\$ 75,000	\$ 375,000	\$ 75,000
Fire Station Construction	5,710,000	0	145,000	5,565,000	150,000
<i>Subtotal - General Obligation Bonds Voted</i>	<u>6,160,000</u>	<u>0</u>	<u>220,000</u>	<u>5,940,000</u>	<u>225,000</u>
<b><u>General Obligation Bonds Unvoted</u></b>					
1983 Street Improvement	7,209	0	3,605	3,604	3,604
1986 Street Improvement	138,561	0	27,712	110,849	27,712
Lost Nation Road Improvement	1,300,000	0	130,000	1,170,000	130,000
Landfill and Erosion Control	897,076	0	81,553	815,523	81,553
Variou Purpose Bond Issue OPWC	2,525,000	0	165,000	2,360,000	175,000
Karen Isle Watermains	8,553	0	450	8,103	450
Brown Avenue Watermains	15,675	0	0	15,675	784
<i>Subtotal - General Obligation Bonds Unvoted</i>	<u>4,892,074</u>	<u>0</u>	<u>408,320</u>	<u>4,483,754</u>	<u>419,103</u>
<b>Total Government Fund General Obligation Bonds</b>	<u>11,052,074</u>	<u>0</u>	<u>628,320</u>	<u>10,423,754</u>	<u>644,103</u>
<b><u>Special Assessment Bonds</u></b>					
F-1 Sewer Assessment	93,720	0	93,720	0	0
1983 Street Improvement	212,791	0	106,395	106,396	106,395
1986 Street Improvement	611,439	0	122,288	489,151	122,288
Biltmore Place	390,000	0	15,000	375,000	20,000
<i>Subtotal - Special Assessment Bonds</i>	<u>1,307,950</u>	<u>0</u>	<u>337,403</u>	<u>970,547</u>	<u>248,683</u>
<b><u>Other Liabilities</u></b>					
Capital Projects Note Payable	175,000	0	50,000	125,000	50,000
Police Pension Liability	131,623	0	1,848	129,775	1,928
Landfill Post Closure Care Liability	1,007,247	118,869	37,113	1,089,003	39,105
Compensated Absences	3,537,668	572,357	185,996	3,924,029	1,294,658
<i>Subtotal - Other Liabilities</i>	<u>4,851,538</u>	<u>691,226</u>	<u>274,957</u>	<u>5,267,807</u>	<u>1,385,691</u>
<b>Subtotal Governmental Activities</b>	<u>\$ 17,211,562</u>	<u>\$ 691,226</u>	<u>\$ 1,240,680</u>	<u>\$ 16,662,108</u>	<u>\$ 2,278,477</u>

**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Balance 01/01/02	Increases	Decreases	Balance 12/31/02	Amounts Due Within One Year
<b>Business-Type Activities:</b>					
<b><u>Enterprise Fund General Obligation</u></b>					
<b><u>Debt - Sewer Bonds</u></b>					
1992 Sewer Bond	\$ 752,923	\$ 0	\$ 68,447	\$ 684,476	\$ 68,447
OPWC					
Waldamere-Glenwood Sanitary Sewer	155,000	0	10,000	145,000	10,000
Vine Street Area Sanitary Sewer	207,677	0	0	207,677	10,384
OWDA					
Grove-Erie Sanitary Sewer	452,631	0	28,671	423,960	30,064
Waldamere-Glenwood Sanitary Sewer	256,186	0	12,173	244,013	12,669
Waste Water Treatment	2,647,815	0	433,532	2,214,283	476,972
Downtown Sanitary Sewer	1,196,091	105,709	55,962	1,245,838	17,886
Highland-Maple-Wood Sanitary Sewer	709,060	939,929	0	1,648,989	55,963
<b>Subtotal - Sewer Bonds</b>	<b>6,377,383</b>	<b>1,045,638</b>	<b>608,785</b>	<b>6,814,236</b>	<b>682,385</b>
<b><u>Airport Bonds</u></b>					
Airport Improvements	1,030,000	0	110,000	920,000	115,000
F-1 Sewer Assessments	1,280	0	1,280	0	0
<b>Subtotal - Airport Bonds</b>	<b>1,031,280</b>	<b>0</b>	<b>111,280</b>	<b>920,000</b>	<b>115,000</b>
<b><u>Golf Bonds</u></b>					
Golf Course Improvement-1989	1,500,000	0	1,500,000	0	0
Golf Course Improvement-2002	0	3,150,000	0	3,150,000	85,000
<b>Total Bonds Payable</b>	<b>8,908,663</b>	<b>4,195,638</b>	<b>2,220,065</b>	<b>10,884,236</b>	<b>882,385</b>
<b><u>Other Liabilities</u></b>					
Compensated Absences	706,012	117,539	188,724	634,827	198,234
<b>Subtotal Business-Type Activities</b>	<b>9,614,675</b>	<b>4,313,177</b>	<b>2,408,789</b>	<b>11,519,063</b>	<b>1,080,619</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 26,826,237</b>	<b>\$ 5,004,403</b>	<b>\$ 3,649,469</b>	<b>\$ 28,181,171</b>	<b>\$ 3,359,096</b>

**General Obligation Bonds** – General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from both voted and unvoted general property taxes levied on all taxable property located within the City. Tax monies will be received in and the debt will be retired from the General Bond Retirement fund.

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

**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**Other Long-Term Obligations** – Compensated absences will be paid from the fund in which the employee’s salary is paid. See Note 19 for further detail on landfill liability.

The City’s legal debt margin at December 31, 2002, was \$58,901,616. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2002, are as follows:

	---BONDS---											Totals
	General		Special		Revenue		O.W.D.A. & O.W.D.A.		Capital	Police	Police	
	Obligation		Assessment		Bonds		O.P.W.C.		Projects	Liability	Liability	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal	Interest	
2003	642,869	566,096	248,683	68,530	268,447	237,558	615,171	367,223	50,000	1,928	5,495	3,072,000
2004	649,265	530,022	142,288	48,259	298,448	195,482	701,359	313,223	75,000	2,011	5,412	2,960,769
2005	664,265	493,738	142,288	37,946	308,447	183,629	760,412	254,175	0	2,097	5,326	2,852,323
2006	684,264	456,410	142,288	27,611	313,448	171,328	825,007	189,578	0	2,187	5,236	2,817,357
2007	591,552	417,769	20,000	17,258	323,447	158,176	196,833	118,907	0	2,281	5,142	1,851,365
2008-12	2,682,761	1,606,319	135,000	65,522	1,307,239	587,739	1,100,352	478,353	0	12,961	24,153	8,000,399
2013-17	2,040,000	930,477	140,000	20,476	835,000	364,136	1,069,402	270,254	0	15,994	21,121	5,706,860
2018-22	1,660,000	454,250	0	0	1,100,000	162,322	885,002	81,390	0	19,738	17,376	4,380,078
2023-27	785,000	59,250	0	0	0	0	0	0	0	24,358	12,758	881,366
2028-32	0	0	0	0	0	0	0	0	0	30,057	7,059	37,116
2033-35	0	0	0	0	0	0	0	0	0	16,163	986	17,149
	\$ 10,399,976	\$ 5,514,331	\$ 970,547	\$ 285,602	\$ 4,754,476	\$ 2,060,370	\$ 6,153,538	\$ 2,073,103	\$ 125,000	\$ 129,775	\$ 110,064	\$ 32,576,782

**NOTE 17: CONDUIT DEBT**

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

TYPE	ON BEHALF OF	ORIGINAL AMOUNT	YEAR OF ISSUE
Multi-Family Housing Mortgage Revenue Bonds	Oakhill Village	\$5,955,000	2002
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.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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**NOTE 18: NOTES PAYABLE**

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

The following general obligation note was payable at December 31, 2002:

	<b>Maturity Date</b>	<b>Balance December 31, 2001</b>	<b>Issued</b>	<b>Balance December 31, 2002</b>
Capital Projects Note Payable:	Dec. 19, 2003	\$0	\$4,095,000	\$4,095,000
<b>Total Note Payable</b>		<b><u>\$0</u></b>	<b><u>\$4,095,000</u></b>	<b><u>\$4,095,000</u></b>

**NOTE 19: LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The City's landfill placed its final cover in 1995. The \$1,089,003 reported as Landfill Postclosure Care at December 31, 2002, 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.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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**NOTE 20: INSURANCE AND RISK MANAGEMENT**

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

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

Coverage	Company	Claim Limit	Deductible
General Liability	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 and Machinery	CNA Companies	4,000,000	1,000
Automobile Liability	CNA Companies	1,000,000	0
Automobile Comprehensive	CNA Companies	Per Schedule	100
Automobile Collision	CNA Companies	Per Schedule	500
Excess General Liability (Umbrella)	Selective Insurance Co.	9,000,000	0
Fire Errors and 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	American Alternative Insurance Corporation	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.

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.

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**CITY OF WILLOUGHBY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

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\$48,052, reported in the fund at December 31, 2002, 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 years.

	Beginning of Year Liability	Current Year Claims	Claim Payments	Balance at Year End
2000	106,255	7,621	38,281	75,595
2001	75,595	10,531	10,531	75,595
2002	75,595	6,875	34,418	48,052

**NOTE 21: JOINT ORGANIZATION**

**Northeast Ohio Public Energy Council**

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of 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 ensuring 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 2002. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

**NOTE 22: DEFEASED DEBT**

On September 1, 2002, the City of Willoughby issued general obligation bonds of \$3,150,000 with an interest rate ranging from 2.5 percent to 4.8 percent to current refund general obligation bonds with principal remaining of \$1,500,000 with an interest rate of 6.898 percent. See also Note 16. The City also issued an additional \$1,650,000 to acquire revenue for a capital project at the City owned golf course. The general obligation bonds were issued at a discount of \$13,518 and after paying issuance costs of \$89,917 the net proceeds were \$1,546,565. The net proceeds from issuance were used to purchase U.S. government securities which were deposited until the call date of December 1, 2002, at which point the old bonds were retired in the amount of \$1,500,000 and an interest payment of \$52,500 was made to fully retire the old bonds.

As a result of the current refunding, the City increased its total debt service requirements by \$303,640. An economic gain (difference between the present value of the old and new debt service payments) of \$105,929 also resulted.

# Combining Statements and Individual Fund Schedules

## *Combining Statements – Nonmajor Funds*

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### NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

***Law Enforcement Fund*** - 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 or drugs. Funds may be used to pay cost increases in enforcing this or similar laws.

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

***Court Computer Fund*** - the Municipal Court has established 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 additional court costs 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. These funds along with tree planting fees are used 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.

***Street Lighting Fund*** - the City assesses a .9 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. This is a state mandated fund, but there has been no activity through 2002.

#### **NONMAJOR DEBT FUND**

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

#### **PERMANENT FUND**

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

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

*CITY OF WILLOUGHBY, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2002*

	NONMAJOR SPECIAL REVENUE FUNDS	SPECIAL ASSESSMENTS DEBT SERVICE FUND	CEMETERY CARE PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Equity in City Treasury Cash	\$2,616,549	\$501,289	\$158,408	\$3,276,246
Inventory - Supplies	90,441	0	0	90,441
Accounts Receivable	480	10	0	490
Due from Other Governments	449,350	0	0	449,350
Taxes Receivable	442,443	0	0	442,443
Special Assessments Receivable	<u>470,391</u>	<u>1,299,668</u>	<u>0</u>	<u>1,770,059</u>
TOTAL ASSETS	<u>\$4,069,654</u>	<u>\$1,800,967</u>	<u>\$158,408</u>	<u>\$6,029,029</u>
LIABILITIES				
Accounts Payable	\$143,599	\$0	\$0	\$143,599
Salaries, Wages & Benefits Payable	198,993	0	0	198,993
Due to Other Governments	15,237	0	0	15,237
Deferred Revenue	<u>1,209,879</u>	<u>1,299,668</u>	<u>0</u>	<u>2,509,547</u>
TOTAL LIABILITIES	<u>1,567,708</u>	<u>1,299,668</u>	<u>0</u>	<u>2,867,376</u>
FUND BALANCES				
Reserved for Encumbrances	187,584	0	0	187,584
Reserved for Inventory	90,441	0	0	90,441
Reserved for Debt Service	0	501,299	0	501,299
Reserved for Non-Current Investments	0	0	155,414	155,414
Unreserved, Undesignated Reported in:				
Special Revenue Funds	2,223,921	0	0	2,223,921
Permanent Fund	<u>0</u>	<u>0</u>	<u>2,994</u>	<u>2,994</u>
TOTAL FUND BALANCES	<u>2,501,946</u>	<u>501,299</u>	<u>158,408</u>	<u>3,161,653</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$4,069,654</u>	<u>\$1,800,967</u>	<u>\$158,408</u>	<u>\$6,029,029</u>

*CITY OF WILLOUGHBY, OHIO*  
*COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND*  
*CHANGES IN FUND BALANCES*  
*NONMAJOR GOVERNMENTAL FUNDS*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*

	NONMAJOR SPECIAL REVENUE FUNDS	SPECIAL ASSESSMENTS DEBT SERVICE FUND	CEMETERY CARE PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Property and Other Local Taxes	\$436,206	\$0	\$0	\$436,206
Intergovernmental	882,896	0	0	882,896
Charges for Services	222,767	0	0	222,767
Special Assessments	514,229	426,697	0	940,926
Fines and Forfeitures	308,760	0	0	308,760
Interest	0	201	10,055	10,256
Miscellaneous	<u>4,316</u>	<u>0</u>	<u>8,520</u>	<u>12,836</u>
Total Revenues	<u>2,369,174</u>	<u>426,898</u>	<u>18,575</u>	<u>2,814,647</u>
EXPENDITURES:				
Current:				
General Government	205,093	13,075	0	218,168
Security of Persons and Property	1,772,172	0	0	1,772,172
Community Environment	68,831	0	0	68,831
Leisure Time Activities	773,987	0	0	773,987
Transportation	1,633,448	0	0	1,633,448
Capital Outlay	11,423	0	0	11,423
Debt Service:				
Principal	0	337,403	0	337,403
Interest	<u>0</u>	<u>99,901</u>	<u>0</u>	<u>99,901</u>
Total Expenditures	<u>4,464,954</u>	<u>450,379</u>	<u>0</u>	<u>4,915,333</u>
Excess of Revenue Over (Under) Expenditures	(2,095,780)	(23,481)	18,575	(2,100,686)
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>2,280,000</u>	<u>0</u>	<u>0</u>	<u>2,280,000</u>
Total Other Financing Sources (Uses)	<u>2,280,000</u>	<u>0</u>	<u>0</u>	<u>2,280,000</u>
Net Change in Fund Balances	184,220	(23,481)	18,575	179,314
FUND BALANCES BEGINNING OF YEAR	2,302,107	524,780	139,833	2,966,720
INCREASE (DECREASE) IN RESERVE				
FOR INVENTORY	<u>15,619</u>	<u>0</u>	<u>0</u>	<u>15,619</u>
FUND BALANCES END OF YEAR	<u>\$2,501,946</u>	<u>\$501,299</u>	<u>\$158,408</u>	<u>\$3,161,653</u>

CITY OF WILLOUGHBY, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 AS OF DECEMBER 31, 2002

	FIRE PENSION	POLICE PENSION	LAW ENFORCEMENT	RECREATION	STREET CONSTRUCTION MAINTENANCE AND REPAIR	STATE HIGHWAY	CORPORATE MAINTENANCE
ASSETS							
Equity in City Treasury Cash	\$38,180	\$33,087	\$25,463	\$134,166	\$360,415	\$98,110	\$52,355
Inventory - Supplies	0	0	0	0	90,441	0	0
Accounts Receivable	0	0	0	130	0	0	350
Due from Other Governments	7,613	7,613	0	3,518	358,777	26,771	0
Taxes Receivable	162,550	162,550	0	117,343	0	0	0
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,532</u>
TOTAL ASSETS	<u>\$208,343</u>	<u>\$203,250</u>	<u>\$25,463</u>	<u>\$255,157</u>	<u>\$809,633</u>	<u>\$124,881</u>	<u>\$57,237</u>
LIABILITIES							
Accounts Payable	\$0	\$0	\$0	\$21,120	\$35,017	\$0	\$0
Salaries, Wages & Benefits Payable	28,420	26,443	0	23,251	59,138	0	0
Due to Other Governments	15	15	0	1,628	0	13,579	0
Deferred Revenue	<u>169,962</u>	<u>169,962</u>	<u>0</u>	<u>120,684</u>	<u>259,532</u>	<u>19,348</u>	<u>4,532</u>
TOTAL LIABILITIES	<u>198,397</u>	<u>196,420</u>	<u>0</u>	<u>166,683</u>	<u>353,687</u>	<u>32,927</u>	<u>4,532</u>
FUND BALANCES							
Reserved for Encumbrances	0	0	0	20,001	92,267	0	19,937
Reserved for Inventory	0	0	0	0	90,441	0	0
Unreserved, Undesignated Reported in:							
Special Revenue Funds	<u>9,946</u>	<u>6,830</u>	<u>25,463</u>	<u>68,473</u>	<u>273,238</u>	<u>91,954</u>	<u>32,768</u>
TOTAL FUND BALANCES	<u>9,946</u>	<u>6,830</u>	<u>25,463</u>	<u>88,474</u>	<u>455,946</u>	<u>91,954</u>	<u>52,705</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$208,343</u>	<u>\$203,250</u>	<u>\$25,463</u>	<u>\$255,157</u>	<u>\$809,633</u>	<u>\$124,881</u>	<u>\$57,237</u>



<u>ENFORCEMENT AND EDUCATION</u>	<u>INDIGENT DRIVERS TREATMENT</u>	<u>COURT COMPUTER</u>	<u>URBAN FOREST MANAGEMENT</u>	<u>VICTIMS ASSISTANCE</u>	<u>STREET LIGHTING</u>	<u>FUTURE RETIREMENT RESERVE</u>	<u>TOTAL 2002</u>
\$18,900	\$281,352	\$805,735	\$14,907	\$21,647	\$480,208	\$252,024	\$2,616,549
0	0	0	0	0	0	0	90,441
0	0	0	0	0	0	0	480
403	12,432	17,223	15,000	0	0	0	449,350
0	0	0	0	0	0	0	442,443
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>465,859</u>	<u>0</u>	<u>470,391</u>
<u>\$19,303</u>	<u>\$293,784</u>	<u>\$822,958</u>	<u>\$29,907</u>	<u>\$21,647</u>	<u>\$946,067</u>	<u>\$252,024</u>	<u>\$4,069,654</u>
\$0	\$0	\$4,158	\$337	\$27	\$82,940	\$0	\$143,599
0	0	0	0	1,702	0	60,039	198,993
0	0	0	0	0	0	0	15,237
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>465,859</u>	<u>0</u>	<u>1,209,879</u>
<u>0</u>	<u>0</u>	<u>4,158</u>	<u>337</u>	<u>1,729</u>	<u>548,799</u>	<u>60,039</u>	<u>1,567,708</u>
0	11,255	40,420	1,229	0	2,475	0	187,584
0	0	0	0	0	0	0	90,441
<u>19,303</u>	<u>282,529</u>	<u>778,380</u>	<u>28,341</u>	<u>19,918</u>	<u>394,793</u>	<u>191,985</u>	<u>2,223,921</u>
<u>19,303</u>	<u>293,784</u>	<u>818,800</u>	<u>29,570</u>	<u>19,918</u>	<u>397,268</u>	<u>191,985</u>	<u>2,501,946</u>
<u>\$19,303</u>	<u>\$293,784</u>	<u>\$822,958</u>	<u>\$29,907</u>	<u>\$21,647</u>	<u>\$946,067</u>	<u>\$252,024</u>	<u>\$4,069,654</u>

CITY OF WILLOUGHBY, OHIO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	FIRE	POLICE	LAW		STREET	STATE	CORPORATE
	PENSION	PENSION	ENFORCEMENT	RECREATION	CONSTRUCTION MAINTENANCE AND REPAIR	HIGHWAY	MAINTENANCE
<b>REVENUES:</b>							
Property and Other Local Taxes	\$159,129	\$159,129	\$0	\$117,948	\$0	\$0	\$0
Intergovernmental	16,347	16,347	0	64,247	691,598	51,538	0
Charges for Services	0	0	0	212,312	980	0	0
Special Assessments	0	0	0	0	0	0	45,811
Fines and Forfeitures	0	0	23,655	0	0	0	0
Miscellaneous	0	0	0	0	2,936	0	0
Total Revenues	<u>175,476</u>	<u>175,476</u>	<u>23,655</u>	<u>394,507</u>	<u>695,514</u>	<u>51,538</u>	<u>45,811</u>
<b>EXPENDITURES:</b>							
Current:							
General Government	0	0	0	0	0	0	106
Security of Persons and Property	620,021	570,806	1,952	0	0	0	0
Community Environment	0	0	0	0	0	0	51,326
Leisure Time Activities	0	0	0	773,987	0	0	0
Transportation	0	0	0	0	1,514,783	92,046	0
Capital Outlay	0	0	5,695	4,429	0	0	0
Total Expenditures	<u>620,021</u>	<u>570,806</u>	<u>7,647</u>	<u>778,416</u>	<u>1,514,783</u>	<u>92,046</u>	<u>51,432</u>
Excess of Revenue Over (Under) Expenditures	(444,545)	(395,330)	16,008	(383,909)	(819,269)	(40,508)	(5,621)
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers In	<u>450,000</u>	<u>370,000</u>	<u>0</u>	<u>370,000</u>	<u>865,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>370,000</u>	<u>0</u>	<u>370,000</u>	<u>865,000</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	5,455	(25,330)	16,008	(13,909)	45,731	(40,508)	(5,621)
FUND BALANCES BEGINNING OF YEAR	4,491	32,160	9,455	102,383	392,596	132,462	58,326
<b>INCREASE (DECREASE) IN RESERVE</b>							
FOR INVENTORY	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,619</u>	<u>0</u>	<u>0</u>
FUND BALANCES END OF YEAR	<u>\$9,946</u>	<u>\$6,830</u>	<u>\$25,463</u>	<u>\$88,474</u>	<u>\$455,946</u>	<u>\$91,954</u>	<u>\$52,705</u>



<u>ENFORCEMENT AND EDUCATION</u>	<u>INDIGENT DRIVERS TREATMENT</u>	<u>COURT COMPUTER</u>	<u>URBAN FOREST MANAGEMENT</u>	<u>VICTIMS ASSISTANCE</u>	<u>STREET LIGHTING</u>	<u>FUTURE RETIREMENT RESERVE</u>	<u>TOTAL 2002</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$436,206
0	0	0	15,000	27,819	0	0	882,896
0	0	0	9,475	0	0	0	222,767
0	0	0	0	0	468,418	0	514,229
6,609	51,332	227,164	0	0	0	0	308,760
0	0	1,380	0	0	0	0	4,316
<u>6,609</u>	<u>51,332</u>	<u>228,544</u>	<u>24,475</u>	<u>27,819</u>	<u>468,418</u>	<u>0</u>	<u>2,369,174</u>
0	27,040	75,831	0	0	0	102,116	205,093
0	0	0	0	42,899	479,233	57,261	1,772,172
0	0	0	17,505	0	0	0	68,831
0	0	0	0	0	0	0	773,987
0	0	0	0	0	0	26,619	1,633,448
0	0	1,299	0	0	0	0	11,423
0	27,040	77,130	17,505	42,899	479,233	185,996	4,464,954
6,609	24,292	151,414	6,970	(15,080)	(10,815)	(185,996)	(2,095,780)
0	0	0	0	0	0	225,000	2,280,000
0	0	0	0	0	0	225,000	2,280,000
6,609	24,292	151,414	6,970	(15,080)	(10,815)	39,004	184,220
12,694	269,492	667,386	24,600	34,998	408,083	152,981	2,302,107
0	0	0	(2,000)	0	0	0	15,619
<u>\$19,303</u>	<u>\$293,784</u>	<u>\$818,800</u>	<u>\$29,570</u>	<u>\$19,918</u>	<u>\$397,268</u>	<u>\$191,985</u>	<u>\$2,501,946</u>

## *Combining Statements – Agency Funds*

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Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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

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

*CITY OF WILLOUGHBY, OHIO*  
*COMBINING STATEMENT OF ASSETS AND LIABILITIES*  
*AGENCY FUNDS*  
*AS OF DECEMBER 31, 2002*

	<u>DEPOSITS &amp; INSPECTIONS</u>	<u>MUNICIPAL COURT</u>	<u>TOTAL 2002</u>
ASSETS			
Equity in City Treasury Cash	\$1,087,023	\$331,664	\$1,418,687
Accounts Receivable	<u>0</u>	<u>173,000</u>	<u>173,000</u>
TOTAL ASSETS	<u>\$1,087,023</u>	<u>\$504,664</u>	<u>\$1,591,687</u>
LIABILITIES			
Accounts Payable	\$1,078,900	\$84,217	\$1,163,117
Deposits Held and Due to Others	7,806	162,364	170,170
Due to Other Governments	<u>317</u>	<u>258,083</u>	<u>258,400</u>
TOTAL LIABILITIES	<u>1,087,023</u>	<u>504,664</u>	<u>1,591,687</u>

*CITY OF WILLOUGHBY, OHIO*  
*COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES*  
*AGENCY FUNDS*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*

	BALANCE <u>1/1/2002</u>	ADDITIONS	DEDUCTIONS	BALANCE <u>12/31/2002</u>
<b>DEPOSITS &amp; INSPECTIONS</b>				
ASSETS				
Equity in City Treasury Cash	\$1,316,942	\$660,426	\$890,345	\$1,087,023
TOTAL ASSETS	<u>\$1,316,942</u>	<u>\$660,426</u>	<u>\$890,345</u>	<u>\$1,087,023</u>
LIABILITIES				
Accounts Payable	\$1,314,360	\$605,777	\$841,237	\$1,078,900
Deposits Held and Due to Others	2,055	7,806	2,055	7,806
Due to Other Governments	<u>527</u>	<u>46,843</u>	<u>47,053</u>	<u>317</u>
TOTAL LIABILITIES	<u>\$1,316,942</u>	<u>\$660,426</u>	<u>\$890,345</u>	<u>\$1,087,023</u>
<b>MUNICIPAL COURT</b>				
ASSETS				
Equity in City Treasury - Cash	\$297,488	\$4,496,433	\$4,462,257	\$331,664
Accounts Receivable	<u>0</u>	<u>173,000</u>	<u>0</u>	<u>\$173,000</u>
TOTAL ASSETS	<u>\$297,488</u>	<u>\$4,669,433</u>	<u>\$4,462,257</u>	<u>\$504,664</u>
LIABILITIES				
Accounts Payable	\$71,639	\$1,297,254	\$1,284,676	\$84,217
Deposits Held and Due to Others	124,443	1,980,155	1,942,234	162,364
Due to Other Governments	<u>101,406</u>	<u>1,392,024</u>	<u>1,235,347</u>	<u>258,083</u>
TOTAL LIABILITIES	<u>\$297,488</u>	<u>\$4,669,433</u>	<u>\$4,462,257</u>	<u>\$504,664</u>
<b>TOTALS - ALL AGENCY FUNDS</b>				
ASSETS				
Equity in City Treasury - Cash	\$1,614,430	\$5,156,859	\$5,352,602	\$1,418,687
Accounts Receivable	<u>0</u>	<u>173,000</u>	<u>0</u>	<u>173,000</u>
TOTAL ASSETS	<u>\$1,614,430</u>	<u>\$5,329,859</u>	<u>\$5,352,602</u>	<u>\$1,591,687</u>
LIABILITIES				
Accounts Payable	\$1,385,999	\$1,903,031	\$2,125,913	\$1,163,117
Deposits Held and Due to Others	126,498	1,987,961	1,944,289	170,170
Due to Other Governments	<u>101,933</u>	<u>1,438,867</u>	<u>1,282,400</u>	<u>258,400</u>
TOTAL LIABILITIES	<u>\$1,614,430</u>	<u>\$5,329,859</u>	<u>\$5,352,602</u>	<u>\$1,591,687</u>

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

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*GENERAL FUND*  
*FOR THE YEAR ENDED DECEMBER 31,2002*

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Municipal Income Tax	\$11,450,580	\$11,450,580	\$11,450,270	(\$310)
Property and Other Local Taxes	1,453,184	1,453,184	1,541,400	88,216
Intergovernmental	3,141,003	3,141,003	2,962,758	(178,245)
Charges for Services	270,550	270,550	321,698	51,148
Fines and Forfeitures	1,492,000	1,492,000	1,608,153	116,153
Licenses, Permits	270,500	270,500	265,671	(4,829)
Interest Income	700,000	700,000	766,146	66,146
Other	<u>203,274</u>	<u>203,274</u>	<u>201,268</u>	<u>(2,006)</u>
Total Revenues	<u>18,981,091</u>	<u>18,981,091</u>	<u>19,117,364</u>	<u>136,273</u>
<b>EXPENDITURES:</b>				
General Government	5,949,867	5,949,867	5,696,707	253,160
Security of Persons and Property	8,850,480	8,850,480	8,721,982	128,498
Public Health and Welfare	345,487	345,487	344,621	866
Community Environment	798,872	798,872	782,598	16,274
Leisure Time Activities	865,158	865,158	847,949	17,209
Basic Utility Service	<u>998,000</u>	<u>998,000</u>	<u>1,000,678</u>	<u>(2,678)</u>
Total Expenditures	<u>17,807,864</u>	<u>17,807,864</u>	<u>17,394,535</u>	<u>413,329</u>
Excess of Revenues Over (Under) Expenditures	1,173,227	1,173,227	1,722,829	549,602
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(2,332,691)	(2,332,691)	(2,332,691)	0
Other	<u>171,509</u>	<u>171,509</u>	<u>143,406</u>	<u>(28,103)</u>
Total Other Financing Sources (Uses)	<u>(2,161,182)</u>	<u>(2,161,182)</u>	<u>(2,189,285)</u>	<u>(28,103)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(987,955)</b>	<b>(987,955)</b>	<b>(466,456)</b>	<b>521,499</b>
<b>FUND BALANCE BEGINNING OF YEAR</b>	<b>6,275,209</b>	<b>6,275,209</b>	<b>6,275,209</b>	<b>0</b>
Prior Year Encumbrances Appropriated	<u>27,231</u>	<u>27,231</u>	<u>27,231</u>	<u>0</u>
<b>FUND BALANCE END OF YEAR</b>	<b><u>\$5,314,485</u></b>	<b><u>\$5,314,485</u></b>	<b><u>\$5,835,984</u></b>	<b><u>\$521,499</u></b>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*CAPITAL PROJECTS FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Municipal Income Taxes	\$1,925,441	\$1,925,441	\$1,924,271	(\$1,170)
Property and Other Local Taxes	110,000	110,000	111,855	1,855
Intergovernmental	135,100	135,100	117,006	(18,094)
Interest Income	32,500	32,500	33,687	1,187
Other	<u>8,500</u>	<u>8,500</u>	<u>11,000</u>	<u>2,500</u>
Total Revenues	<u>2,211,541</u>	<u>2,211,541</u>	<u>2,197,819</u>	<u>(13,722)</u>
<b>EXPENDITURES:</b>				
Capital Outlay	<u>10,191,696</u>	<u>10,326,696</u>	<u>6,156,923</u>	<u>4,169,773</u>
Total Expenditures	<u>10,191,696</u>	<u>10,326,696</u>	<u>6,156,923</u>	<u>4,169,773</u>
Excess of Revenues Over (Under) Expenditures	(7,980,155)	(8,115,155)	(3,959,104)	4,156,051
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	52,691	52,691	52,691	0
Debt Proceeds	50,000	50,000	0	(50,000)
Proceeds from Sale of Notes	3,500,000	4,095,000	4,095,000	0
Other	0	0	11,049	11,049
Advance Repaid	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Other Financing Sources(Uses)	<u>3,612,691</u>	<u>4,207,691</u>	<u>4,168,740</u>	<u>(38,951)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,367,464)	(3,907,464)	209,636	4,117,100
<b>FUND BALANCE BEGINNING OF YEAR</b>	5,645,013	5,645,013	5,645,013	0
Prior Year Encumbrances Appropriated	<u>112,169</u>	<u>112,169</u>	<u>112,169</u>	<u>0</u>
<b>FUND BALANCE END OF YEAR</b>	<u>\$1,389,718</u>	<u>\$1,849,718</u>	<u>\$5,966,818</u>	<u>\$4,117,100</u>

CITY OF WILLOUGHBY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL  
GENERAL BOND RETIREMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$1,313,021	\$1,313,021	\$1,403,860	\$90,839
Intergovernmental	137,760	137,760	141,379	3,619
Interest Income	<u>0</u>	<u>0</u>	<u>32,623</u>	<u>32,623</u>
Total Revenues	<u>1,450,781</u>	<u>1,450,781</u>	<u>1,577,862</u>	<u>127,081</u>
<b>EXPENDITURES:</b>				
General Government	36,000	36,000	28,963	7,037
Debt Service				
Principal	740,353	740,353	738,319	2,034
Interest	<u>642,674</u>	<u>642,674</u>	<u>642,674</u>	<u>0</u>
Total Expenditures	<u>1,419,027</u>	<u>1,419,027</u>	<u>1,409,956</u>	<u>9,071</u>
Excess of Revenues Over (Under) Expenditures	31,754	31,754	167,906	136,152
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds of Refunding Bonds	0	1,546,565	1,546,565	0
Refunding Bonds Payment	<u>0</u>	<u>(1,552,500)</u>	<u>(1,552,500)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(5,935)</u>	<u>(5,935)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	31,754	25,819	161,971	136,152
FUND BALANCE BEGINNING OF YEAR	<u>152,202</u>	<u>152,202</u>	<u>152,202</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$183,956</u>	<u>\$178,021</u>	<u>\$314,173</u>	<u>\$136,152</u>

CITY OF WILLOUGHBY, OHIO  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL  
 GOLF COURSE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Charges for Services	\$893,250	\$893,250	\$791,522	(\$101,728)
Interest Income	8,000	8,000	8,819	819
Other	<u>1,911</u>	<u>1,911</u>	<u>1,883</u>	<u>(28)</u>
Total Revenues	<u>903,161</u>	<u>903,161</u>	<u>802,224</u>	<u>(100,937)</u>
EXPENSES:				
Leisure Time Activities	701,425	701,425	685,408	16,017
Capital Outlay	0	1,600,000	385,265	1,214,735
Debt Principal	145,000	145,000	0	145,000
Debt Interest	<u>105,000</u>	<u>105,000</u>	<u>52,500</u>	<u>52,500</u>
Total Expenses	<u>951,425</u>	<u>2,551,425</u>	<u>1,123,173</u>	<u>1,428,252</u>
Excess of Revenues Over (Under) Expenses	(48,264)	(1,648,264)	(320,949)	1,327,315
OTHER FINANCING SOURCES (USES):				
Other	0	0	1,998	1,998
Advance Repaid	(10,000)	(10,000)	(10,000)	0
Sale of Bonds	<u>0</u>	<u>1,603,435</u>	<u>1,603,435</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>1,593,435</u>	<u>1,595,433</u>	<u>1,998</u>
NET CHANGE IN FUND BALANCE	(58,264)	(54,829)	1,274,484	1,329,313
FUND EQUITY BEGINNING OF YEAR	190,120	190,120	190,120	0
Prior Year Encumbrances Appropriated	<u>3,438</u>	<u>3,438</u>	<u>3,438</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$135,294</u>	<u>\$138,729</u>	<u>\$1,468,042</u>	<u>\$1,329,313</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES*  
*IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*SEWER FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Municipal Income Tax	\$750,000	\$750,000	\$750,000	\$0
Intergovernmental	263,000	310,000	128,437	(181,563)
Charges for Services	3,253,400	3,368,400	3,129,399	(239,001)
Interest Income	70,000	70,000	31,136	(38,864)
Other	<u>54,742</u>	<u>54,742</u>	<u>195,641</u>	<u>140,899</u>
Total Revenues	<u>4,391,142</u>	<u>4,553,142</u>	<u>4,234,613</u>	<u>(318,529)</u>
EXPENSES:				
Basic Utility Service	5,896,496	6,241,496	3,734,641	2,506,855
Debt Principal	621,746	621,746	608,785	12,961
Debt Interest	<u>403,951</u>	<u>403,951</u>	<u>403,945</u>	<u>6</u>
Total Expenses	<u>6,922,193</u>	<u>7,267,193</u>	<u>4,747,371</u>	<u>2,519,822</u>
Excess of Revenues Over (Under) Expenses	(2,531,051)	(2,714,051)	(512,758)	2,201,293
OTHER FINANCING SOURCES (USES):				
Sale of Debt	<u>3,200,000</u>	<u>3,487,666</u>	<u>1,662,729</u>	(1,824,937)
Total Other Financing Sources (Uses)	<u>3,200,000</u>	<u>3,487,666</u>	<u>1,662,729</u>	<u>(1,824,937)</u>
NET CHANGE IN FUND BALANCE	668,949	773,615	1,149,971	376,356
FUND EQUITY BEGINNING OF YEAR	391,125	391,125	391,125	0
Prior Year Encumbrances Appropriated	<u>241,637</u>	<u>241,637</u>	<u>241,637</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$1,301,711</u>	<u>\$1,406,377</u>	<u>\$1,782,733</u>	<u>\$376,356</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENSES, AND CHANGES*  
*IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*AIRPORT FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$19,000	\$19,000	\$22,719	\$3,719
Interest Income	5,000	5,000	8,680	3,680
Other	<u>114,396</u>	<u>114,396</u>	<u>105,578</u>	<u>(8,818)</u>
Total Revenues	<u>138,396</u>	<u>138,396</u>	<u>136,977</u>	<u>(1,419)</u>
EXPENSES:				
Transportation	219,263	219,263	146,531	72,732
Debt Principal	1,280	1,280	1,280	0
Debt Interest	<u>159</u>	<u>159</u>	<u>159</u>	<u>0</u>
Total Expenses	<u>220,702</u>	<u>220,702</u>	<u>147,970</u>	<u>72,732</u>
NET CHANGE IN FUND BALANCE	(82,306)	(82,306)	(10,993)	71,313
FUND EQUITY BEGINNING OF YEAR	124,112	124,112	124,112	0
Prior Year Encumbrances Appropriated	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$43,306</u>	<u>\$43,306</u>	<u>\$114,619</u>	<u>\$71,313</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*FIRE PENSION FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Property and Other Local Taxes	\$148,757	\$148,757	\$158,928	\$10,171
Intergovernmental	<u>15,804</u>	<u>15,804</u>	<u>16,347</u>	<u>543</u>
Total Revenues	<u>164,561</u>	<u>164,561</u>	<u>175,275</u>	<u>10,714</u>
EXPENDITURES:				
Security of Persons and Property	<u>622,658</u>	<u>632,658</u>	<u>618,818</u>	<u>13,840</u>
Total Expenditures	<u>622,658</u>	<u>632,658</u>	<u>618,818</u>	<u>13,840</u>
Excess of Revenues Over (Under) Expenditures	(458,097)	(468,097)	(443,543)	24,554
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(8,097)	(18,097)	6,457	24,554
FUND BALANCE BEGINNING OF YEAR	<u>31,723</u>	<u>31,723</u>	<u>31,723</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$23,626</u>	<u>\$13,626</u>	<u>\$38,180</u>	<u>\$24,554</u>

CITY OF WILLOUGHBY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL  
POLICE PENSION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	POSITIVE (NEGATIVE)
REVENUES:				
Property and Other Local Taxes	\$148,757	\$148,757	\$158,928	\$10,171
Intergovernmental	<u>15,804</u>	<u>15,804</u>	<u>16,347</u>	<u>543</u>
Total Revenues	<u>164,561</u>	<u>164,561</u>	<u>175,275</u>	<u>10,714</u>
EXPENDITURES:				
Security of Persons and Property	<u>580,260</u>	<u>580,260</u>	<u>568,169</u>	<u>12,091</u>
Total Expenditures	<u>580,260</u>	<u>580,260</u>	<u>568,169</u>	<u>12,091</u>
Excess of Revenues Over (Under) Expenditures	(415,699)	(415,699)	(392,894)	22,805
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>370,000</u>	<u>370,000</u>	<u>370,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>370,000</u>	<u>370,000</u>	<u>370,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(45,699)	(45,699)	(22,894)	22,805
FUND BALANCE BEGINNING OF YEAR	<u>55,981</u>	<u>55,981</u>	<u>55,981</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$10,282</u>	<u>\$10,282</u>	<u>\$33,087</u>	<u>\$22,805</u>

CITY OF WILLOUGHBY, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL  
 LAW ENFORCEMENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2002



	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Fines and Forfeitures	<u>\$500</u>	<u>\$23,000</u>	<u>\$23,655</u>	<u>\$655</u>
Total Revenues	<u>500</u>	<u>23,000</u>	<u>23,655</u>	<u>655</u>
EXPENDITURES:				
Security of Persons and Property	<u>5,000</u>	<u>10,000</u>	<u>7,647</u>	<u>2,353</u>
Total Expenditures	<u>5,000</u>	<u>10,000</u>	<u>7,647</u>	<u>2,353</u>
NET CHANGE IN FUND BALANCE	(4,500)	13,000	16,008	3,008
FUND BALANCE BEGINNING OF YEAR	<u>9,455</u>	<u>9,455</u>	<u>9,455</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$4,955</u>	<u>\$22,455</u>	<u>\$25,463</u>	<u>\$3,008</u>

CITY OF WILLOUGHBY, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL  
 RECREATION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2002



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	POSITIVE (NEGATIVE)
REVENUES:				
Property and Other Local Taxes	\$106,076	\$106,076	\$117,771	\$11,695
Intergovernmental	18,247	18,247	64,525	46,278
Charges for Services	203,000	203,000	213,295	10,295
Other	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>(2,000)</u>
Total Revenues	<u>329,323</u>	<u>329,323</u>	<u>395,591</u>	<u>66,268</u>
EXPENDITURES:				
Leisure Time Activities	<u>784,950</u>	<u>784,950</u>	<u>783,763</u>	<u>1,187</u>
Total Expenditures	<u>784,950</u>	<u>784,950</u>	<u>783,763</u>	<u>1,187</u>
Excess of Revenues Over (Under) Expenditures	(455,627)	(455,627)	(388,172)	67,455
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>370,000</u>	<u>370,000</u>	<u>370,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>370,000</u>	<u>370,000</u>	<u>370,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(85,627)	(85,627)	(18,172)	67,455
FUND BALANCE BEGINNING OF YEAR	110,201	110,201	110,201	0
Prior Year Encumbrances Appropriated	<u>258</u>	<u>258</u>	<u>258</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$24,832</u>	<u>\$24,832</u>	<u>\$92,287</u>	<u>\$67,455</u>

CITY OF WILLOUGHBY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL  
STREET CONSTRUCTION MAINTENANCE AND REPAIR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	676,500	676,500	691,306	14,806
Charges for Services	<u>400</u>	<u>400</u>	<u>980</u>	<u>580</u>
Total Revenues	<u>676,900</u>	<u>676,900</u>	<u>692,286</u>	<u>15,386</u>
EXPENDITURES:				
Transportation	<u>1,711,042</u>	<u>1,711,042</u>	<u>1,560,367</u>	<u>150,675</u>
Total Expenditures	<u>1,711,042</u>	<u>1,711,042</u>	<u>1,560,367</u>	<u>150,675</u>
Excess of Revenues Over (Under) Expenditures	(1,034,142)	(1,034,142)	(868,081)	166,061
OTHER FINANCING SOURCES (USES):				
Transfers In	865,000	865,000	865,000	0
Other	<u>2,000</u>	<u>2,000</u>	<u>2,936</u>	<u>936</u>
Total Other Financing Sources (Uses)	<u>867,000</u>	<u>867,000</u>	<u>867,936</u>	<u>936</u>
NET CHANGE IN FUND BALANCE	(167,142)	(167,142)	(145)	166,997
FUND BALANCE BEGINNING OF YEAR	234,957	234,957	234,957	0
Prior Year Encumbrances Appropriated	<u>1,756</u>	<u>1,756</u>	<u>1,756</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$69,571</u>	<u>\$69,571</u>	<u>\$236,568</u>	<u>\$166,997</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*STATE HIGHWAY FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$51,518</u>	<u>\$1,518</u>
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>51,518</u>	<u>1,518</u>
EXPENDITURES:				
Transportation	<u>65,883</u>	<u>65,883</u>	<u>65,883</u>	<u>0</u>
Total Expenditures	<u>65,883</u>	<u>65,883</u>	<u>65,883</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(15,883)	(15,883)	(14,365)	1,518
FUND BALANCE BEGINNING OF YEAR	<u>108,715</u>	<u>108,715</u>	<u>108,715</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$92,832</u>	<u>\$92,832</u>	<u>\$94,350</u>	<u>\$1,518</u>

CITY OF WILLOUGHBY, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL  
 CORPORATE MAINTENANCE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2002



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Special Assessments	<u>\$25,500</u>	<u>\$25,500</u>	<u>\$45,461</u>	<u>\$19,961</u>
Total Revenues	<u>25,500</u>	<u>25,500</u>	<u>45,461</u>	<u>19,961</u>
EXPENDITURES:				
Community Environment	<u>40,700</u>	<u>50,000</u>	<u>43,897</u>	<u>6,103</u>
Total Expenditures	<u>40,700</u>	<u>50,000</u>	<u>43,897</u>	<u>6,103</u>
NET CHANGE IN FUND BALANCE	(15,200)	(24,500)	1,564	26,064
FUND BALANCE BEGINNING OF YEAR	28,147	28,147	28,147	0
Prior Year Encumbrances Appropriated	<u>2,707</u>	<u>2,707</u>	<u>2,707</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$15,654</u>	<u>\$6,354</u>	<u>\$32,418</u>	<u>\$26,064</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*ENFORCEMENT AND EDUCATION FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$6,733</u>	<u>\$2,733</u>
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>6,733</u>	<u>2,733</u>
EXPENDITURES:				
Security of Persons and Property	<u>12,000</u>	<u>12,000</u>	<u>0</u>	<u>12,000</u>
Total Expenditures	<u>12,000</u>	<u>12,000</u>	<u>0</u>	<u>12,000</u>
NET CHANGE IN FUND BALANCE	(8,000)	(8,000)	6,733	14,733
FUND BALANCE BEGINNING OF YEAR	<u>12,167</u>	<u>12,167</u>	<u>12,167</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$4,167</u>	<u>\$4,167</u>	<u>\$18,900</u>	<u>\$14,733</u>

CITY OF WILLOUGHBY, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL  
 INDIGENT DRIVERS TREATMENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$37,000</u>	<u>\$37,000</u>	<u>\$40,180</u>	<u>\$3,180</u>
Total Revenues	<u>37,000</u>	<u>37,000</u>	<u>40,180</u>	<u>3,180</u>
EXPENDITURES:				
General Government	<u>50,000</u>	<u>50,000</u>	<u>32,000</u>	<u>18,000</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>32,000</u>	<u>18,000</u>
NET CHANGE IN FUND BALANCE	(13,000)	(13,000)	8,180	21,180
FUND BALANCE BEGINNING OF YEAR	<u>261,917</u>	<u>261,917</u>	<u>261,917</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$248,917</u>	<u>\$248,917</u>	<u>\$270,097</u>	<u>\$21,180</u>

CITY OF WILLOUGHBY, OHIO  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL  
COURT COMPUTER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Fines and Forfeitures	<u>\$210,000</u>	<u>\$210,000</u>	<u>\$226,118</u>	<u>\$16,118</u>
Total Revenues	<u>210,000</u>	<u>210,000</u>	<u>226,118</u>	<u>16,118</u>
EXPENDITURES:				
General Government	250,000	250,000	78,858	171,142
Capital Outlay	<u>0</u>	<u>0</u>	<u>2,577</u>	<u>(2,577)</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>81,435</u>	<u>168,565</u>
Excess of Revenues Over (Under) Expenditures	(40,000)	(40,000)	144,683	184,683
OTHER FINANCING SOURCES (USES):				
Other	<u>0</u>	<u>0</u>	<u>1,380</u>	<u>1,380</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,380</u>	<u>1,380</u>
NET CHANGE IN FUND BALANCE	(40,000)	(40,000)	146,063	186,063
FUND BALANCE BEGINNING OF YEAR	615,043	615,043	615,043	0
Prior Year Encumbrances Appropriated	<u>51</u>	<u>51</u>	<u>51</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$575,094</u>	<u>\$575,094</u>	<u>\$761,157</u>	<u>\$186,063</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL*  
*URBAN FOREST MANAGEMENT FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Charges for Services	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$9,475</u>	<u>(\$525)</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>9,475</u>	<u>(525)</u>
EXPENDITURES:				
Community Environment	<u>20,000</u>	<u>20,000</u>	<u>15,734</u>	<u>4,266</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>15,734</u>	<u>4,266</u>
NET CHANGE IN FUND BALANCE	(10,000)	(10,000)	(6,259)	3,741
FUND BALANCE BEGINNING OF YEAR	18,987	18,987	18,987	0
Prior Year Encumbrances Appropriated	<u>613</u>	<u>613</u>	<u>613</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$9,600</u>	<u>\$9,600</u>	<u>\$13,341</u>	<u>\$3,741</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*VICTIMS ASSISTANCE FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Intergovernmental	<u>\$20,865</u>	<u>\$20,865</u>	<u>\$27,819</u>	<u>\$6,954</u>
Total Revenues	<u>20,865</u>	<u>20,865</u>	<u>27,819</u>	<u>6,954</u>
EXPENDITURES:				
Security of Persons and Property	<u>43,560</u>	<u>43,560</u>	<u>42,373</u>	<u>1,187</u>
Total Expenditures	<u>43,560</u>	<u>43,560</u>	<u>42,373</u>	<u>1,187</u>
NET CHANGE IN FUND BALANCE	(22,695)	(22,695)	(14,554)	8,141
FUND BALANCE BEGINNING OF YEAR	<u>36,201</u>	<u>36,201</u>	<u>36,201</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$13,506</u>	<u>\$13,506</u>	<u>\$21,647</u>	<u>\$8,141</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*STREET LIGHTING FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Special Assessments	<u>\$429,413</u>	<u>\$429,413</u>	<u>\$468,418</u>	<u>\$39,005</u>
Total Revenues	<u>429,413</u>	<u>429,413</u>	<u>468,418</u>	<u>39,005</u>
EXPENDITURES:				
Security of Persons and Property	<u>500,000</u>	<u>500,000</u>	<u>463,551</u>	<u>36,449</u>
General Government	<u>18,000</u>	<u>18,000</u>	<u>14,693</u>	<u>3,307</u>
Total Expenditures	<u>518,000</u>	<u>518,000</u>	<u>478,244</u>	<u>39,756</u>
NET CHANGE IN FUND BALANCE	(88,587)	(88,587)	(9,826)	78,761
FUND BALANCE BEGINNING OF YEAR	<u>444,209</u>	<u>444,209</u>	<u>444,209</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$355,622</u>	<u>\$355,622</u>	<u>\$434,383</u>	<u>\$78,761</u>

CITY OF WILLOUGHBY, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL  
 FUTURE RETIREMENT RESERVE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2002



	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES:				
General Government	142,210	142,210	102,116	40,094
Security of Persons	200,000	200,000	49,911	150,089
Transportation	<u>50,000</u>	<u>50,000</u>	<u>26,619</u>	<u>23,381</u>
Total Expenditures	<u>392,210</u>	<u>392,210</u>	<u>178,646</u>	<u>213,564</u>
Excess of Revenues Over (Under) Expenditures	(392,210)	(392,210)	(178,646)	213,564
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>225,000</u>	<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>225,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(167,210)	(167,210)	46,354	213,564
FUND BALANCE BEGINNING OF YEAR	<u>205,670</u>	<u>205,670</u>	<u>205,670</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$38,460</u>	<u>\$38,460</u>	<u>\$252,024</u>	<u>\$213,564</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*RAILROAD GRADE CROSSING FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Fines and Forfeitures	<u>\$500</u>	<u>\$500</u>	<u>\$0</u>	<u>(\$500)</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>0</u>	<u>(500)</u>
EXPENDITURES:				
Security of Persons and Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	500	500	0	(500)
FUND BALANCE BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$500</u>	<u>\$500</u>	<u>\$0</u>	<u>(\$500)</u>

*CITY OF WILLOUGHBY, OHIO*  
*SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES*  
*IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL*  
*SPECIAL ASSESSMENT FUND*  
*FOR THE YEAR ENDED DECEMBER 31, 2002*



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Special Assessments	\$450,000	\$450,000	\$426,697	(\$23,303)
Interest Income	<u>600</u>	<u>600</u>	<u>221</u>	<u>(379)</u>
Total Revenues	<u>450,600</u>	<u>450,600</u>	<u>426,918</u>	<u>(23,682)</u>
EXPENDITURES:				
General Government	20,000	20,000	13,075	6,925
Debt Service				
Principal	337,403	337,403	337,403	0
Interest	<u>99,901</u>	<u>99,901</u>	<u>99,901</u>	<u>0</u>
Total Expenditures	<u>457,304</u>	<u>457,304</u>	<u>450,379</u>	<u>6,925</u>
NET CHANGE IN FUND BALANCE	(6,704)	(6,704)	(23,461)	(16,757)
FUND BALANCE BEGINNING OF YEAR	<u>524,750</u>	<u>524,750</u>	<u>524,750</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$518,046</u>	<u>\$518,046</u>	<u>\$501,289</u>	<u>(\$16,757)</u>

CITY OF WILLOUGHBY, OHIO  
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL  
 WORKERS' COMPENSATION FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		POSITIVE (NEGATIVE)
REVENUES:				
Interest Income	<u>\$13,000</u>	<u>\$13,000</u>	<u>\$12,431</u>	(\$569)
Total Revenues	<u>13,000</u>	<u>13,000</u>	<u>12,431</u>	(569)
EXPENSES:				
Other	<u>50,000</u>	<u>50,000</u>	<u>22,618</u>	<u>27,382</u>
Total Expenses	<u>50,000</u>	<u>50,000</u>	<u>22,618</u>	<u>27,382</u>
NET CHANGE IN FUND BALANCE	(37,000)	(37,000)	(10,187)	26,813
FUND EQUITY BEGINNING OF YEAR	<u>688,913</u>	<u>688,913</u>	<u>688,913</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$651,913</u>	<u>\$651,913</u>	<u>\$678,726</u>	<u>\$26,813</u>

CITY OF WILLOUGHBY, OHIO  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL  
 CEMETERY CARE FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2002



	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Miscellaneous	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$8,520</u>	<u>\$3,520</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>8,520</u>	<u>3,520</u>
FUND BALANCE BEGINNING OF YEAR	<u>159,163</u>	<u>159,163</u>	<u>159,163</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$164,163</u>	<u>\$164,163</u>	<u>\$167,683</u>	<u>\$3,520</u>

*Asset Schedules*

*Capital Assets Used in the Operation of Governmental Funds*

*CITY OF WILLOUGHBY, OHIO*  
*CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS*  
*COMPARATIVE SCHEDULE BY SOURCE*  
*DECEMBER 31, 2002 AND 2001*

	<u>2002</u>	<u>2001</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	\$6,018,680	\$5,802,766
Building	13,691,786	13,261,533
Improvements	14,955,345	13,958,645
Machinery and Equipment	9,927,950	9,375,178
Infrastructure	27,301,085	26,309,909
Construction in Progress	<u>1,646,923</u>	<u>2,369,299</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$73,541,769</u>	<u>\$71,077,330</u>
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
General Fund	\$1,936,567	\$1,929,343
Special Revenue Funds	1,329,908	1,329,289
Grant Funds	34,941	33,512
Capital Projects Fund	50,446,165	48,007,863
Donations	16,987,212	16,970,347
Special Assessments Fund	<u>2,806,976</u>	<u>2,806,976</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$73,541,769</u>	<u>\$71,077,330</u>

CITY OF WILLOUGHBY, OHIO  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 DECEMBER 31, 2002

	TOTAL	LAND	BUILDINGS	IMPROVEMENTS	MACHINERY AND EQUIPMENT		CONSTRUCTION
					INFRASTRUCTURE	IN PROGRESS	
<b>GENERAL GOVERNMENT</b>							
Legislative	\$1,437	\$0	\$0	\$0	\$1,437	\$0	\$0
Mayor	44,151	0	0	0	44,151	0	0
Legal	6,657	0	0	0	6,657	0	0
Personnel	4,577	0	0	0	4,577	0	0
Civil Service	3,781	0	0	0	3,781	0	0
Public Works Administration	134,949	3,820	0	0	131,129	0	0
Municipal Court	750,271	0	4,556	123,826	561,895	0	59,994
Vehicle Maintenance	178,577	0	0	0	178,577	0	0
Finance	107,330	0	0	2,510	104,820	0	0
Lands & Buildings	844,316	0	595,211	145,079	104,026	0	0
General Admin. Support	<u>2,665,339</u>	<u>1,058,130</u>	<u>1,276,601</u>	<u>22,177</u>	<u>287,753</u>	<u>0</u>	<u>20,678</u>
TOTAL	<u>4,741,385</u>	<u>1,061,950</u>	<u>1,876,368</u>	<u>293,592</u>	<u>1,428,803</u>	<u>0</u>	<u>80,672</u>
<b>SECURITY OF PERSONS AND PROPERTY</b>							
Police Law Enforcement	4,170,852	22,360	1,823,731	146,647	2,173,866	0	4,248
Fire Control	<u>9,752,868</u>	<u>179,280</u>	<u>6,713,134</u>	<u>19,628</u>	<u>2,840,826</u>	<u>0</u>	<u>0</u>
TOTAL	<u>13,923,720</u>	<u>201,640</u>	<u>8,536,865</u>	<u>166,275</u>	<u>5,014,692</u>	<u>0</u>	<u>4,248</u>
<b>PUBLIC HEALTH AND WELFARE</b>							
Cemetery	<u>359,400</u>	<u>115,495</u>	<u>25,824</u>	<u>44,320</u>	<u>173,761</u>	<u>0</u>	<u>0</u>
TOTAL	<u>359,400</u>	<u>115,495</u>	<u>25,824</u>	<u>44,320</u>	<u>173,761</u>	<u>0</u>	<u>0</u>
<b>COMMUNITY ENVIRONMENT</b>							
Building & Zoning	103,260	0	0	1,671	101,589	0	0
Economic Development	<u>77,410</u>	<u>0</u>	<u>0</u>	<u>70,084</u>	<u>7,326</u>	<u>0</u>	<u>0</u>
TOTAL	<u>180,670</u>	<u>0</u>	<u>0</u>	<u>71,755</u>	<u>108,915</u>	<u>0</u>	<u>0</u>
<b>LEISURE TIME</b>							
Administration	347,058	66,632	221,990	1,078	57,358	0	0
Recreation Programs	36,709	0	0	0	36,709	0	0
Senior Citizens	219,984	0	15,958	19,828	184,198	0	0
Parks & Playgrounds	3,675,823	315,452	931,173	1,826,957	568,609	24,139	9,493
Swimming Facilities	<u>3,089,484</u>	<u>0</u>	<u>70,800</u>	<u>2,895,454</u>	<u>115,731</u>	<u>0</u>	<u>7,499</u>
TOTAL	<u>7,369,058</u>	<u>382,084</u>	<u>1,239,921</u>	<u>4,743,317</u>	<u>962,605</u>	<u>24,139</u>	<u>16,992</u>
<b>TRANSPORTATION</b>							
Street Maint. & Repair	30,145,174	4,220,621	1,798,386	820,086	2,078,136	19,683,901	1,544,044
Traffic Signs & Signals	<u>1,731,640</u>	<u>4,260</u>	<u>85,802</u>	<u>0.00</u>	<u>145,838</u>	<u>1,495,740</u>	<u>0</u>
TOTAL	<u>31,876,814</u>	<u>4,224,881</u>	<u>1,884,188</u>	<u>820,086</u>	<u>2,223,974</u>	<u>21,179,641</u>	<u>1,544,044</u>
<b>BASIC UTILITY SERVICE</b>							
Storm Water - Collection	14,934,622	20,350	0	8,816,000	0	6,097,305	967
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>	<u>0</u>
TOTAL	<u>15,090,722</u>	<u>32,630</u>	<u>128,620</u>	<u>8,816,000</u>	<u>15,200</u>	<u>6,097,305</u>	<u>967</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u>\$73,541,769</u>	<u>\$6,018,680</u>	<u>\$13,691,786</u>	<u>\$14,955,345</u>	<u>\$9,927,950</u>	<u>\$27,301,085</u>	<u>\$1,646,923</u>

CITY OF WILLOUGHBY, OHIO  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	GOVERNMENTAL FUNDS CAPITAL ASSETS			GOVERNMENTAL FUNDS CAPITAL ASSETS
	1/1/2002	ADDITIONS	DELETIONS	12/31/2002
<b>GENERAL GOVERNMENT</b>				
Legislative	\$1,490	\$1,437	(\$1,490)	\$1,437
Mayor	45,263	1,437	(2,549)	44,151
Legal	6,511	5,311	(5,165)	6,657
Personnel	4,577	0	0	4,577
Civil Service	2,344	1,437	0	3,781
Public Works Administration	161,266	4,497	(30,814)	134,949
Municipal Court	722,631	31,565	(3,925)	750,271
Vehicle Maintenance	119,083	59,494	0	178,577
Finance	104,001	14,489	(11,160)	107,330
Lands & Buildings	841,157	7,698	(4,539)	844,316
General Admin. Support	<u>2,473,653</u>	<u>191,686</u>	<u>0</u>	<u>2,665,339</u>
TOTAL	<u>4,481,976</u>	<u>319,051</u>	<u>(59,642)</u>	<u>4,741,385</u>
<b>SECURITY OF PERSONS AND PROPERTY</b>				
Police Law Enforcement	3,985,442	388,626	(203,216)	4,170,852
Fire Control	<u>9,566,069</u>	<u>416,281</u>	<u>(229,482)</u>	<u>9,752,868</u>
TOTAL	<u>13,551,511</u>	<u>804,907</u>	<u>(432,698)</u>	<u>13,923,720</u>
<b>PUBLIC HEALTH AND WELFARE</b>				
Cemetery	<u>336,740</u>	<u>37,946</u>	<u>(15,286)</u>	<u>359,400</u>
TOTAL	<u>336,740</u>	<u>37,946</u>	<u>(15,286)</u>	<u>359,400</u>
<b>COMMUNITY ENVIRONMENT</b>				
Building & Zoning	98,665	12,185	(7,590)	103,260
Economic Development	<u>77,491</u>	<u>2,949</u>	<u>(3,030)</u>	<u>77,410</u>
TOTAL	<u>176,156</u>	<u>15,134</u>	<u>(10,620)</u>	<u>180,670</u>
<b>LEISURE TIME</b>				
Administration	346,347	4,311	(3,600)	347,058
Recreation Programs	36,709	0	0	36,709
Senior Citizens	200,708	20,766	(1,490)	219,984
Parks & Playgrounds	3,422,846	367,668	(114,691)	3,675,823
Swimming Facilities	<u>3,080,085</u>	<u>9,399</u>	<u>0</u>	<u>3,089,484</u>
TOTAL	<u>7,086,695</u>	<u>402,144</u>	<u>(119,781)</u>	<u>7,369,058</u>
<b>TRANSPORTATION</b>				
Street Maint. & Repair	28,744,956	2,961,764	(1,561,546)	30,145,174
Traffic Signs & Signals	<u>1,609,541</u>	<u>123,203</u>	<u>(1,104)</u>	<u>1,731,640</u>
TOTAL	<u>30,354,497</u>	<u>3,084,967</u>	<u>(1,562,650)</u>	<u>31,876,814</u>
<b>BASIC UTILITY SERVICE</b>				
Storm Water - Collection	14,933,655	190,073	(189,106)	14,934,622
Solid Waste - Collection	<u>156,100</u>	<u>0</u>	<u>0</u>	<u>156,100</u>
TOTAL	<u>15,089,755</u>	<u>190,073</u>	<u>(189,106)</u>	<u>15,090,722</u>
<b>TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS</b>	<u>\$71,077,330</u>	<u>\$4,854,222</u>	<u>(\$2,389,783)</u>	<u>\$73,541,769</u>

STATISTICAL  
*Information*



A BEAUTIFUL PLACE TO  
*Play*

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

<u>YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>SECURITY OF PERSONS &amp; PROPERTY</u>	<u>PUBLIC HEALTH &amp; WELFARE</u>	<u>LEISURE TIME ACTIVITIES</u>	<u>COMMUNITY ENVIRONMENT</u>	<u>TRANSPORTATION</u>	<u>BASIC UTILITY SERVICES</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
1993	\$5,741,331	\$5,424,988	\$193,381	\$687,237	\$430,768	\$872,214	\$761,810	\$2,676,407	\$16,788,136
1994	\$6,187,765	\$6,374,043	\$208,861	\$788,361	\$518,722	\$1,047,732	\$790,924	\$3,394,682	\$19,311,090
1995	\$5,835,266	\$6,180,566	\$208,814	\$863,977	\$561,518	\$1,112,322	\$841,938	\$2,604,839	\$18,209,240
1996	\$5,836,472	\$6,534,718	\$205,281	\$930,669	\$545,954	\$1,151,561	\$742,993	\$3,834,239	\$19,781,887
1997	\$5,982,844	\$6,908,466	\$233,268	\$1,064,425	\$653,254	\$1,200,164	\$803,152	\$3,316,632	\$20,162,205
1998	\$5,858,354	\$6,959,434	\$248,499	\$1,093,118	\$624,382	\$984,836	\$860,534	\$2,891,394	\$19,520,551
1999	\$6,196,063	\$8,018,149	\$261,344	\$1,165,211	\$707,381	\$1,239,257	\$784,543	\$4,662,325	\$23,034,273
2000	\$7,761,648	\$8,573,790	\$282,611	\$1,301,193	\$636,717	\$1,366,847	\$858,730	\$9,129,477	\$29,911,013
2001	\$5,136,145	\$10,028,770	\$317,099	\$1,614,383	\$776,451	\$1,485,855	\$856,023	\$4,015,432	\$24,230,158
2002 *	\$5,962,383	\$11,538,823	\$360,111	\$2,017,390	\$906,903	\$2,892,787	\$1,541,443	\$ 0	\$25,219,840

Includes all Governmental Type Funds.

Does not include Debt Service principal or interest.

\* 2002 expenditures are full accrual amounts. Capital Outlay of \$2,877,147 has been allocated to the functions. All prior years presented are modified statement amounts.

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

<u>YEAR</u>	<u>MUNICIPAL INCOME TAX</u>	<u>PROPERTY LOCAL TAXES &amp; INTERGOVERNMENTAL</u>	<u>CHARGES FOR SERVICES</u>	<u>SPECIAL ASSESSMENTS</u>	<u>FINES &amp; FORFEITURES LIC. &amp; PERMITS</u>	<u>INTEREST</u>	<u>MISC.</u>	<u>TOTAL</u>
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
2002 *	\$13,287,833	\$7,835,034	\$546,521	\$522,288	\$2,228,379	\$753,337	\$219,719	\$25,393,111

Includes All Governmental Type Funds

\*2002 revenues are full accrual amounts. All prior years are modified accrual amounts.

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

<u>TAX YEAR</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>
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	\$1,919,896	98%
2001-2002	\$2,042,246	\$1,940,284	95%	\$61,636	\$2,103,882	103%

Source: Lake County Auditor's Office

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

<b><u>YEAR PAID</u></b>	<b><u>AMOUNT</u> *</b>
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
2002	\$767,746
UNCOLLECTED AS OF 12-31-02	\$91,113

Source: Lake County Auditor's Office

\* Not including \$10,000 Exempt

**CITY OF WILLOUGHBY, OHIO  
 ASSESSED VALUATIONS AND 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 &amp; PUBLIC UTILITY PROPERTY</u>	<u>TANGIBLE PERSONAL PROPERTY</u>	<u>ASSESSED TOTAL</u>
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
2001	2002	\$278,452,040	\$181,886,770	\$100,628,958	\$560,967,768

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>
1992	1993	\$468,812,686
1993	1994	\$478,469,514
1994	1995	\$534,426,743
1995	1996	\$546,200,086
1996	1997	\$559,235,400
1997	1998	\$665,702,077
1998	1999	\$676,051,267
1999	2000	\$685,695,657
2000	2001	\$777,224,023
2001	2002	\$795,576,462

**CITY OF WILLOUGHBY, OHIO  
PROPERTY TAX RATES - DIRECT AND 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>
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
2001	2002	15.70	47.07(2)	6.91	69.68	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

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

<u>YEAR</u>	<u>AMOUNT</u>
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
2002	\$1,000,035
Uncollected as of 12/31/2002(1)	\$63,997

(1) Includes penalty and interest

Source: Lake County Auditor's Office

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

<b>TAX YEAR</b>	<b>YEAR PAID</b>	<b>BONDED DEBT (NOTE 1)</b>	<b>NET BONDED DEBT</b>	<b>ASSESSED VALUE (NOTE 3)</b>	<b>POPULATION (NOTE 2)</b>	<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	<b>NET BONDED DEBT PER CAPITA</b>
1992	1993	\$11,295,503	\$7,602,472	\$367,571,575	21,271	2.07%	357
1993	1994	\$10,183,708	\$6,842,457	\$369,133,458	21,271	1.85%	322
1994	1995	\$9,845,914	\$6,387,594	\$392,334,190	21,271	1.63%	300
1995	1996	\$12,264,119	\$10,894,119	\$401,097,377	21,271	2.72%	512
1996	1997	\$11,333,325	\$8,592,565	\$420,780,184	21,734	2.04%	395
1997	1998	\$10,396,530	\$8,022,550	\$461,973,912	21,734	1.74%	369
1998	1999	\$15,524,735	\$13,517,535	\$483,183,769	21,494	2.80%	629
1999	2000	\$14,430,071	\$12,784,719	\$488,791,727	22,621	2.62%	565
2000	2001	\$13,390,023	\$12,082,073	\$546,749,489	22,621	2.21%	534
2001	2002	\$12,314,301	\$11,343,754	\$560,967,768	22,621	2.02%	501

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. Page S5 Assessed Valuations and True Estimated Values last ten years.

**CITY OF WILLOUGHBY, OHIO  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2002**

	<u>2002</u>	<u>2001</u>
Overall Debt Limitation - 10.5% of Assessed Valuation	\$ 58,901,616	\$ 57,408,696
Gross Indebtedness	\$ 26,498,537	\$ 21,318,686
Less: OWDA	\$ (5,777,083)	\$ (5,261,783)
OPWC	\$ (376,455)	\$ (386,905)
Unvoted Special Assessment Note & Bond	\$ (5,065,547)	\$ (1,309,229)
Sewer System Debt	\$ (684,476)	\$ (752,923)
Recreation	\$ (3,150,000)	\$ (1,500,000)
	<u>\$ (15,053,561)</u>	<u>\$ (9,210,840)</u>
Net Debt Within 10.5% Limitations	\$ 11,444,976	\$ 12,107,846
Legal Debt Margin Within 10.5% Limitation*	<u>\$ 47,456,640</u>	<u>\$ 45,300,850</u>
Unvoted Debt Limitation - 5.5% of Assessed Valuation	<u>\$ 30,853,227</u>	<u>\$ 30,071,222</u>
Gross Indebtedness Authorized by Council	\$ 11,343,754	\$ 11,902,846
Less Debt Outside Limitations (Voted)	<u>\$ (5,940,000)</u>	<u>\$ (6,160,000)</u>
Debt Within 5.5% Limitations	<u>\$ 5,403,754</u>	<u>\$ 5,742,846</u>
Legal Debt Margin Within 5.5% Limitation*	<u>\$ 25,449,473</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, 2002  
 (UNAUDITED)**

	<b>ASSESSED VALUATION (1)</b>	<b>NET GENERAL TAX SUPPORTED DEBT (2)</b>	<b>PERCENT OVERLAPPING</b>	<b>AMOUNT APPLICABLE TO CITY OF WILLOUGHBY</b>
<b>Direct:</b>				
City of Willoughby	\$560,967,768	<u>\$11,343,754</u>	100.00%	<u>\$11,343,754</u>
<b>Overlapping:</b>				
Willoughby-Eastlake City Schools	\$1,495,391,734	\$2,410,000	37.51%	\$903,991
Lake County	\$5,458,356,425	<u>\$16,880,000</u>	10.28%	<u>\$1,735,264</u>
Total Overlapping		<u>\$19,290,000</u>		<u>\$2,639,255</u>
<b>Total</b>		<u><b>\$30,633,754</b></u>		<u><b>\$13,983,009</b></u>

Sources: (1) Lake County Auditor's Office

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

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

<u>YEAR</u>	<u>DEBT SERVICE PRINCIPAL ON GENERAL OBLIGATIONS DEBT</u>	<u>GENERAL GOVERNMENTAL EXPENDITURES</u>	<u>RATIO</u>
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	3.51%
2000	\$728,625	\$29,911,013	2.44%
2001	\$718,320	\$24,230,158	2.96%
2002	\$738,320	\$25,219,840	2.93%

**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</u>	<u>PERSONS PER/OWNER</u>	<u>OWNER OCCUPIED HOUSING UNITS (%)</u>	<u>MEDIAN INCOME</u>	<u>OCCUPIED COUNTY POPULATION</u>
1960	15,058	NA	4,501	4,276	3.50	79.6	\$7,486	148,700
1970	18,634	NA	5,995	5,878	3.20	66.3	\$12,048	197,200
1980	19,329	5	7,749	7,434	2.58	62.8	\$23,912	212,801
1990	20,510	264	8,969	8,732	2.58	61.4	\$38,980	215,499
2000	22,621	351	10,700	10,265	2.40	59.8	\$43,387	227,511

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

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

<b><u>FISCAL YEAR</u></b>	<b><u>BANK DEPOSITS AT DECEMBER 31 (1)</u></b>	<b><u>BUILDING PERMITS ISSUED (2)</u></b>	<b><u>REGISTERED VOTERS NOVEMBER ELECTION (3)</u></b>
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
2002	\$95,760,917,000	\$33,813,587	14,737

Sources: 1. Federal Reserve Bank of Cleveland

2. Willoughby Building Department

3. Lake County Board of Elections

**CITY OF WILLOUGHBY, OHIO  
PRINCIPAL TAXPAYERS  
2002**

<u>TAXPAYER</u>	<u>DESCRIPTION</u>	<u>REAL PROPERTY TAXABLE VALUATION</u>	<u>% OF TOTAL PROPERTY TAXABLE VALUATION</u>
<b><u>Real Property</u></b>			
Tam-A-Rac Estates	Apartments	5,975,420	1.07%
First Interstate	Real Estate Investors/Developers	5,687,280	1.01%
Ohio Presbyterian	Sr. Citizens Ret. Facility	4,336,560	0.77%
Kirtland Country Club	Private Club	4,282,130	0.76%
Sam's Investment Inc.	Motel	3,341,740	0.60%
Friedman Properties LTD	Multi-Family Bldgs.	2,506,690	0.45%
West Point Partners	Shopping Center	2,480,600	0.44%
Pine Ridge Apt. Co II LTD	Apartment Building	2,411,500	0.43%
GE Quartz	Industrial	2,373,370	0.42%
Kaiser Foundation	Medical Building	2,353,220	0.42%
<b><u>Personal Property</u></b>			
Nupro	Valves and Pipe Fittings	12,451,080	2.22%
Metal Seals & Products	Screw Machining Products	4,775,470	0.85%
GE Quartz Inc.	Industrial Quartz Plant	2,967,440	0.53%
Ekohwerks Co.	Finishing	2,920,160	0.52%
Steel Technologies Corp.	Steel Warehouse	2,681,210	0.48%
Bob Krihwan Pontiac	Automotive Dealer	2,371,360	0.42%
Accurate Metal Machine	Bar Stock Production	2,093,070	0.37%
Willow Hill Industries	Mfg of Tubular Forgings	2,080,890	0.37%
Universal Screw Machine	Machine Shop	1,926,880	0.34%
Leiken Oldsmobile Inc.	Automobile Dealership	1,808,330	0.32%
Stoddard Imported Cars Inc.	Automotive Dealer	1,716,600	0.31%
Bud Industries Inc.	Electrical Enclosures Mfg.	1,511,670	0.27%
<b><u>Public Utility (Real and Tangible Personal)</u></b>			
Cleveland Electric Illuminating	Electric	8,588,980	1.53%
Ohio Bell Telephone	Telephone	6,284,040	1.12%
American Transmission System	Electric	1,038,780	0.19%
CSX Transportation	Railroad	435,080	0.08%
East Ohio Gas	Natural Gas	367,770	0.07%
Norfolk & Southern	Railroad	158,340	0.03%
Level 3 Communications	Telecommunications	151,710	0.03%
Global Crossing	Telecommunications	113,160	0.02%
Ohio Telephone & Telegraph	Telephone	91,650	0.02%
Sprint	Telecommunications	85,340	0.02%
Total of Above		92,367,520	16.48%
Total Property Values		\$560,967,768	100.00%

Based on Valuation of Property for Taxes to be collected in 2002

Source: Lake County Auditor's Office

**CITY OF WILLOUGHBY, OHIO  
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2002**

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	2920

**Fire Protection:**

Number of Stations	2
Number of Firefighters and Officers (Exclusive of Volunteer Firefighters)	42

**Police Protection:**

Number of Stations	1
Number of Police Officers	45

**Hospitals:**

Lake West Hospital	223 Beds
Laurelwood 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

**CITY OF WILLOUGHBY, OHIO  
SALARIES OF PRINCIPAL OFFICIALS  
DECEMBER 31, 2002**

<u>Title</u>	<u>Annual Salary</u>
Mayor and Safety Director	\$76,500
President of City Council	\$7,200
Council Members	\$6,000
Director of Public Service	\$76,686
Director of Finance	\$75,140
Director of Parks and Recreation	\$65,912
Judge of Municipal Court	\$63,250
Clerk of Court	\$81,689
Chief of Police	\$92,740
Chief of Fire	\$88,059

**SURETY BOND COVERAGE  
DECEMBER 31, 2002**

<u>POSITION</u>	<u>COVERAGE</u>	<u>Amount</u>
Director of Finance	Public Official Bond American Alternative Insurance Corporation	\$40,000
All Employees	Public Employee Dishonesty Blanket Bond CNA Insurance Co. (National Fire Ins. Co. of Hartford)	\$100,000



THE CITY OF WILLOUGHBY  
*A Beautiful Place*

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# **City Of Willoughby, Ohio**

**DECEMBER 31, 2002**

**CITY OF WILLOUGHBY, OHIO**

**FOR THE YEAR ENDED DECEMBER 31, 2002**

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CIUNI & PANICHI  
INC.

CERTIFIED PUBLIC ACCOUNTANTS  
AND BUSINESS CONSULTING FIRM

a C&P Advisors Company

Report On Compliance And On Internal Control Over  
Financial Reporting Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

To the Members of the Finance Committee 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, 2002, and have issued our report thereon dated April 28, 2003 in which the City adopted Governmental Accounting Board Statements 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. 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 02-1.

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 over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
April 28, 2003



# **CITY OF WILLOUGHBY, OHIO**

## SCHEDULE OF FINDINGS

**DECEMBER 31, 2002**

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### 1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
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

- 02-1 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, 2002**

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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, 2001.

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, 2002

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
02-1	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



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**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 5, 2003**