CITY OF WILLOUGHBY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006



Mary Taylor, CPA Auditor of State

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 James G. Zupka, CPA, Inc., for the audit period January 1, 2006 through December 31, 2006. 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.

Mary Taylor, CPA
Auditor of State

June 21, 2007



CITY OF WILLOUGHBY, OHIO AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2006

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants 5240 East 98th Street Garfield Hts., Ohio 44125

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Ohio Society of Certified Public Accountants

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

To the Members of City Council City of Willoughby, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willoughby, Lake County, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 11, 2007. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exits when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the City in a separate letter dated May 11, 2007.

This report is intended solely for the information and use of management, the audit committee and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

James G. Zupka, CPA, Inc. Certified Public Accountants

May 11, 2007



THE CITY OF WILLOUGHBY

2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED DECEMBER 31, 2006

2006

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2006

The City of Willoughby, Ohio

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

<u>Director of Finance</u> Raymond J. Rogowski, CGFM

Deputy Finance Director Diane C. Bosley, CPA

Staff Accountant Cher Hoffman

<u>Secretary</u> Mia Cicirello

<u>Finance Staff</u>
Nancy Kukoleck
Christine Pedersen
Martha Schneider
Debbie Schreibman
Shawn Wilson



The City of

Willoughby, Ohio

Comprehensive Annual Financial Report For the Year Ended December 31, 2006

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City Of Willoughby

David E. Anderson Mayor and Safety Director

May 25, 2007

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, 2006, is hereby submitted. State law requires that all public offices shall file a financial report for each fiscal year. The law also requires that the report be submitted within one hundred fifty days of the close of the fiscal year.

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

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

The City's financial statements have been audited by James G. Zupka, CPA, 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 for the year ended December 31, 2006, 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's financial statements for the fiscal year ended December 31, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The Village of Willoughby was incorporated in 1853 under laws of the State of Ohio. On June 19, 1951, a voter-approved charter became effective establishing the City of Willoughby and a Mayor-Council form of government. The City is 9.9 square miles and serves a population of 22,621. 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 that they do not conflict with applicable general laws.

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

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

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

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

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

The City of Willoughby maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. 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 also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Budget-to-actual comparisons are provided in this report for each individual fund for which an appropriated annual budget has been adopted.

LOCAL ECONOMY

The City's economic base is highly diversified. Willoughby is home to the eighth largest number of manufacturing firms in the State of Ohio. The City is home to companies such as General Electric, Metal Seal & Products and Universal Screw.

In addition to our significant manufacturing base the City is also home to Lake Hospital System which has managed to remain an independent hospital system while establishing partnerships with the world renowned Cleveland Clinic for Heart Surgery and University Hospital System of Cleveland for world class cancer care.

The City also offers a full compliment of commercial areas and retail establishments as well as a vital historic downtown. The City has several new residential construction projects ranging from condominiums to stand alone houses with valuations of \$185,000 to \$450,000 exclusive of land costs which in many cases exceed \$100,000. These new developments compliment our existing neighborhoods and business areas.

MAJOR INITIATIVES

The City began operating its Municipal Court in a new building in January of 2006. The court staff began service in the over 30,000 square foot facility. This building is located at the northwest corner of the City's historic downtown. This project was completed with the cooperation and combined efforts of the Administration, City Council and Judge Larry Allen of the Willoughby Municipal Court. Court operation costs are shared with other entities which are part of the Municipal Court District by a formula mandated by the Ohio Revised Code. The new building will increase some operating costs in regards to utilities but no significant increase in personnel is anticipated.

The City requested from the voters and received approval of a 2 mill road levy. This levy will raise approximately \$1.2 million dollars on an annual basis beginning in 2007. This new levy will enable the City to spend the proceeds on road repairs and rehabilitation.

The City completed the Pelton/Erie Road and bridge project. The Mentor Avenue widening project began in 2006 and completion is expected in summer 2007. The City has started construction in early 2007 on the Lakeshore Boulevard Force Main and the River Road Sanitary Sewer project is planned for late 2007.

RELEVANT FINANCIAL POLICIES

Previous union contracts expired on March 31, 2007. The contracts included an employee contribution of 8% of the total health care cost on a bi-weekly basis. The City entered negotiations in 2007 and completed all bargaining unit agreements before their expiration. The new contracts call for an increase in wages as well as a 10% contribution of health care costs on a bi-weekly basis. The new union contracts are in effect until March 2010.

LONG TERM FINANCIAL PLANNING

In 2006, the City prepared a 5 year forecast for the major operations of the City as well as a 10 year Capital Improvement Plan. This resulted in the request of the voters for a 2 mill levy for road & bridge improvements. The levy was successful and will relieve significant pressure on the City's main source of revenue, municipal income tax, which can be used for operations and other capital purposes.

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, 2005. This was the 20th consecutive year that the City of

Willoughby has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City of Willoughby published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

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

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

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

Respectfully submitted,

Raymond J. Rogowski, CGFM

Diane C Booley

Finance Director

Diane C. Bosley, CPA Deputy Finance Director

ENRICHED BY ITS HISTORY

Prepared for its Future

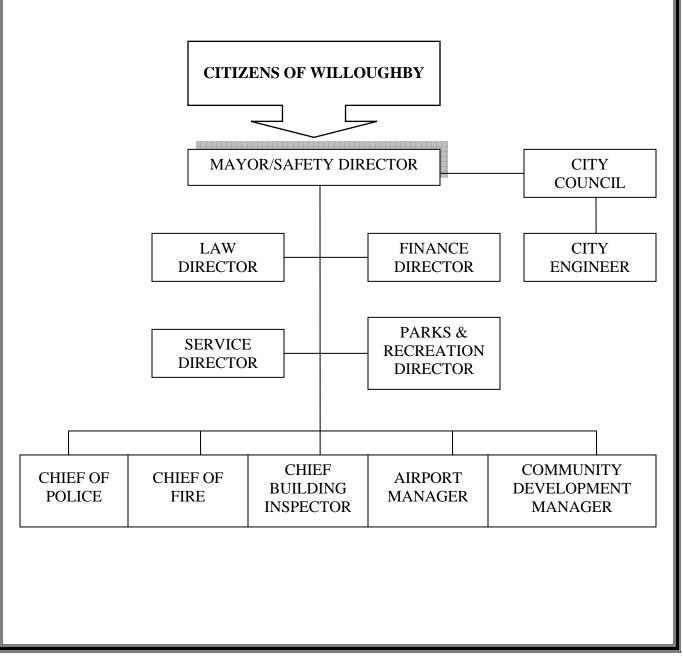




THE CITY OF WILLOUGHBY

ORGANIZATIONAL CHART

The City of Willoughby, Ohio



ELECTED & APPOINTED OFFICIALS

The City of Willoughby, Ohio

Mayor
David E. Anderson

CITY COUNCIL

Ward 4
Charles W. Cox / President

Ward 1 Christopher W. Woodin

Ward 2
Robert A. Fiala

Ward 3 **Jerome P. Ranally**

Ward 5
Karen T. Manning

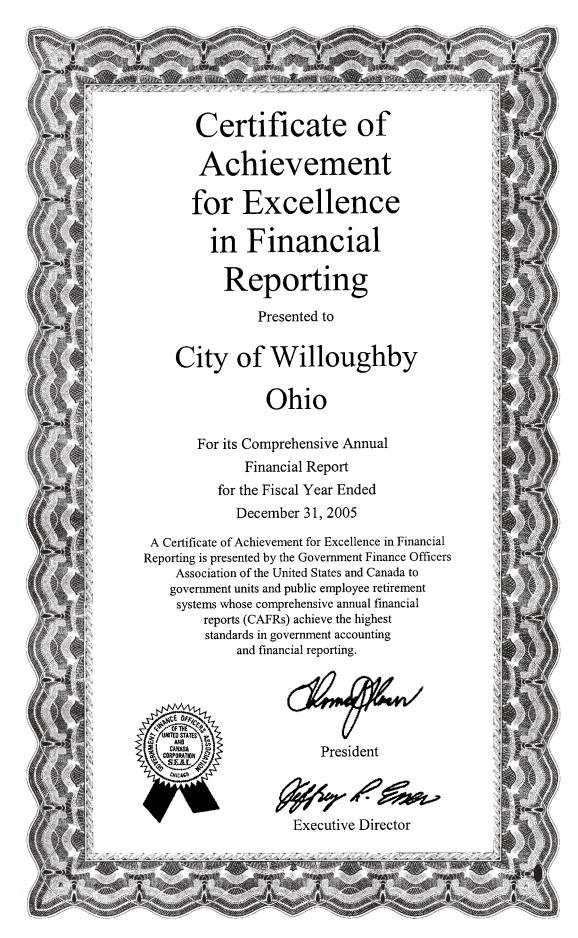
Ward 6 Robert J. Harrold

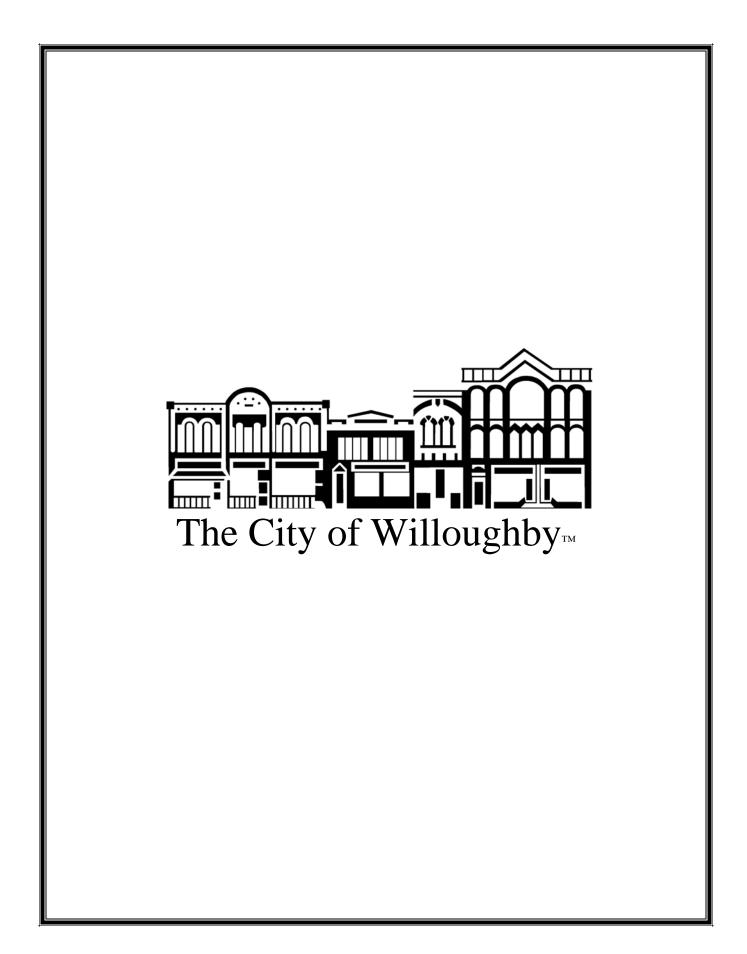
Councilman-At-Large
Jeffrey H. Black

Director of Finance Raymond J. Rogowski Director of Public Service Angelo Tomaselli

Director of
Parks & Recreation
Brian L. Katz

Director of Law John W. Wiles





FINANCIAL

Information





THE CITY OF WILLOUGHBY

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants 5240 East 98th Street Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Members of City Council City of Willoughby, Ohio The Honorable Mary Taylor Auditor of State State of 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, Lake County, Ohio, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Willoughby, Ohio's management. Our responsibility is to express opinions 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 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 Willougby, Lake County, Ohio, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2007, on our consideration of the City of Willoughby, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Willoughby, Ohio's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

James G. Zupka, CPA, Inc.
Certified Public Accountants

May 11, 2007

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, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the transmittal letter, financial statements and the notes to those financial statements to enhance their understanding of the City's performance.

Financial Highlights

The assets of the City of Willoughby exceeded liabilities by \$92,393,894. Assets in Governmental activities exceeded liabilities by \$59,497,090 and \$32,896,804 in Business-Type activities.

Total liabilities of the City of Willoughby decreased \$1,066,195 as compared to 2005. Total liabilities of governmental activities increased by \$165,323 and total liabilities of business type-activities decreased by \$1,231,518.

The total unrestricted fund balance of the City is \$3,456,247, a decrease of \$1,763,564 from 2005.

Long term liabilities of the City decreased by \$2,401,997.

The overall financial condition of the City did not materially change from 2005 to 2006.

Using This Annual Financial Report

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

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

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

The statement of net assets presents information on all the City'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. The internal service fund was closed out in 2006.

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

The General fund is the government's primary operating fund. It accounts for all financial resources of the City except those that are required to be accounted for in a separate fund. The Capital Projects fund is the City's primary fund for the purchase of capital assets not required for purchase by a separate fund. 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 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 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, 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. This fund has been closed in 2006.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Airport and Golf Course funds as they are considered major, 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 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 60 of this report.

Government-wide Financial Analysis

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's net assets (89%) reflects its investment in capital assets (e.g. land, infrastructure, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses those capital assets to provide services to its citizens; consequently these assets are not available for future spending. Although the City's investment is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. The following table provides a summary of the City's net assets for 2006 compared to 2005.

	City of Willoughby's Net Assets						
	Governmental Activities		Business-type Activities		Total Government		
	2006	2005 Restated	2006	2005 Restated	2006	2005 Restated	
Current and other assets	30,578,881	30,194,892	(1,328,551)	(763,654)	29,250,330	29,431,238	
Capital assets	59,976,548	55,793,487	43,677,447	44,345,496	103,653,995	100,138,983	
Total Assets	90,555,429	85,988,379	42,348,896	43,581,842	132,904,325	129,570,221	
Current and other liabilities	11,362,284	10,235,527	759,313	550,268	12,121,597	10,785,795	
Long term liabilities outstanding	19,696,055	20,657,489	8,692,779	10,133,342	28,388,834	30,790,831	
Total Liabilities	31,058,339	30,893,016	9,452,092	10,683,610	40,510,431	41,576,626	
Net Assets:							
Invested in capital assets,							
net of debt	46,348,394	41,224,834	35,534,234	34,959,081	81,882,628	76,183,915	
Restricted	6,583,045	6,132,896	418,600	456,973	7,001,645	6,589,869	
Unrestricted (deficit)	6,565,651	7,737,633	(3,056,030)	(2,517,822)	3,509,621	5,219,811	
Total Net Assets	59,497,090	55,095,363	32,896,804	32,898,232	92,393,894	87,993,595	

An additional portion of the City's net assets (7.6%) represents resources that have been restricted on how they may be used. The remaining balance of unrestricted net assets (\$3,509,621) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City 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 \$3,056,030, which is primarily attributable to liabilities of the Airport fund consisting of amounts that are due to other funds.

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

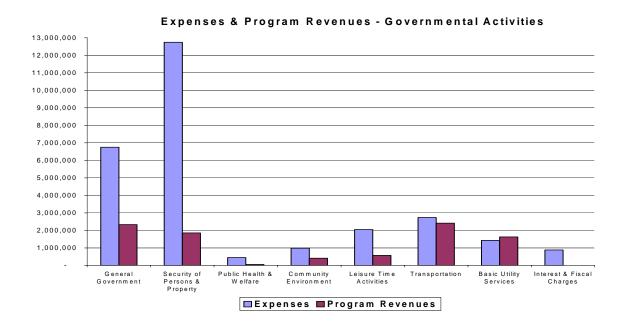
City of Willoughby's Change in Net Assets							
	Governmental Business-type						
	Activities Activities		rities	Total			
_	2006	2005 Restated	2006	2005 Restated	2006	2005 Restated	
Revenues							
Program Revenues							
Charges for Services	4,745,527	4,480,364	4,815,476	4,921,236	9,561,003	9,401,600	
Operating Grants, Contributions & Interest	358,392	51,133			358,392	51,133	
Capital Grants & Contributions	4,165,287	1,183,817	564,392	277,783	4,729,679	1,461,600	
General Revenues							
Municipal Income Taxes	13,948,654	13,613,117	625,000	750,000	14,573,654	14,363,117	
Property & Other Local Taxes	3,780,557	3,694,441			3,780,557	3,694,441	
Grants & Entitlements	4,502,842	4,263,912			4,502,842	4,263,912	
Investment Earnings	869,675	635,182	56,756	38,817	926,431	673,999	
Miscellaneous	53,097	46,938	1,982	21,102	55,079	68,040	
Total Revenues	32,424,031	27,968,904	6,063,606	6,008,938	38,487,637	33,977,842	
Expenses							
General Government	6,750,982	6,617,751			6,750,982	6,617,751	
Security of Persons & Property	12,743,637	12,910,718			12,743,637	12,910,718	
Public Health & Welfare	448,521	391,957			448,521	391,957	
Community Environment	984,576	893,576			984,576	893,576	
Leisure Time Activities	2,047,353	2,229,233			2,047,353	2,229,233	
Transportation	2,736,148	3,218,135			2,736,148	3,218,135	
Basic Utility Services	1,429,110	1,458,202			1,429,110	1,458,202	
Interest & Fiscal Charges	881,977	938,369			881,977	938,369	
Golf Course			867,957	888,853	867,957	888,853	
Sewer			4,643,517	4,943,662	4,643,517	4,943,662	
Airport			553,560	508,526	553,560	508,526	
Total Expenses	28,022,304	28,657,941	6,065,034	6,341,041	34,087,338	34,998,982	
Change in Net Assets	4,401,727	(689,037)	(1,428)	(332,103)	4,400,299	(1,021,140)	
Net Assets Beginning of Year	55,095,363	55,784,400	32,898,232	33,230,335	87,993,595	89,014,735	
Net Assets End of Year	59,497,090	55,095,363	32,896,804	32,898,232	92,393,894	87,993,595	

Governmental Activities

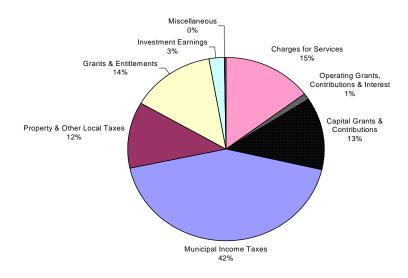
Income tax in governmental funds shows an increase of 2.46% because of a modest increase in income tax receipts to the City of Willoughby.

All other revenues in governmental activity increased by approximately 28%. This increase is primarily due to recognition of capital grants as well as contributions from the State of Ohio, who cooperated in the construction of the Erie Rd/Gilson Parkway project, and two private developers of residential subdivisions within the City. There was also an increase in investment earnings of nearly \$235,000 due to an improving interest rate environment.

Expenses in governmental activity decreased by 2.2%. The restatement of 2005 expenses as a result of the change in the capital asset policy accounts for most of the difference. Transportation function expenses were significantly lower in 2006 and increased employee contributions lowered health care costs.



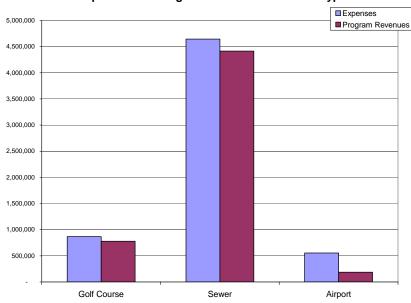
Revenues by Source - Governmental Activities



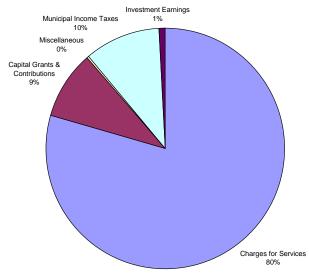
Business-Type Activities

Business-type activities account for 35.6% of the City of Willoughby's total net assets. Revenues were flat in 2006 with expenditures decreasing 4.4%

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business Type activities



Financial Analysis of the City of Willoughby's Funds

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

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Willoughby's financing requirements. In particular, 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's governmental funds reported an ending fund balance of \$15,614,746, an increase of \$719,237 from last year. The increase is across the funds with the exception of the Capital Projects fund which decreased as a result of outstanding debt. Of the total amount \$5,458,644 is an unreserved fund balance, which is available at the government's discretion. Reservations of fund balances indicate that the funds are already committed. \$2,177,166 is reserved for encumbrances to liquidate purchase orders and contracts entered into during the fiscal year 2006 and prior; \$560,020 is reserved for debt service obligations.

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

Unrestricted net assets of the Golf Course fund reflect a deficit of (\$205,519) compared to (\$86,968) in 2005. The amount due to other funds increased to \$215,438 to meet debt service obligations.

Unrestricted net assets of the Sewer fund decreased from \$1,252,728 to \$942,774. The decrease is caused primarily by increased expenses and reduced income tax allocation.

Unrestricted net assets of the Airport fund carry a deficit unreserved balance of (\$3,793,285). The increase in the deficit is caused by the airport's inability to pay its own debt. The accumulated deficit is caused by past advances and debt payments that had to be made for the airport from other funds.

General Fund Budgetary Highlights - Changes were made in the original and final budgets for 2006. The changes were necessitated by an accounting system change. These changes required us to restate beginning fund balance and re-appropriate prior year encumbrances.

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2006, was \$103,653,995 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment as well as infrastructure including roads, sidewalks, bridges, traffic signals, street lights, storm sewers, curbs and gutters. The City's investment in capital assets reflects a 7.2% increase over the prior year for governmental activities and 1.3% over for business-type activities. These changes are calculated before depreciation.

CITY OF WILLOUGHBY, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006 UNAUDITED

City of Willoughby's Capital Assets							
	Govern	mental	Busines	Business-type			
	Activ	ities	Activ	rities	To	tal	
	2006	2005 Restated	2006	2005 Restated	2006	2005 Restated	
Land	7,747,450	7,747,450	10,009,383	10,009,383	17,756,833	17,756,833	
Construction in Progress	6,945,705	6,650,739	681,373	495,425	7,627,078	7,146,164	
Buildings	18,495,357	18,609,995	18,340,370	18,402,705	36,835,727	37,012,700	
Improvements	13,903,984	13,957,701	37,984,754	37,361,049	51,888,738	51,318,750	
Machinery & Equipment	8,957,157	8,391,755	5,016,179	4,846,198	13,973,336	13,237,953	
Infrastructure	34,042,411	28,708,645			34,042,411	28,708,645	
Total Capital Assets	90,092,064	84,066,285	72,032,059	71,114,760	162,124,123	155,181,045	
Accumulated Depreciation	(30,115,516)	(28,272,798)	(28,354,612)	(26,769,264)	(58,470,128)	(55,042,062)	
Capital Assets (Net)	59,976,548	55,793,487	43,677,447	44,345,496	103,653,995	100,138,983	

Major capital asset events during 2006 were as follows:

The City completed a road and rehabilitation project in 2006.

Construction of the Mentor Ave. widening project began this year.

Several vehicle replacements for various departments were completed.

Final plans and specifications were complete and construction scheduled for early 2007 for the Lakeshore Blvd. force main project.

The Scada system replacement for the water pollution control center which monitors and controls the plant as well as the pump stations was completed.

Additional information regarding capital assets can be found in note 8 in the notes to the financial statements.

Long-term Debt - The City's total long-term debt decreased by \$2,231,109 (7.56%).

	City of Willoughby's Outstanding Debt at December 31						
	Governmental Activities		Business-Type Activities		Tot	al	
_	2006	2005	2006	2005	2006	2005	
General Obligation Bonds	13,609,312	14,548,577			13,609,312	14,548,577	
Special Assessment Bonds	295,000	437,287			295,000	437,287	
Enterprise Bonds w/ G.O. Commitment			3,851,926	4,241,386	3,851,926	4,241,386	
OWDA & OPWC	18,842	20,076	4,330,082	5,196,758	4,348,924	5,216,834	
Capital Notes Payable	5,060,000	4,950,000			5,060,000	4,950,000	
Police Pension Liability	121,552	123,739			121,552	123,739	
TOTAL	19,104,706	20,079,679	8,182,008	9,438,144	27,286,714	29,517,823	

CITY OF WILLOUGHBY, OHIO MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2006 UNAUDITED

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 \$640,900,481 at the end of 2006. The City has borrowed less than 41% 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 \$110,000. The change is an increase to a special assessment note for Riverside Commons Commercial Industrial Park for \$5,060,000. Additional information regarding the City's debt can be found in note 15 in the notes to the financial statements.

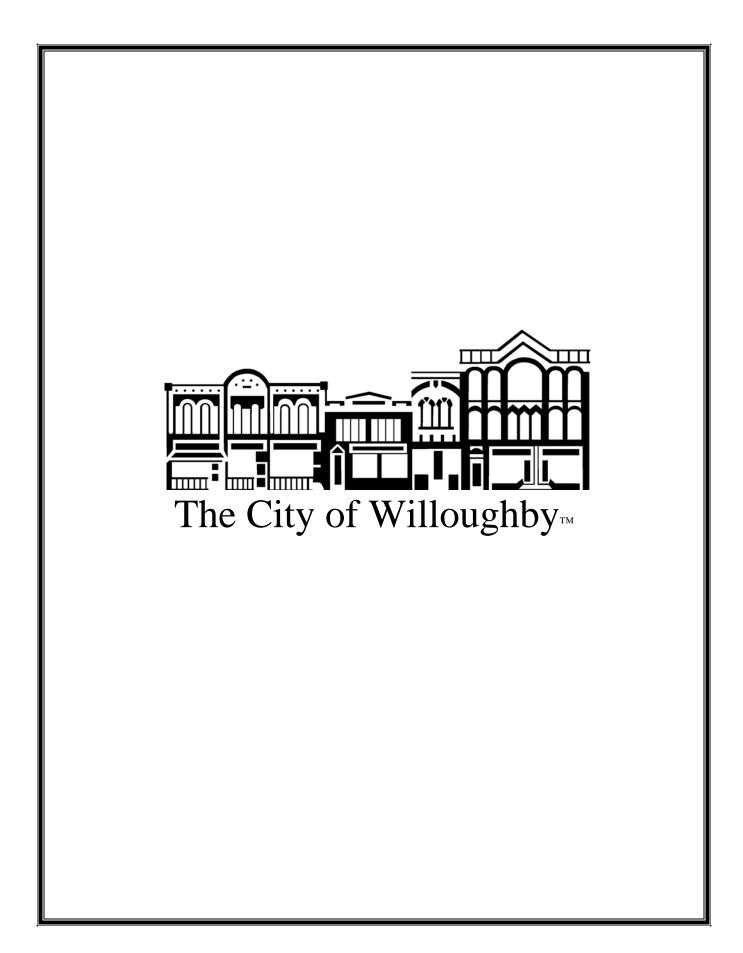
Economic Factors and Next Year's Budget

The City of Willoughby has weathered the economic storm and had an increase in income tax in 2006. The City plans a full capital program for 2007.

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

Requests for Information

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



STATEMENT OF NET ASSETS DECEMBER 31, 2006

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in City Treasury Cash and Investments	\$ 14,240,117	\$ 1,147,370	\$ 15,387,487
Inventory	189,496	44,149	233,645
Accrued Interest Receivable	156,031	7,223	163,254
Accounts Receivable	281,723	403,699	685,422
Prepaid Items	756	3,647	4,403
Intergovernmental Receivable	2,327,501	344,656	2,672,157
Taxes Receivable	8,272,524	0	8,272,524
Internal Balances	4,155,290	(4,155,290)	0
Restricted Assets -Cash	0	837,200	837,200
Special Assessments Receivable	955,443	0	955,443
Unamortized Bond Issuance Costs	0	38,795	38,795
Nondepreciable Capital Assets	14,693,155	10,690,756	25,383,911
Depreciable Capital Assets, Net	45,283,393	32,986,691	78,270,084
TOTAL ASSETS	90,555,429	42,348,896	132,904,325
LIABILITIES			
Accounts Payable	635,036	408,271	1,043,307
Matured Compensated Absences Payable	91,873	0	91,873
Salaries, Wages and Benefits Payable	1,275,354	253,813	1,529,167
Accrued Interest Payable	69,882	93,070	162,952
Property Taxes Payable	0	4,143	4,143
Intergovernmental Payable	1,496	16	1,512
Notes Payable	5,060,000	0	5,060,000
Unearned Revenue	4,225,703	0	4,225,703
Matured Bonds and Interest Payable	2,940	0	2,940
Long-Term Liabilities:			
Due Within One Year	2,231,238	644,862	2,876,100
Due In More Than One Year	17,464,817	8,047,917	25,512,734
TOTAL LIABILITIES	31,058,339	9,452,092	40,510,431
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	46,348,394	35,534,234	81,882,628
Restricted for:			
Debt Service	3,477,601	0	3,477,601
Equipment Replacement	0	418,600	418,600
Special Revenue	2,911,387	0	2,911,387
Permanent Fund Purpose:			
Nonexpendable - Cemetery Fund	194,057	0	194,057
Unrestricted (Deficit)	6,565,651	(3,056,030)	3,509,621
TOTAL NET ASSETS	\$ 59,497,090	\$ 32,896,804	\$ 92,393,894

CITY OF WILLOUGHBY, OHIO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2006

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND			
			Operating Grants,		CHANGES IN NET ASSETS			
		Charges for	Contributions	Capital Grants	Governmental	Business-Type		
	Expenses	Services and Sales	and Interest	and Contributions	Activities	Activities	Total	
GOVERNMENTAL ACTIVITIES								
General Government	\$ 6,750,982	\$ 2,329,581	\$ 0	\$ 0	\$ (4,421,401)		\$ (4,421,401)	
Security of Persons and Property	12,743,637	1,464,031	354,142	40,827	(10,884,637)		(10,884,637)	
Public Health and Welfare	448,521	57,752	0	0	(390,769)		(390,769)	
Community Environment	984,576	410,789	0	0	(573,787)		(573,787)	
Leisure Time Activities	2,047,353	482,654	4,250	80,727	(1,479,722)		(1,479,722)	
Transportation	2,736,148	720	0	2,412,440	(322,988)		(322,988)	
Basic Utility Services	1,429,110	0	0	1,631,293	202,183		202,183	
Interest and Fiscal Charges	881,977	0	0	0	(881,977)		(881,977)	
· ·								
TOTAL GOVERNMENTAL ACTIVITIES	28,022,304	4,745,527	358,392	4,165,287	(18,753,098)		(18,753,098)	
BUSINESS-TYPE ACTIVITIES								
Golf Course	867,957	778,425	0	0		\$ (89,532)	(89,532)	
Sewer	4,643,517	3,849,829	0	564,392		(229,296)	(229,296)	
Airport	553,560	187,222	0	0		(366,338)	(366,338)	
TOTAL BUSINESS-TYPE ACTIVITIES	6,065,034	4,815,476	0	564,392		(685,166)	(685,166)	
TOTAL	\$34,087,338	\$9,561,003	\$358,392	\$4,729,679	(18,753,098)	(685,166)	(19,438,264)	
		GENERAL REVENU						
		Property Taxes Levie General Purposes	d for:		1,672,393		1,672,393	
		Special Revenue			529,671		529,671	
		Debt Service			1,468,715		1,468,715	
		Capital Outlay			109,778		109,778	
		Capital Outlay			109,778		105,776	
		Income Taxes Levied	for:		11,918,688		11,918,688	
		General Purposes Sewer Fund			11,910,000	625,000	625,000	
		Capital Outlay			2,029,966	023,000	2,029,966	
			nts not Restricted to S	nacific Programs	4,502,842		4,502,842	
		Unrestricted Contribu		pectite Flograms	5,902		5,902	
		Investment Earnings	idolis		869,675	56,756	926,431	
		Miscellaneous			47,195	1,982	49,177	
		Miscentificous			17,175	1,702	17,177	
		TOTAL GENERAL	L REVENUE		23,154,825	683,738	23,838,563	
		CHANGE IN NET	ASSETS		4,401,727	(1,428)	4,400,299	
		NET ASSETS BEC	GINNING OF YEAR	R-Restated	55,095,363	32,898,232	87,993,595	
		NET ASSETS END	OF YEAR		\$ 59,497,090	\$ 32,896,804	\$ 92,393,894	

CITY OF WILLOUGHBY, OHIO BALANCE SHEET

GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2006

ASSETS	GENERAL	CAPITAL PROJECTS	GENERAL BOND RETIREMENT	OTHER GOVERNMENTAL <u>FUNDS</u>	TOTAL GOVERNMENTAL <u>FUNDS</u>
Assets:					
Equity in City Treasury Cash and Investments	\$6,264,556	\$3,860,708	\$84,543	\$4,030,310	\$14,240,117
Inventory-Supplies	92,895	0	0	96,601	189,496
Accrued Interest Receivable	116,411	39,620	0	0	156,031
Accounts Receivable	270,716	4,415	0	6,592	281,723
Prepaid Items	756	0	0	0	756
Due from Other Governments	1,740,059	8,908	35,847	542,687	2,327,501
Taxes Receivable	4,895,656	250,000	1,426,162	1,700,706	8,272,524
Due from Other Funds	1,362,283	30,169	2,854,148	2,372	4,248,972
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>	955,443	955,443
TOTAL ASSETS	<u>\$14,743,332</u>	<u>\$4,193,820</u>	<u>\$4,400,700</u>	<u>\$7,334,711</u>	\$30,672,563
LIABILITIES AND FUND BALANCES Liabilities:					
Accounts Payable	\$170,262	\$248,331	\$0	\$216,443	\$635,036
Matured Compensated Absences Payable	57,772	0	0	34,101	91,873
Salaries, Wages, and Benefits Payable	1,226,458	0	0	48,896	1,275,354
Due to Other Governments	1,496	0	0	0	1,496
Due to Other Funds	26,081	1,023	0	66,578	93,682
Notes Payable	0	5,060,000	0	0	5,060,000
Deferred Revenue	3,345,957	0	1,462,009	3,089,470	7,897,436
Matured Bonds & Interest Payable	<u>0</u>	<u>0</u>	<u>2,940</u>	<u>0</u>	<u>2,940</u>
TOTAL LIABILITIES	4,828,026	5,309,354	1,464,949	3,455,488	15,057,817
Fund Balances:					
Reserved for Encumbrances	823,806	1,074,476	9,579	269,305	2,177,166
Reserved for Inventory	92,895	0	0	96,601	189,496
Reserved for Debt Service	0	0	250,707	309,313	560,020
Reserved for Prepaid Items	756	0	0	0	756
Reserved for Long-Term Loan -Airport	1,326,019	23,176	2,675,465	0	4,024,660
Unreserved	7,671,830	(2,213,186)	0	0	5,458,644
Unreserved, Reported in Nonmajor					
Special Revenue Funds	0	0	0	3,009,947	3,009,947
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	194,057	194,057
TOTAL FUND BALANCES	9,915,306	(1,115,534)	<u>2,935,751</u>	3,879,223	15,614,746
TOTAL LIABILITIES AND					
FUND BALANCES	<u>\$14,743,332</u>	<u>\$4,193,820</u>	<u>\$4,400,700</u>	<u>\$7,334,711</u>	\$30,672,563

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES AS OF DECEMBER 31, 2006

TOTAL GOVERNMENTAL FUND BALANCES

\$15,614,746

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.

59,976,548

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

Property Taxes	274,408
Grants and Entitlements	1,671,578
Municipal Income Taxes	695,643
Special Assessments	955,443
Charges for Services	43,312
Fines and Forfeitures	31,349

Total 3,671,733

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	(13,609,312)
OPWC Loans	(18,842)
Special Assessments	(295,000)
Police Pension Liability	(121,552)
Landfill Post Closure Care Liability	(976,752)
Compensated Absences	(4,674,597)
Accrued Interest Payable	(69,882)

Total (19,765,937)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$59,497,090

CITY OF WILLOUGHBY, OHIO STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

REVENUES:	<u>GENERAL</u>	CAPITAL PROJECTS	GENERAL BOND RETIREMENT	OTHER GOVERNMENTAL <u>FUNDS</u>	TOTAL GOVERNMENTAL <u>FUNDS</u>
Municipal Income Taxes	\$12,462,880	\$2,029,966	\$0	\$0	\$14,492,846
Property and Other Local Taxes	1,642,598	109,778	1,480,120	525,625	3,758,121
Intergovernmental	3,289,604	103,909	147,218	1,429,577	4,970,308
Charges for Services	1,249,200	0	0	252,149	1,501,349
Special Assessments	0	0	0	795,111	795,111
Fines and Forfeitures	2,069,089	0	0	344,598	2,413,687
Licenses & Permits	290.084	0	0	0	290.084
Interest	736,147	98,787	33,199	0	868,133
Miscellaneous	5,902	42,224	0	4,971	53,097
TOTAL REVENUES	21,745,504	2,384,664	1,660,537	3,352,031	29,142,736
EXPENDITURES:					
Current:					
General Government	6,221,078	58,868	34,074	239,582	6,553,602
Security of Persons and Property	9,809,944	95,171	0	2,008,898	11,914,013
Public Health and Welfare	401,034	0	0	0	401,034
Community Environment	881,812	1,355	0	77,522	960,689
Leisure Time Activities	861,451	10,253	0	814,367	1,686,071
Transportation	0	0	0	1,377,708	1,377,708
Basic Utility Services	1,079,277	0	0	0	1,079,277
Capital Outlay	31,052	2,972,059	0	211,009	3,214,120
Debt Service:					
Principal	0	0	940,498	142,288	1,082,786
Interest	<u>0</u>	160,875	694,585	<u>27,612</u>	883,072
TOTAL EXPENDITURES	19,285,648	3,298,581	<u>1,669,157</u>	4,898,986	29,152,372
EXCESS OF REVENUES OVER					
(UNDER) EXPENDITURES	2,459,856	(913,917)	(8,620)	(1,546,955)	(9,636)
OTHER FINANCING SOURCES (USES):					
Transfers In	0	137,608	300,000	2,615,142	3,052,750
Transfers Out	(1,977,904)	0	0	(374,704)	(2,352,608)
Sale of Assets	<u>0</u>	23,972	<u>0</u>	<u>0</u>	<u>23,972</u>
TOTAL OTHER FINANCING SOURCES (USES)	(1,977,904)	161,580	300,000	2,240,438	724,114
NET CHANGE IN FUND BALANCES	481,952	(752,337)	291,380	693,483	714,478
FUND BALANCE BEGINNING OF YEAR	9,435,435	(363,197)	2,644,371	3,178,900	14,895,509
INCREASE (DECREASE) IN RESERVE FOR INVENTORY	(2,081)	<u>0</u>	<u>0</u>	<u>6,840</u>	4,759
FUND BALANCES END OF YEAR	<u>\$9,915,306</u>	(\$1,115,534)	<u>\$2,935,751</u>	<u>\$3,879,223</u>	<u>\$15,614,746</u>

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, 2006

NET CHANGES IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS		\$ 714,478
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 capital outlays exceeded depreciation in the current period.		
Capital Asset Additions	3,214,120	
Current Year Depreciation	(3,037,225)	
Total		176,895
The net effect of other transactions involving capital assets is to increase		
net assets.		
Donations	4,044,252	
Disposal-net	(38,086)	
Total		4,006,166
Revenues in the statement of activities that do not provide current financial		
resources are not reported as revenues in the funds.		
Property Taxes	22,436	
Grants and Entitlements	11,531	
Municipal Income Taxes	(544,192)	
Special Assessments	(216,543)	
Charges for Services	(38,520)	
Fines and Forfeitures	788	
Total		(764,500)
The repayment of bond principal, police pension, and landfill closure costs		
are expenditures in the governmental funds, but the repayment reduces		
long-term liabilities in the statement of net assets.		1,110,180
In the statement of activities, interest is accrued on outstanding bonds,		
whereas in governmental funds an interest expenditure is reported when due.		1,095
whereas in governmentar rands an interest expenditure is reported when ade.		1,075
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 government funds.		
Compensated Absences	(148,746)	
Change in Inventory	4,759	
Total		(143,987)
The internal service fund that was used by management to account for a		
retrospective rating workers' compensation program provided to City		
employees has been closed and the balance transferred in to a		
Nonmajor governmental fund. The net revenue was allocated to		
governmental activities.		(698,600)

\$ 4,401,727

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED	AMOUNTS _		VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Municipal Income Taxes	\$11,912,379	\$11,912,379	\$11,909,239	(\$3,140)
Property and Other Local Taxes	1,521,711	1,521,711	1,620,108	98,397
Intergovernmental	2,868,838	2,868,838	3,335,917	467,079
Charges for Services	817,850	817,850	1,164,434	346,584
Fines and Forfeitures	1,908,000	1,908,000	2,014,206	106,206
Licenses, Permits	269,200	269,200	292,516	23,316
Interest Income	495,000	495,000	700,837	205,837
Other	279,141	279,141	288,300	9,159
Total Revenues	20,072,119	20,072,119	21,325,557	1,253,438
EXPENDITURES:				
General Government	6,871,203	7,415,308	6,841,451	573,857
Security of Persons and Property	10,456,708	10,575,652	10,197,598	378,054
Public Health and Welfare	404,420	407,387	408,481	(1,094)
Community Environment	914,796	994,174	958,106	36,068
Leisure Time Activities	947,041	983,917	942,346	41,571
Basic Utility Service	1,142,800	1,199,584	1,183,599	<u>15,985</u>
Total Expenditures	20,736,968	21,576,022	20,531,581	1,044,441
Excess of Revenues Over				
(Under) Expenditures	(664,849)	(1,503,903)	793,976	2,297,879
OTHER FINANCING SOURCES (USES):				
Transfers Out	(1,977,904)	(1,977,904)	(1,977,904)	0
Other	10,000	10,000	130,240	120,240
Total Other Financing Sources (Uses)	(1,967,904)	(1,967,904)	(1,847,664)	120,240
NET CHANGE IN FUND BALANCE	(2,622,752)	(2 471 907)	(1.052.699)	2 419 110
NET CHANGE IN FUND BALANCE	(2,632,753)	(3,471,807)	(1,053,688)	2,418,119
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	<u>5,251,088</u>	<u>5,251,088</u>	<u>5,251,088</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$2,618,335</u>	<u>\$1,779,281</u>	\$4,197,400	<u>\$2,418,119</u>

STATEMENT OF NET ASSETS PROPRIETARY FUNDS AS OF DECEMBER 31, 2006

> GOVERNMENTAL ACTIVITIES -Internal Service Fund

BUSINESS-TYPE ACTIVITIES

	GOLF COURSE	<u>SEWER</u>	AIRPORT	TOTAL 2006	WORKERS ' COMPENSATION
ASSETS					
CURRENT ASSETS					
Equity in City Treasury Cash and Investments	\$63,719	\$962,182	\$121,469	\$1,147,370	\$0
Inventory	3,482	40,667	0	44,149	0
Accrued Interest Receivable	0	7,223	0	7,223	0
Accounts Receivable	533	134,717	268,449	403,699	0
Prepaid Expenses	0	668	2,979	3,647	0
Due from Other Funds	13,551	224,077	7,181	244,809	0
Due from Other Governments	<u>0</u>	344,656	<u>0</u>	344,656	<u>0</u>
TOTAL CURRENT ASSETS	81,285	1,714,190	400,078	2,195,553	0
NONCURRENT ASSETS					
Restricted Assets:					
Cash Investments	0	837,200	0	837,200	0
Unamortized Bond Issuance Costs	38,795	0	0	38,795	0
Land and Construction in Progress	2,273,366	1,082,014	7,335,376	10,690,756	0
Depreciable Capital Assets, Net	<u>1,420,222</u>	<u>29,218,729</u>	2,347,740	32,986,691	<u>0</u>
TOTAL NONCURRENT ASSETS	<u>3,732,383</u>	31,137,943	<u>9,683,116</u>	44,553,442	<u>0</u>
TOTAL ASSETS	3,813,668	32,852,133	10,083,194	46,748,995	<u>0</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	4,961	400,761	2,549	408,271	0
Salaries, Wages & Benefits Payable	15,249	238,564	0	253,813	0
Accrued Interest Payable	9,458	82,071	1,541	93,070	0
Property Tax Payable	0	0	4,143	4,143	0
Due to Other Funds	215,438	1,264	4,183,397	4,400,099	0
Due to Other Governments	0	16	0	16	0
Bonds Payable	120,000 265,106	<u>389,862</u>	135,000	<u>644,862</u>	<u>0</u> <u>0</u>
TOTAL CURRENT LIABILITIES	<u>365,106</u>	<u>1,112,538</u>	4,326,630	5,804,274	<u>0</u>
NONCURRENT LIABILITIES					
Salaries, Wages & Benefits Payable	41,698	467,340	1,733	510,771	0
Bonds Payable	2,605,000	4,637,146	295,000	7,537,146	<u>0</u>
TOTAL NONCURRENT LIABILITIES	<u>2,646,698</u>	<u>5,104,486</u>	<u>296,733</u>	8,047,917	<u>0</u>
TOTAL LIABILITIES	<u>3,011,804</u>	6,217,024	4,623,363	13,852,191	<u>0</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	1,007,383	25,273,735	9,253,116	35,534,234	0
Restricted for:	1,007,505	20,210,100	7,200,110	55,557,257	Ü
Equipment Replacement	0	418,600	0	418,600	0
Unrestricted (Deficit)	(205,519)	942,774	(3,793,285)	(3,056,030)	<u>0</u>
TOTAL NET ASSETS	<u>\$801,864</u>	<u>\$26,635,109</u>	<u>\$5,459,831</u>	<u>\$32,896,804</u>	<u>\$0</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS **PROPRIETARY FUNDS** FOR THE YEAR ENDED DECEMBER 31, 2006

> GOVERNMENTAL **ACTIVITIES -**Internal Service Fund

BUSINESS-TYPE ACTIVITIES

	GOLF COURSE	SEWER	AIRPORT	TOTAL 2006	WORKERS' COMPENSATION
OPERATING REVENUES:					
Charges for Services	\$778,425	\$3,849,829	\$27,748	\$4,656,002	\$0
Rentals	0	0	159,474	159,474	0
Other	<u>499</u>	<u>1,483</u>	<u>0</u>	<u>1,982</u>	<u>0</u>
Total Operating Revenues	778,924	3,851,312	187,222	<u>4,817,458</u>	<u>0</u>
OPERATING EXPENSES:					
Personal Services	386,009	2,054,308	90,432	2,530,749	0
Contractual Services	96,680	458,595	23,405	578,680	0
Materials & Supplies	146,535	84,937	8,286	239,758	0
Heat, Light & Power	30,889	390,875	13,478	435,242	0
Other Expenses	5,756	6,630	1,647	14,033	0
Depreciation	68,759	<u>1,415,696</u>	392,869	1,877,324	<u>0</u>
Total Operating Expenses	734,628	<u>4,411,041</u>	530,117	<u>5,675,786</u>	<u>0</u>
Net Income (Loss) from Operations	44,296	(559,729)	(342,895)	(858,328)	<u>0</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest - Income	0	54,805	1,951	56,756	1,542
- Expense	(129,539)	(223,892)	(23,443)	(376,874)	0
Municipal Income Tax	0	625,000	0	625,000	0
Other - Expense	(3,790)	(8,584)	<u>0</u>	(12,374)	<u>0</u>
Total Non-Operating Revenues (Expenses)	(133,329)	447,329	(21,492)	<u>292,508</u>	<u>1,542</u>
Net Income (Loss) Before Contributions and Transfers	(89,033)	(112,400)	(364,387)	(565,820)	1,542
Capital Contributions	0	564,392	0	564,392	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	(700,142)
CHANGE IN NET ASSETS	(89,033)	451,992	(364,387)	(1,428)	(698,600)
	, , ,		, , ,	, , ,	, , ,
NET ASSETS BEGINNING OF YEAR- Restated	890,897	26,183,117	<u>5,824,218</u>	32,898,232	<u>698,600</u>
NET ASSETS END OF YEAR	<u>\$801,864</u>	<u>\$26,635,109</u>	<u>\$5,459,831</u>	<u>\$32,896,804</u>	<u>\$0</u>

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

(continued on following page)

Governmental

Activities Business-Type Activities Internal Service

	Business-Type Activities				
	Golf <u>Course</u>	<u>Sewer</u>	<u>Airport</u>	<u>Total</u>	Workers' Compensation
Cash flows from operating activities:					
Receipts from customers and users	\$764,701	\$3,807,484	\$154,289	\$4,726,474	\$0
Receipts from other fund	0	0	153,893	153,893	0
Payments to suppliers	(91,886)	(959,567)	(47,062)	(1,098,515)	0
Payments to employees	(377,365)	(2,032,696)	(91,670)	(2,501,731)	0
Other operating revenues	<u>499</u>	1,483	<u>0</u>	1,982	<u>0</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	295,949	<u>816,704</u>	<u>169,450</u>	1,282,103	<u>0</u>
Cash flows from noncapital financing activities:					
Municipal Income Tax	0	625,000	0	625,000	0
Other non-operating revenues	0	0	1,951	1,951	0
Transfers to other funds	0	0	0	0	(700,142)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>0</u>	625,000	<u>1,951</u>	626,951	(700,142)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	0	(1,228,113)	(8,185)	(1,236,298)	0
Principal reduction on long-term debt	(115,000)	(1,011,136)	(130,000)	(1,256,136)	0
Interest paid on long-term debt	(129,539)	(223,892)	(23,443)	(376,874)	0
Contributions from customers	0	564,392	0	564,392	0
Proceeds from the sale of capital assets	<u>0</u>	14,650	<u>0</u>	14,650	<u>0</u>
NET CASH PROVIDED BY (USED FOR)	_		_		=
CAPITAL AND RELATED FINANCING ACTIVITIES	(244,539)	(1,884,099)	(161,628)	(2,290,266)	<u>0</u>
Cash flows from investing activities:					
Interest on investments	0	54,805	0	54,805	1,542
NET CASH PROVIDED BY INVESTING ACTIVITIES	$\frac{0}{0}$	54,805	$\frac{\underline{0}}{\underline{0}}$	54,805	$\frac{1,542}{1,542}$
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>U</u>	<u>34,803</u>	<u>U</u>	<u>54,605</u>	1,542
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	51,410	(387,590)	9,773	(326,407)	(698,600)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,309	2,186,972	111,696	2,310,977	<u>698,600</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$63,719	\$1,799,382	\$121,469	\$1,984,570	<u>\$0</u>

(Sewer Fund includes \$837,200 of cash and cash equivalent in restricted assets)

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

(continued)

Governmental
Activities Business-Type Activities Internal Service

	Busine	ess-Type Activi		<u>Internal Service</u>	
	Golf <u>Course</u>	<u>Sewer</u>	<u>Airport</u>	<u>Total</u>	Workers' Compensation
RECONCILIATION OF OPERATING INCOME (LOSS) TO					
NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$44,296	(\$559,729)	(\$342,895)	(\$858,328)	\$0
Adjustments to reconcile operating	\$44,290	(\$339,129)	(\$342,693)	(\$656,526)	φU
income (loss) to net cash from					
operating activities:					
Depreciation	68,759	1,415,696	392,869	\$1,877,324	0
Depreciation	00,737	1,413,070	372,007	\$1,077,324	O
Change in assets and liabilities:					
(Increase) decrease in inventory of supplies	1,056	(13,740)	0	(12,684)	0
(Increase) decrease in accounts receivable	(533)	(31,189)	(26,557)	(58,279)	0
(Increase) decrease in accrued interest receivable	0	(7,223)	0	(7,223)	0
(Increase) decrease in prepaid expense	0	1,074	0	1,074	0
(Increase) decrease in due from other funds	(13,191)	(62,501)	(6,376)	(82,068)	0
(Increase) decrease in due from other govts	0	58,568	0	58,568	0
Increase (decrease) in accounts payable	1,378	22,369	265	24,012	0
Increase (decrease) in accrued salaries, wages,					
and benefits	8,644	21,612	(1,238)	29,018	0
Increase (decrease) in accrued interest payable	(283)	(27,063)	(450)	(27,796)	0
Increase (decrease) in property tax liabilities	0	0	(61)	(61)	0
Increase (decrease) in due to other funds	173,445	(1,170)	153,893	326,168	0
Increase (decrease) in due to other governments	(554)	0	0	(554)	0
(Increase) decrease in deferred charges	12,932	0	0	12,932	0
TOTAL ADJUSTMENTS	<u>251,653</u>	1,376,433	512,345	2,140,431	<u>0</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$295,949	\$816,704	\$169,450	\$1,282,103	<u>\$0</u>

Schedule of Noncash Investing, Capital and Financing Activities:

The Sewer Fund had additions from contributions of capital in the amount of \$94,263 from Other Governments.

The Sewer Fund had additions from contributions of capital in the amount of \$470,129 from development.

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS AS OF DECEMBER 31, 2006

	AGENCY
ASSETS Equity in City Treasury Cash and Investments	\$1,215,304
Accounts Receivable	102,333
TOTAL ASSETS	<u>\$1,317,637</u>
LIABILITIES	
Accounts Payable	\$947,866
Deposits Held and Due to Others	177,889
Due to Other Governments	<u>191,882</u>
TOTAL LIABILITIES	\$1,317,637

NOTE 1: REPORTING ENTITY

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

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

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

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

The City is associated with one jointly governed organization, the Northeast Ohio Public Energy Council. Information about the organization is presented in Note 20 to the basic financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Willoughby have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City generally applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, in both government-wide and proprietary fund financial statements provided they do not conflict with or contradict GASB pronouncements. The City also has the option of following subsequent private-sector guidance for its business-type activities and enterprise funds, subject to this same limitation.

The City has elected not to follow subsequent private-sector guidance. 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.

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.

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 closed out its only internal service fund in 2006.

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 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 7). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), fines and forfeitures, interest, grants and entitlements, and rentals.

Deferred 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, 2006 but which were levied to finance year 2007 operations, have been recorded as Unearned Revenue on the Statement of Net Assets. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have 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."

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

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

The City complies with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of December 31, 2006:

- ➤ The portfolio includes U.S. Government Securities, nonparticipating investment contracts, and the State Treasury Asset Reserve of Ohio (STAROhio).
- 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. Nonparticipating investment contracts, such as repurchase agreements are reported at cost.

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

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

Following Ohio statutes, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2006 amounted to \$736,147 which includes \$340,916 assigned from other City funds.

F. Receivables

Receivables at December 31, 2006 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, 2006 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City adjusted its capitalization threshold in 2006 to \$5,000. The City's infrastructure consists of roads, sidewalks, curbs and gutters, storm sewers, street lights, traffic signals, and bridges. Infrastructure acquired prior to implementation of GASB34 has been reported, using City records and data provided by the City Engineer. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Interest incurred during the construction of proprietary fund capital assets is also capitalized. All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets.

Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "due to/from other funds." Interfund loans which do not represent available expendable resources are offset by a fund balance 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.

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds which the

employees who have accumulated the leave are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, landfill post closure care, compensated absences, 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, and long-term loan-airport.

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.

O. Grants and Intergovernmental Revenues

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

P. Operating Revenues and Expenses

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

Q. Contributions of Capital

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

R. **Interfund Activity**

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

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence; neither occurred in 2006.

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 2006.

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.

NOTE 3: COMPLIANCE AND ACCOUNTABILITY

A. Change in Accounting Principles

For fiscal year 2006, the City has implemented GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation* and No. 47, *Accounting for Termination Benefits*.

GASB Statement No. 46 is an amendment to GASB Statement No. 34 and should improve understandability and comparability of net asset information across governments.

GASB Statement No. 47 has established standards that specify how various kinds of termination benefits should be accounted for and recorded.

The implementation of GASB Statements No. 46 and No. 47 did not have an effect on the financial statements of the City.

The City changed its capitalization threshold from \$1,000 to \$5,000 in 2006. Assets were analyzed. In some cases life and depreciation adjustments were required to reflect experience.

B. Restatements

In Note 8, beginning balances of capital assets have been restated. The results of the restatement of net assets are presented in the following table:

	Total				Total
	Governmental	Golf Course	Sewer	Airport	Business-Type
Net Assets Dec 31, 2005 Capital Asset Policy Change	\$ 55,645,583 \$ (550,220)		\$ 26,287,488 \$ (104,371)		\$ 32,947,406 (49,174)
Adjusted Net Assets, Dec 31, 2005	\$55,095,363	\$ 890,897	\$ 26,183,117	\$5,824,218	\$ 32,898,232

In 2006, the City changed financial software. In the transition, reappropriation of carryover purchase orders was necessary. Budgeted funds that had encumbrances at year end 2005 are presented with a restated beginning of the year Fund Balance/Equity.

C. Fund Deficits

At December 31, 2006 the Airport fund had deficit unrestricted net assets of \$3,793,285. 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 \$4,183,397, which consists of \$1,326,019 due to the General fund, \$2,675,465 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.

The Golf Course fund had deficit unrestricted net assets of \$205,519. The "Due to Other Funds" amount includes \$213,000 of advances from the General, General Bond and Capital Projects funds.

The Capital Projects fund had a deficit unreserved fund balance of \$2,213,186. The Notes Payable liability of \$5,060,000 remains. Encumbrances of \$1,074,476 are primarily for completion of the Municipal Court and Riverside Commons projects and several purchases of equipment.

NOTE 4: DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

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

B. Investments

The Finance Director is permitted to invest in any security authorized by the Ohio Revised Code, Section 135.14, or other relevant sections as amended. All investment procedures are conducted as specified in the Ohio Revised Code including, but not limited to, the collateralization of deposits and repurchase agreements. The final maturity of any investment will be five years from the date of purchase. The City's investment practices have consistently protected the portfolio from unnecessary credit risk (safety) and market risks (liquidity) while providing a competitive yield. Generally only eligible investments with remaining terms of two years or less are purchased. Average days to maturity of the City's investments at December 31, 2006 were 280.

No derivative securities or investment "pools" with the exception of STAROhio will be permitted. 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 ensure compliance with these laws.

Investments are permitted in the following securities:

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

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

Cash on Hand

At December 31, 2006, the City had \$4,995 in undeposited cash on hand, which is included on the balance sheet of the City as part of "Equity in City Treasury Cash and Investments".

Deposits

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

financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve bank in the name of the City.

At December 31, 2006, the carrying amount of the City's deposits was \$9,227,358 including restricted cash of \$837,200 and the bank balance was \$10,417,754. \$600,000 of the City's bank balance was covered by Federal Depository Insurance. \$550,143 was uninsured and collateralized with securities held by the pledging financial institutions trust department or agent in the City's name. \$9,267,611 was uninsured and collateralized with securities held be the pledging financial institution's trust department or agent but not in the City's name. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investments of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments

As of December 31, 2006 the City had the following investments and maturities:

				Investment Maturities		
	Moody's	S&P		Less than	1 to 2	
Investment Type	Rating	Rating	Fair Value	1 Year	Years	
STAROhio		AAAm	\$ 1,989,442	\$ 1,989,442	\$ 0	
FHLB	Aaa	AAA	2,496,910	499,950	1,996,960	
FNMA	Aaa	AAA	999,970	0	999,970	
FHLMC	Aaa	AAA	1,996,470	998,090	998,380	
Repurchase Agreements	Aaa	AAA	724,846	724,846	0	
			\$ 8,207,638	\$ 4,212,328	\$ 3,995,310	

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Agency notes are exposed to custodial credit risk in that they are uninsured, unregistered,

and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk: The City investment policy places no limit on the amount it may invest in any one issuer. Of the City's total investments 12.2% are in FNMA, 24.3% in FHLMC and 30.4% in FHLB Notes. Other investments not specifically guaranteed by the U.S. government total 33.1% of the City's investments.

NOTE 5: INTERFUND TRANSFERS AND BALANCES

As of December 31, 2006, interfund transfers were as follows:

		Transfer From						
		Nonmajor						
<u>Transfer To</u>	<u>Ge</u>	neral Fund	<u>Inte</u>	<u>rnal Service</u>	Govern	<u>nmental Funds</u>		<u>Total</u>
Capital Projects Fund	\$	62,904	\$	0	\$	74,704	\$	137,608
General Bond Retirement Fund Nonmajor Governmental Funds		0 1,915,000		0 700,142		300,000		300,000 2,615,142
Total	\$	1,977,904	\$	700,142	\$	374,704	\$	3,052,750

The General fund transfers to the Capital Projects and nonmajor Governmental funds were made to provide additional resources for current operations. Transfers from nonmajor governmental funds to the Capital Projects fund were for the Municipal Court project and to the General Bond Retirement fund for debt payments. The transfer from the General Bond Retirement fund was for debt payments. The transfer from the Internal Service fund to the nonmajor governmental funds was to close out the fund.

As of December 31, 2006, interfund balances were as follows:

		Due from Other Funds		Due to ther Funds
Major Funds				
General	\$	1,362,283	\$	26,081
Capital Projects		30,169		1,023
General Bond Retirement		2,854,148		0
Golf Course		13,551		215,438
Sewer		224,077		1,264
Airport		7,181		4,183,397
Nonmajor Governmental	2,372			66,578
	\$	4,493,781	\$	4,493,781

Interfund balances of \$4,155,290 are a result of advances from the General fund for Airport and Golf Course operations, the General Bond Retirement fund for Airport and Golf Course 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 6: 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 for the General fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

- A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- B. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- C. Encumbrances are treated as expenditures (budget) rather than as a 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 cost (budget) rather than fair value (GAAP).

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

Net Change in Fund Balance					
GAAP Basis	\$	481,952			
Net Adjustment for Revenue Accruals		(321,896)			
Fair Value Adjustment for Investments		5,708			
Net Adjustment for Expenditure Accruals		(347,654)			
Encumbrances		(871,798)			
Budget Basis	\$	(1,053,688)			

NOTE 7: RECEIVABLES

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues,

special assessments, accrued interest on investments, and accounts (billings for user charged services).

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

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 2006 for real and public property taxes represents collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007 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. 2006 public utility property taxes which became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2006, was \$6.58 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$557,349,210
Public Utility Tangible	\$15,260,960
Tangible Personal	\$68,290,311
Total	\$640,900,481

Real property taxes are payable annually or semiannually. The due date for the 2006 levy was February 21, 2007, for all or one half of the taxes due. The second half due date is July 18, 2007.

Tangible personal property taxes paid by multi-county 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, 2006 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 2006 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.

B. Municipal Income Taxes

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

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	_	
Property & Other Local Taxes	\$	13,362
Estate Tax		102,442
Gasoline & Motor Vehicle Tax		465,382
Local Government		1,329,677
Charges for Service		52,393
Homestead and Rollback		114,504
Fines		249,741
Total Governmental		2,327,501
Business-Type Activities:		
Charges for Service		344,656
Total Business-Type		344,656
Total Intergovernmental Receivables	\$	2,672,157

NOTE 8: CAPITAL ASSETS

A summary of changes in capital assets during 2006 follows:

	Balance-Restated			Balance	
	01/01/06	Additions	Deletions	12/31/06	
Governmental Activities					
Capital Assets Not Being Depreciated					
Land	\$7,747,450	\$0	\$0	\$7,747,450	
Construction in Progress	6,650,739	1,407,589	(1,112,623)	6,945,705	
Total Capital Assets Not	· · · · · · · · · · · · · · · · · · ·				
Being Depreciated	14,398,189	1,407,589	(1,112,623)	14,693,155	
Capital Assets Being Depreciated					
Buildings	18,609,995	128,885	(243,523)	18,495,357	
Improvements	13,957,701	9,721	(63,438)	13,903,984	
Machinery and Equipment	8,391,755	1,160,261	(594,859)	8,957,157	
Infrastructure:					
Roads	18,065,174	4,033,676	(330,773)	21,768,077	
Sidewalks	1,362,673	0	0	1,362,673	
Curbs & Gutters	985,795	0	0	985,795	
Storm Sewers	6,221,405	1,630,863	0	7,852,268	
Street Lights	44,648	0	0	44,648	
Traffic Signals	1,495,740	0	0	1,495,740	
Bridges	533,210	0	0	533,210	
Total Capital Assets					
Being Depreciated	69,668,096	6,963,406	(1,232,593)	75,398,909	
Less Accumulated Depreciation					
Buildings	(4,521,186)	(554,247)	243,524	(4,831,909)	
Improvements	(6,603,802)	(462,087)	63,438	(7,002,451)	
Machinery and Equipment	(5,821,055)	(652,204)	556,772	(5,916,487)	
Infrastructure:					
Roads	(7,225,258)	(1,017,518)	330,773	(7,912,003)	
Sidewalks	(421,350)	(40,968)	0	(462,318)	
Curbs & Gutters	(380,400)	(34,582)	0	(414,982)	
Storm Sewers	(2,273,095)	(180,265)	0	(2,453,360)	
Street Lights	(22,806)	(2,905)	0	(25,711)	
Traffic Signals	(942,084)	(81,785)	0	(1,023,869)	
Bridges	(61,762)	(10,664)	0	(72,426)	
Total Accumulated Depreciation	(28,272,798)	(3,037,225)	1,194,507	(30,115,516)	
Total Capital Assets					
Being Depreciated, Net	41,395,298	3,926,181	(38,086)	45,283,393	
Total Government Activities					
Capital Assets, Net	\$55,793,487	\$5,333,770	(\$1,150,709)	\$59,976,548	

NOTE 8: CAPITAL ASSETS (CONTINUED)

Construction in Progress		Balance-Restated			Balance
Capital Assets Not Being Depreciated \$10,009,383 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$		01/01/06	Additions	Deletions	12/31/06
Land	Business-Type Activities				
Construction in Progress	Capital Assets Not Being Depreciated				
Total Capital Assets Not Being Depreciated 10,504,808 334,558 (148,610) 10,690,756	Land	\$10,009,383	\$0	\$0	\$10,009,383
Being Depreciated 10,504,808 334,558 (148,610) 10,690,756	Construction in Progress	495,425	334,558	(148,610)	681,373
Capital Assets Being Depreciated Buildings 18,402,705 20,685 (83,020) 18,340,370 Improvements 37,361,049 646,003 (22,298) 37,984,754 Machinery and Equipment 4,846,198 383,662 (213,681) 5,016,179 Total Capital Assets Being Depreciated 60,609,952 1,050,350 (318,999) 61,341,303 Capital Assets Being Depreciation Buildings (8,731,128) (488,971) 55,996 (9,164,103 mprovements (15,437,083) (1,133,583) 22,298 (16,548,368 Machinery and Equipment (2,601,653) (254,769) 213,681 (2,642,141 Total Accumulated Depreciation (26,769,264) (1,877,323) 291,975 (28,354,612 Total Capital Assets Being Depreciated, Net 33,840,688 (826,973) (27,024) 32,986,691 Capital Assets, Net \$44,345,496 (\$492,415) (\$175,634) \$43,677,44 Capital Assets, Net \$44,345,496 (\$492,415) (\$175,634) \$43,677,44 Capital Assets, Net \$44,345,496 (\$492,415) (\$175,634) \$43,677,44 Capital Activities \$44,345,496 (\$492,415) (\$492,41	Total Capital Assets Not				
Buildings	Being Depreciated	10,504,808	334,558	(148,610)	10,690,756
Improvements 37,361,049 646,003 (22,298) 37,984,754 Machinery and Equipment 4,846,198 383,662 (213,681) 5,016,179 Total Capital Assets (60,609,952) 1,050,350 (318,999) 61,341,303 Less Accumulated Depreciation (8,731,128) (488,971) 55,996 (9,164,103) Improvements (15,437,083) (1,133,583) 22,298 (16,548,368) Machinery and Equipment (2,601,053) (254,69) 213,681 (2,642,141) Total Capital Assets (826,973) 291,975 (28,354,612) Total Capital Assets Being Depreciated, Net 33,840,688 (826,973) (27,024) 32,986,691 Total Susiness-Type Capital Assets, Net \$44,345,496 (\$492,415) (\$175,634) \$43,677,44 *Depreciation expense was charged to governmental functions as follows: \$277,386 \$277,386 General Government \$277,386 \$277,386 \$277,386 Security of Persons and Property 640,017 640,017 1,62,88 <td>Capital Assets Being Depreciated</td> <td></td> <td></td> <td></td> <td></td>	Capital Assets Being Depreciated				
Machinery and Equipment 4,846,198 383,662 (213,681) 5,016,179 Total Capital Assets 8 1,050,350 (318,999) 61,341,303 Less Accumulated Depreciation 8 (8,731,128) (488,971) 55,996 (9,164,103 Improvements (15,437,083) (1,133,583) 22,298 (16,548,368 Machinery and Equipment (2,601,053) (254,769) 213,681 (2,621,417 Total Accumulated Depreciation (26,769,264) (1,877,323) 291,975 (28,354,612 Total Capital Assets Being Depreciated, Net 33,840,688 (826,973) (27,024) 32,986,691 Total Business-Type Capital Assets, Net \$44,345,496 (\$492,415) (\$175,634) \$43,677,44 *Depreciation expense was charged to governmental functions as follows: \$277,386 \$44,077,44 \$40,077 *Public Health and Welfare \$3,347,775 \$367,795 \$347,775 \$367,795 \$347,775 Passic Utility Service \$34,833 \$3,037,225 \$349,833 \$3,037,225 Golf \$68,759	Buildings	18,402,705	20,685	(83,020)	18,340,370
Total Capital Assets Being Depreciated 60,609,952 1,050,350 (318,999) 61,341,303 Less Accumulated Depreciation Buildings	Improvements	37,361,049	646,003	(22,298)	37,984,754
Being Depreciated	Machinery and Equipment	4,846,198	383,662	(213,681)	5,016,179
Less Accumulated Depreciation Buildings (8,731,128) (488,971) 55,996 (9,164,103 1,134,583) (1,133,	Total Capital Assets				
Buildings (8,731,128) (488,971) 55,996 (9,164,103 Improvements (15,437,083) (1,133,583) 22,298 (16,548,368 Machinery and Equipment (2,601,053) (254,769) 213,681 (2,642,141 Total Accumulated Depreciation (26,769,264) (1,877,323) 291,975 (28,354,612 Total Capital Assets Being Depreciated, Net 33,840,688 (826,973) (27,024) 32,986,691 Total Business-Type Capital Assets, Net \$44,345,496 (\$492,415) (\$175,634) \$43,677,44 *Depreciation expense was charged to governmental functions as follows: General Government \$277,386 (640,017 Public Health and Welfare 16,288 Community Environment \$347,775 Transportation Environment \$347,775 Transportation Expense was charged to business-type activities as follows: General Government \$347,775 Transportation \$347,775 Transportation expense was charged to business-type activities as follows: General Government \$347,775 Transportation \$347,775 Transporta	Being Depreciated	60,609,952	1,050,350	(318,999)	61,341,303
Buildings (8,731,128) (488,971) 55,996 (9,164,103 Improvements (15,437,083) (1,133,583) 22,298 (16,548,368 Machinery and Equipment (2,601,053) (254,769) 213,681 (2,642,141 Total Accumulated Depreciation (26,769,264) (1,877,323) 291,975 (28,354,612 Total Capital Assets Being Depreciated, Net 33,840,688 (826,973) (27,024) 32,986,691 Total Business-Type Capital Assets, Net \$44,345,496 (\$492,415) (\$175,634) \$43,677,44 *Depreciation expense was charged to governmental functions as follows: General Government \$277,386 (640,017 Public Health and Welfare 16,288 Community Environment \$347,775 Transportation Environment \$347,775 Transportation Expense was charged to business-type activities as follows: General Government \$347,775 Transportation \$347,775 Transportation expense was charged to business-type activities as follows: General Government \$347,775 Transportation \$347,775 Transporta	Less Accumulated Depreciation				
Improvements	•	(8.731.128)	(488,971)	55,996	(9,164,103)
Machinery and Equipment (2,601,053) (254,769) 213,681 (2,642,141 Total Accumulated Depreciation (26,769,264) (1,877,323) 291,975 (28,354,612 Total Capital Assets Being Depreciated, Net 33,840,688 (826,973) (27,024) 32,986,691 Total Business-Type				,	. , , ,
Total Accumulated Depreciation (26,769,264) (1,877,323) 291,975 (28,354,612 Total Capital Assets Being Depreciated, Net 33,840,688 (826,973) (27,024) 32,986,691 Total Business-Type	-			,	
Being Depreciated, Net 33,840,688 (826,973) (27,024) 32,986,691	1				(28,354,612)
Being Depreciated, Net 33,840,688 (826,973) (27,024) 32,986,691	Total Capital Assets				
Capital Assets, Net \$44,345,496 (\$492,415) (\$175,634) \$43,677,44 *Depreciation expense was charged to governmental functions as follows: General Government \$277,386 Security of Persons and Property 640,017 Public Health and Welfare 16,288 Community Environment 5,354 Leisure Time Activities 347,775 Transportation 1,400,572 Basic Utility Service 349,833 Total \$3,037,225 Depreciation expense was charged to business-type activities as follows: \$68,759 Sewer 1,210,454 Airport 392,869	_	33,840,688	(826,973)	(27,024)	32,986,691
Capital Assets, Net \$44,345,496 (\$492,415) (\$175,634) \$43,677,44 *Depreciation expense was charged to governmental functions as follows: General Government \$277,386 Security of Persons and Property 640,017 Public Health and Welfare 16,288 Community Environment 5,354 Leisure Time Activities 347,775 Transportation 1,400,572 Basic Utility Service 349,833 Total \$3,037,225 Depreciation expense was charged to business-type activities as follows: \$68,759 Sewer 1,210,454 Airport 392,869	Total Business-Type				
General Government \$277,386 Security of Persons and Property 640,017 Public Health and Welfare 16,288 Community Environment 5,354 Leisure Time Activities 347,775 Transportation 1,400,572 Basic Utility Service 349,833 Total \$3,037,225 Depreciation expense was charged to business-type activities as follows: \$68,759 Sewer 1,210,454 Airport 392,869	**	\$44,345,496	(\$492,415)	(\$175,634)	\$43,677,447
General Government \$277,386 Security of Persons and Property 640,017 Public Health and Welfare 16,288 Community Environment 5,354 Leisure Time Activities 347,775 Transportation 1,400,572 Basic Utility Service 349,833 Total \$3,037,225 Depreciation expense was charged to business-type activities as follows: \$68,759 Sewer 1,210,454 Airport 392,869	*Depreciation expense was charged to governmen	ital functions as follows:			
Security of Persons and Property 644,017 Public Health and Welfare 16,288 Community Environment 5,354 Leisure Time Activities 347,775 Transportation 1,400,572 Basic Utility Service 349,833 Total \$3,037,225 Depreciation expense was charged to business-type activities as follows: \$68,759 Sewer 1,210,454 Airport 392,869					\$277,386
Community Environment 5,354 Leisure Time Activities 347,775 Transportation 1,400,572 Basic Utility Service 349,833 Total \$3,037,225 Depreciation expense was charged to business-type activities as follows: \$68,759 Golf \$68,759 Sewer 1,210,454 Airport 392,869	Security of Persons and Property				640,017
Leisure Time Activities 347,775 Transportation 1,400,572 Basic Utility Service 349,833 Total \$3,037,225 Depreciation expense was charged to business-type activities as follows: 668,759 Sewer 1,210,454 Airport 392,869	Public Health and Welfare				16,288
Transportation 1,400,572 Basic Utility Service 349,833 Total \$3,037,225 Depreciation expense was charged to business-type activities as follows: \$68,759 Golf \$68,759 Sewer 1,210,454 Airport 392,869	Community Environment				5,354
Basic Utility Service Total Depreciation expense was charged to business-type activities as follows: Golf \$68,759 Sewer \$1,210,454 Airport \$392,869	Leisure Time Activities				347,775
Total \$3,037,225 Depreciation expense was charged to business-type activities as follows: Golf \$68,759 Sewer \$1,210,454 Airport \$392,869	Transportation				1,400,572
Depreciation expense was charged to business-type activities as follows: Golf \$68,759 Sewer \$1,210,454 Airport \$392,869	Basic Utility Service				349,833
Golf \$68,759 Sewer 1,210,454 Airport 392,869	Total			_	\$3,037,225
Sewer 1,210,454 Airport 392,869	Depreciation expense was charged to business-typ	e activities as follows:			
Airport	Golf				\$68,759
<u>.</u>	Sewer				1,210,454
	Airport				392,869
	Total			<u> </u>	\$1,672,082

NOTE 9: PENSION PLANS

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

A. Ohio Public Employees Retirement System (OPERS)

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

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

- 1). The Traditional Pension Plan (TP) a cost-sharing multiple-employer defined benefit pension plan.
- 2). The Member-Directed Plan (MD) a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
- 3). The Combined Plan (CO) a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, member and employer contribution rates were consistent across all three plans (TP, MD and CO).

Plan members, other than those engaged in law enforcement and public safety, are required to contribute 9.0 percent of their annual covered salary to fund pension obligations. For 2006 the City was required to contribute 13.70 percent of covered

payroll. The City's required contributions for all plans (TP, MD and CO) for the years 2006, 2005, and 2004 were \$ 1,137,836, \$ 1,106,380 and \$1,050,374, respectively. As of December 31, 2006, only 78 percent of 2006's required contributions had been paid and 100 percent for the years 2005 and 2004.

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

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

The City of Willoughby contributes to OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by writing to OP&F at 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10.00 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.50 percent for police and 24.00 percent for firefighters. The City's required contributions to OP&F for the years 2006, 2005 and 2004 were \$625,442, \$627,035 and \$593,506 for police and \$670,851, \$667,806 and \$673,944 for firefighters, respectively. As of December 31, 2006, only 77 percent of 2006's required contributions for both police and firefighters had been paid and 100 percent for the years 2005 and 2004.

NOTE 10: POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age-and-service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2006 employer rate was 13.70 percent of covered payroll. The portion used to fund health care was 4.50 percent.

The post-retirement 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, 2005: 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 2005 was 6.50 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 between .50 percent and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

For 2006, the number of active and contributing participants in the Traditional and Combined Plans totaled 369,214. The City's actual contributions for 2006 which were used to fund post-employment benefits were \$373,779. The actuarial value of the Retirement System's net assets available for OPED at December 31, 2005, the date of the last actuarial review was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1 of 2006 and 2007 which will allow additional funds to be allocated to the health care plan.

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

OP&F provides postretirement health care coverage to any person who receives 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 post-employment health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board is used to pay retiree health care expenses. The Board defined allocation was 7.75 percent of covered payroll in 2005 and 2006. In addition, since July 1, 1992 most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2005, (the latest information available) was 13,922 for police and 10,537 for firefighters. The portion of the City's contributions that were used to pay post-employment benefits was \$248,301 for police and \$216,685 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881.

NOTE 11: 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 12: CONTRACTUAL COMMITMENTS

At December 31, 2006, the City's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining on Contract
·Municipal Court Building	\$ 7,059,089	\$ 6,905,864	\$ 153,225
·Riverside Commons	4,419,631	4,244,324	175,307
·Lakeshore Blvd Force Main	1,388,314	0	1,388,314
·2006 Road Program	728,425	602,568	125,857
·Two 2007 Sterling Cab & Chassis	149,892	0	149,892
·Horton Emergency Medical Vehicle	168,258	0	168,258
Total	\$13,913,609	\$11,752,756	\$2,160,853

NOTE 13: 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 14: 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.

NOTE 15: LONG-TERM OBLIGATIONS

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

	Original			Original
	Issue	Maturity	Interest	Issue
	Date	Date	Rate	Amount
Governmental Activities:				
General Obligations Bonds Voted				
Service Garage	1986	2007	6.875%	1,500,000
Fire Station Construction	1999	2024	4.95%	6,200,000
General Obligation Bonds Unvoted				
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	1996	2016	4.3%-5.45%	3,230,000
Municipal Building Improvement	2003	2023	3.94%	6,350,000
OPWC				
Karen Isle Watermains	2001	2020	Interest Free	9,003
Brown Avenue Watermains	2001	2022	Interest Free	15,675
Special Assessment Bonds				
1986 Street Improvement	1986	2006	7.625%	547,775
Biltmore Place	1995	2016	5.66%	464,000
Other General Long -Term Liabilities				
Police Pension Liability	1968	2035	4.25%	148,460
Landfill Postclosure Care	1994	2024	2370	1,227,640
Landin i ostelosure Care	1//4	2024		1,227,040

Business-Type Activities:				
Enterprise Fund G.O. Debt Sewer Bonds				
Sewer 1992	1992	2012	3.0%-6.375%	1,343,852
Sewer Equipment	2005	2010	3.34%	400,000
OPWC				
Waldamere-Glenwood Sanitary Sewer	1997	2017	Interest Free	200,000
Vine Street Area Sanitary Sewer	2001	2022	Interest Free	223,351
Center-Wood Sanitary Sewer	2003	2024	Interest Free	78,505
OWDA				
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	2002	2022	3.53-3.99%	1,734,234
Center-Wood Sanitary Sewer	2003	2023	3.65%	974,020
Van Gorder Sewer Lining	2003	2023	4.78%	88,505
Airport Bonds				
Airport Improvement	1999	2009	4.23%	1,360,000
Golf Bonds				
Golf Course Improvement	2002	2022	4.179%	3,150,000

Changes in the long-term obligations of the City during 2006 were as follows:

	Balance 01/01/06	Increases	,	Decreases	Balance 12/31/06	Amounts Due Within One Year
Governmental Activities:	 01/01/00	Increases		beereases	 12/31/00	One Tear
General Obligation Bonds Voted						
Service Garage	\$ 150,000	\$ 0	\$	75,000	\$ 75,000	\$ 75,000
Fire Station Construction	5,090,000	0		170,000	4,920,000	180,000
Subtotal - General Obligation						
Bonds Voted	 5,240,000	 0		245,000	 4,995,000	255,000
General Obligation Bonds Unvoted						
1986 Street Improvement	27,713	0		27,713	0	-
Lost Nation Road Improvement	780,000	0		130,000	650,000	130,000
Landfill and Erosion Control	570,864	0		81,552	489,312	81,552
Various Purpose Bond Issue	1,825,000	0		200,000	1,625,000	125,000
Municipal Building Improvement	6,105,000			255,000	5,850,000	255,000
OPWC	6.750			451	6.202	450
Karen Isle Watermains	6,753	0		451	6,302	450
Brown Avenue Watermains	13,323	 0		783	 12,540	784
Subtotal - General Obligation	0.220.652			605 400	0.622.154	500 506
Bonds Unvoted	9,328,653	 0		695,499	 8,633,154	592,786
Total Government Fund				0.40.400		0.4==0.0
General Obligation Bonds	 14,568,653	 0		940,499	 13,628,154	847,786
Special Assessment Bonds						
1986 Street Improvement	122,287	0		122,287	0	0
Biltmore Place	315,000	0		20,000	295,000	20,000
Subtotal - Special Assessment Bonds	437,287	0		142,287	295,000	20,000
Other General Long Term Liabilities						
Police Pension Liability	123,739	0		2,187	121,552	2,281
Landfill Post Closure Care	1,001,959	0		25,207	976,752	45,039
Compensated Absences	4,525,851	1,544,138		1,395,392	4,674,597	1,316,132
Subtotal - Other						
General Long -Term Liabilities	5,651,549	1,544,138		1,422,786	5,772,901	1,363,452
Subtotal Governmental Activities	\$ 20,657,489	\$ 1,544,138	\$	2,505,572	\$ 19,696,055	\$ 2,231,238

Long-Term Obligations (cont)

	Balance 01/01/06	Increases	Decreases	Balance 12/31/06	Amounts Due Withi One Year
Business-Type Activities:	01/01/00	Increases	Decreases	12/31/00	One rear
Enterprise Fund General Obligation					
Debt - Sewer Bonds					
1992 Sewer Bond	\$ 479,134	\$ 0	\$ 68,448	\$ 410,686	\$ 68,44
2005 Sewer Equipment OPWC	362,252	0	76,012	286,240	78,45
Waldamere-Glenwood Sanitary Sewer	115,000	0	10,000	105,000	10,00
Vine Street Area Sanitary Sewer	176,525	0	10,384	166,141	10,38
Center-Wood Sanitary Sewer OWDA	74,580	0	3,925	70,655	3,92
Grove-Erie Sanitary Sewer	329,315	0	34,661	294,654	36,34
Waldamere-Glenwood Sanitary Sewer	204,434	0	14,284	190,150	14,86
Waste Water Treatment	635,200	0	635,200	_	
Downtown Sanitary Sewer	1,121,799	0	56,240	1,065,559	58,46
Highland-Maple-Wood Sanitary Sewer	1,554,683	0	65,537	1,489,146	68,16
Center-Wood Sanitary Sewer	905,177	0	36,334	868,843	37,67
Van Gorder Sewer Lining	80,045	0	111	79,934	3,13
Subtotal - Sewer Bonds	6,038,144	0	1,011,136	5,027,008	389,86
Airport Bonds					
Airport Improvement	560,000	0	130,000	430,000	135,00
Subtotal - Airport Bonds	560,000	0	130,000	430,000	135,00
Golf Bonds					
Golf Course Improvement	 2,840,000	 0	 115,000	 2,725,000	120,00
Total Bonds Payable	9,438,144	0	1,256,136	8,182,008	644,86
Other Liabilities					
Compensated Absences	 695,198	 228,051	 200,507	 722,742	213,70
Subtotal Business-Type Activities	 10,133,342	 228,051	 1,456,643	 8,904,750	858,56
Total Long-Term Liabilities	\$ 30,790,831	\$ 1,772,189	\$ 3,962,215	\$ 28,600,805	\$ 3,089,80

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

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

During the year 2002, the City refunded golf course debt with bond issuance costs being recognized over the remaining life of the original debt. At December 31, 2006, the balance of the unamortized bond issuance costs is \$38,795.

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

General Obligation Bonds						
Year Ending	Governmen	Governmental Activities Business-type Activities				
December 31	Principal	Interest	Principal	Interest		
2007	846,552	647,018	401,903	167,091		
2008	796,553	603,654	419,545	150,627		
2009	816,553	564,248	432,278	132,985		
2010	841,553	523,868	241,304	114,673		
2011	861,548	481,973	208,447	104,769		
2012-2016	3,826,553	1,848,435	863,449	400,392		
2017-2021	3,550,000	995,088	1,035,000	209,394		
2022-2025	2,070,000	178,380	250,000	12,000		
Total	\$ 13,609,312	\$ 5,842,664	\$ 3,851,926	\$ 1,291,931		

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

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

Special Assessment					
Year Ending	Governmen	tal Activities			
December 31	Principal	Interest			
2007	20,000	17,258			
2008	25,000	16,088			
2009	25,000	14,626			
2010	25,000	13,162			
2011	30,000	11,700			
2012-2016	170,000	30,422			
Total	\$ 295,000	\$ 103,256			

Other Long-Term Obligations – Compensated absences will be paid from the fund in which the employee's salary is paid. The General fund and Future Retirement fund pay the most significant amounts. Enterprise funds pay for all of their employee costs including retirements. Police Pension liability is paid from the Police Pension fund. See Note 18 for further detail on landfill liability.

The City's legal debt margin at December 31, 2006, was \$67,294,551. Annual debt service requirements to maturity for other debt are as follows:

Other Debt							
		Governmental Activities Business-type Activities					
Year Ending	Police Pens	sion Liability	O.P.W.C.	O.W.D.A.	& O.P.W.C.		
December 31	Principal	Interest	Principal	Principal	Interest		
2007	2,281	5,142	1,234	242,959	155,992		
2008	2,379	5,044	1,234	251,911	147,039		
2009	2,481	4,942	1,234	261,236	137,713		
2010	2,588	4,835	1,234	270,947	128,004		
2011	2,698	4,724	1,234	281,055	117,891		
2012-2016	15,335	21,780	6,169	1,412,749	431,827		
2017-2021	18,925	18,188	5,719	1,319,018	180,080		
2022-2026	23,355	13,761	784	290,207	10,544		
2027-2031	28,820	8,297	0	0	0		
2032-2035	22,690	1,882	0	0	0		
Total	\$ 121,552	\$ 88,595	\$ 18,842	\$ 4,330,082	\$ 1,309,090		

NOTE 16: CONDUIT DEBT

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

ТҮРЕ	ON BEHALF OF	ORIGINAL AMOUNT	OUTSTANDING BALANCE	YEAR OF ISSUE
Multi-Family Housing Mortgage Revenue Bonds	Oakhill Village Oakhill Village	\$5,955,000 \$3,395,000	\$5,955,000 \$2,910,000	2002A 2002B
Industrial Development Revenue Bonds	Kennedy Group	\$6,500,000	\$3,210,000	1998
Industrial Development Revenue Refunding Bonds	Ohio Presbyterian Retirement Services	\$8,200,000	\$5,390,000	1996

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

NOTE 17: 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, 2006:

	Maturity Date	Balance December 31, 2005	Issued	Retired	Balance December 31, 2006
Capital Projects Note Payable: 3.25%	Dec. 8, 2006	\$4,950,000	\$5,060,000	\$4,950,000	\$5,060,000
Total Note Payable		<u>\$4,950,000</u>	<u>\$5,060,000</u>	<u>\$4,950,000</u>	<u>\$5,060,000</u>

NOTE 18: 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 \$976,752 reported as Landfill Postclosure Care at December 31, 2006 represents estimated cost of maintenance and monitoring through 2024. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

NOTE 19: 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	Clarendon National Ins.	2,000,000	25,000
Law Enforcement Liability	Clarendon National Ins.	1,000,000	7,500
Commercial Property	CNA Companies	61,972,546	25,000
Commercial Crime	CNA Companies	10,000	2,500
Equipment Breakdown	CNA Companies	61,972,546	10,000
Automobile Liability	CNA Companies	1,000,000	0
Automobile Comprehensive	CNA Companies	Per Schedule	1,000
Automobile Collision	CNA Companies	Per Schedule	1,000
Excess General Liability			
(Umbrella)	American Alternative Ins.	10,000,000	10,000
Fire Errors and Omissions	CNA Companies	1,000,000	0
Ambulance Malpractice	CNA Companies	1,000,000	0
Blanket Bond	CNA Companies	100,000	2,500
	State Automobile Mutual		
Bond-Finance Director	Insurance Company	40,000	0

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

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.

At December 31, 2004 the City had no further liability to the fund. The fund was closed out in 2006.

NOTE 20: JOINT ORGANIZATION

Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of 118 communities who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

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 2006. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 1615 Clark Avenue, Cleveland, Ohio 44109.

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

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED	VARIANCE WITH FINAL BUDGET POSITIVE		
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Municipal Income Taxes	\$11,912,379	\$11,912,379	\$11,909,239	(\$3,140)
Property and Other Local Taxes	1,521,711	1,521,711	1,620,108	98,397
Intergovernmental	2,868,838	2,868,838	3,335,917	467,079
Charges for Services	817,850	817,850	1,164,434	346,584
Fines and Forfeitures	1,908,000	1,908,000	2,014,206	106,206
Licenses, Permits	269,200	269,200	292,516	23,316
Interest Income	495,000	495,000	700,837	205,837
Other	279,141	279,141	288,300	<u>9,159</u>
Total Revenues	20,072,119	20,072,119	21,325,557	<u>1,253,438</u>
EXPENDITURES:				
General Government	6,871,203	7,415,308	6,841,451	573,857
Security of Persons and Property	10,456,708	10,575,652	10,197,598	378,054
Public Health and Welfare	404,420	407,387	408,481	(1,094)
Community Environment	914,796	994,174	958,106	36,068
Leisure Time Activities	947,041	983,917	942,346	41,571
Basic Utility Service	1,142,800	1,199,584	1,183,599	<u>15,985</u>
Total Expenditures	20,736,968	21,576,022	20,531,581	1,044,441
Excess of Revenues Over				
(Under) Expenditures	(664,849)	(1,503,903)	793,976	2,297,879
OTHER FINANCING SOURCES (USES):				
Transfers Out	(1,977,904)	(1,977,904)	(1,977,904)	0
Other	10,000	10,000	130,240	<u>120,240</u>
Total Other Financing Sources (Uses)	(1,967,904)	(1,967,904)	(1,847,664)	<u>120,240</u>
NET CHANGE IN FINIS DALANCE	(2, (22, 752)	(2.471.007)	(1.052.600)	2 410 110
NET CHANGE IN FUND BALANCE	(2,632,753)	(3,471,807)	(1,053,688)	2,418,119
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	<u>5,251,088</u>	<u>5,251,088</u>	<u>5,251,088</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$2,618,335</u>	\$1,779,281	\$4,197,400	\$2,418,119

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, 2006

	BUDGETEL	D AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	<u>FINAL</u>	<u>ACTUAL</u>	(NEGATIVE)
REVENUES:				
Municipal Income Taxes	\$1,779,966	\$1,779,966	\$1,779,966	\$0
Property and Other Local Taxes	109,000	109,000	109,568	568
Interest Income	15,000	30,000	53,786	23,786
Total Revenues	<u>1,903,966</u>	<u>1,918,966</u>	<u>1,943,320</u>	<u>24,354</u>
EXPENDITURES:				
Capital Outlay	3,967,329	5,504,195	4,513,753	990,442
Debt Service				
Principal Retirement	4,950,000	4,950,000	4,950,000	0
Interest	<u>160,875</u>	160,875	160,875	<u>0</u>
Total Expenditures	9,078,204	10,615,070	9,624,628	990,442
Excess of Revenues Over				
(Under) Expenditures	(7,174,238)	(8,696,104)	(7,681,308)	1,014,796
OTHER FINANCING SOURCES (USES):				
Notes Issued	5,135,875	5,135,875	5,060,000	(75,875)
Other	0	69,379	188,575	119,196
Transfers In	62,904	136,904	137,608	<u>704</u>
Total Other Financing Sources (Uses)	<u>5,198,779</u>	<u>5,342,158</u>	<u>5,386,183</u>	44,025
NET CHANGE IN FUND BALANCE	(1,975,459)	(3,353,946)	(2,295,125)	1,058,821
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	4,834,969	4,834,969	4,834,969	<u>0</u>
FUND BALANCE END OF YEAR	\$2,859,510	\$1,481,023	\$2,539,844	<u>\$1,058,821</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, 2006

	BUDGETED A	VARIANCE WITH FINAL BUDGET POSITIVE		
	ORIGINAL	FINAL	<u>ACTUAL</u>	(NEGATIVE)
REVENUES:				
Property and Other Local Taxes	\$1,381,443	\$1,432,784	\$1,474,883	\$42,099
Intergovernmental	137,784	171,640	147,218	(24,422)
Interest Income	<u>0</u>	<u>0</u>	33,199	<u>33,199</u>
Total Revenues	<u>1,519,227</u>	<u>1,604,424</u>	1,655,300	<u>50,876</u>
EXPENDITURES:				
General Government	36,000	37,542	35,409	2,133
Debt Service				
Principal	1,070,499	1,190,499	1,190,499	0
Interest	<u>718,479</u>	780,167	<u>780,166</u>	<u>1</u>
Total Expenditures	<u>1,824,978</u>	<u>2,008,208</u>	<u>2,006,074</u>	<u>2,134</u>
Excess of Revenues Over				
(Under) Expenditures	(305,751)	(403,784)	(350,774)	53,010
•				
OTHER FINANCING SOURCES (USES):				
Transfer In	200,000	300,000	300,000	<u>0</u>
Total Other Financing Sources (Uses)	200,000	300,000	300,000	<u>0</u>
NET CHANGE IN FUND BALANCE	(105,751)	(103,784)	(50,774)	53,010
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	125,738	125,738	125,738	<u>0</u>
FUND BALANCE END OF YEAR	\$19,987	<u>\$21,954</u>	<u>\$74,964</u>	<u>\$53,010</u>

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL
GOLF COURSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED	AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE	
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES:				
Charges for Services	\$900,000	\$900,000	\$780,757	(\$119,243)
Interest Income	0	0	0	0
Other	<u>3,239</u>	<u>3,239</u>	<u>2,740</u>	<u>(499)</u>
Total Revenues	903,239	903,239	<u>783,497</u>	(119,742)
EXPENSES:				
Leisure Time Activities	658,223	653,345	688,342	(34,997)
Debt Principal	115,000	115,000	0	115,000
Debt Interest	116,890	116,890	<u>58,445</u>	<u>58,445</u>
Total Expenses	890,113	<u>885,235</u>	746,787	<u>138,448</u>
Excess of Revenues Over				
(Under) Expenses	13,126	18,004	36,710	18,706
OTHER FINANCING SOURCES (USES):				
Other	0	0	4,734	<u>4,734</u>
Total Other Financing Sources (Uses)	<u>0</u> <u>0</u>	<u>0</u> <u>0</u>	4,734	4,734
NET CHANGE IN FUND BALANCE	13,126	18,004	41,444	23,440
FUND EQUITY BEGINNING OF YEAR, AS RESTATED	12,254	12,254	12,254	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$25,380</u>	<u>\$30,258</u>	<u>\$53,698</u>	<u>\$23,440</u>

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED	AMOUNTS		VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	<u>ACTUAL</u>	(NEGATIVE)
REVENUES:				
Municipal Income Taxes	\$750,000	\$750,000	\$750,000	\$0
Intergovernmental	149,900	149,900	0	(149,900)
Charges for Services	4,661,250	4,261,250	3,821,714	(439,536)
Interest Income	25,000	25,000	64,680	39,680
Other	177,332	177,332	<u>203,682</u>	<u>26,350</u>
Total Revenues	<u>5,763,482</u>	5,363,482	4,840,076	(523,406)
EXPENSES:				
Basic Utility Service	5,184,060	6,069,162	5,655,001	414,161
Debt Principal	1,011,024	1,011,024	1,011,024	0
Debt Interest	251,068	<u>251,068</u>	<u>251,068</u>	0
Total Expenses	6,446,152	7,331,254	6,917,093	<u>414,161</u>
Excess of Revenues Over				
(Under) Expenses	(682,670)	(1,967,772)	(2,077,017)	(109,245)
OTHER FINANCING SOURCES (USES):				
Other	0	0	14,650	(14,650)
Sale of Debt	150,000	<u>550,000</u>	0	(550,000)
Total Other Financing Sources (Uses)	150,000	550,000	14,650	(564,650)
NET CHANGE IN FUND BALANCE	(532,670)	(1,417,772)	(2,062,367)	(644,595)
FUND EQUITY BEGINNING OF YEAR, AS RESTATED	<u>2,154,677</u>	<u>2,154,677</u>	<u>2,154,677</u>	<u>0</u>
FUND EQUITY END OF YEAR	\$1,622,007	<u>\$736,905</u>	\$92,310	(\$644,595)

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL
AIRPORT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED A	VARIANCE WITH FINAL BUDGET POSITIVE		
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)
DEVENUE				
REVENUES: Charges for Services	\$22,000	\$22,000	\$22,396	\$396
Interest Income	500	500	1,912	1,412
Rental	130,500	130,500	137,968	7,468
Other	1,097	1,097	638	<u>(459)</u>
Total Revenues	154,097	154,097	<u>162,914</u>	8,817
EXPENSES:				
Transportation	207,639	208,441	158,347	50,094
Total Expenses	207,639	208,441	<u>158,347</u>	<u>50,094</u>
Excess of Revenues Over				
(Under) Expenses	(53,542)	(54,344)	<u>4,567</u>	<u>58,911</u>
OTHER FINANCING SOURCES (USES):				
Other	<u>0</u>	<u>0</u>	<u>1,013</u>	<u>1,013</u>
Total Other Financing Sources (Uses)	<u>0</u> <u>0</u>	$\frac{0}{0}$	<u>1,013</u>	<u>1,013</u>
NET CHANGE IN FUND BALANCE	(53,542)	(54,344)	5,580	59,924
THE CHARGE BY COLD BILLIANCE	(33,312)	(31,311)	3,500	33,521
FUND EQUITY BEGINNING OF YEAR, AS RESTATED	110,701	110,701	110,701	0
FUND EQUITY END OF YEAR	<u>\$57,159</u>	<u>\$56,357</u>	<u>\$116,281</u>	<u>\$59,924</u>

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL
WORKERS' COMPENSATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED A	AMOUNTS	·	ARIANCE WITH FINAL BUDGET POSITIVE
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)
OTHER FINANCING SOURCES (USES): Transfer Out Total Other Financing Sources (Uses)	(\$700,142) (700,142)	(\$700,142) (700,142)	(\$700,142) (700,142)	\$ <u>0</u>
NET CHANGE IN FUND BALANCE	(700,142)	(700,142)	(700,142)	0
FUND EQUITY BEGINNING OF YEAR	700,142	700,142	700,142	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Combining Statements and Individual Fund Schedules

Combining Statements - Nonmajor Funds

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

Law Enforcement Fund - 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 account for the accumulation of voted property tax for the purpose of recreation programs.

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

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

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

Corporate Maintenance Fund – 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 this fund for the purpose of acquisition, improvement, replacement or repair of court technology capital assets and for related staff training. These funds are collected from additional court costs levied on each case.

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

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

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

Street Lighting Fund – to account for the .9 mill rate the City assesses on all real property to provide city wide public street lights. These funds are collected in the same manner as other assessments by the Lake County Treasurer.

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 and other funds.

FEMA Fund – to account for Federal and State grants to reimburse the City for costs incurred in managing the 2006 flood with labor and equipment use as well as property damage.

Railroad Grade Crossing Fund – to account for fines received and expenditures for crossing improvements. This is a state mandated fund, but there has only been budget activity through 2006.

NONMAJOR DEBT SERVICE FUND

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

PERMANENT FUND

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

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

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AS OF DECEMBER 31, 2006

	NONMAJOR SPECIAL REVENUE <u>FUNDS</u>	SPECIAL ASSESSMENTS DEBT SERVICE FUND	CEMETERY CARE PERMANENT <u>FUND</u>	TOTAL NONMAJOR GOVERNMENTAL <u>FUNDS</u>
ASSETS				
Equity in City Treasury Cash and Investments	\$3,526,940	\$309,313	\$194,057	\$4,030,310
Inventory - Supplies	96,601	0	0	96,601
Accounts Receivable	6,592	0	0	6,592
Due from Other Governments	542,687	0	0	542,687
Taxes Receivable	1,700,706	0	0	1,700,706
Due from Other Funds	2,372	0	0	2,372
Special Assessments Receivable	<u>526,558</u>	<u>428,885</u>	<u>0</u>	<u>955,443</u>
TOTAL ASSETS	\$6,402,456	<u>\$738,198</u>	<u>\$194,057</u>	<u>\$7,334,711</u>
LIABILITIES				
Accounts Payable	\$216,443	\$0	\$0	\$216,443
Matured Compensated Absences Payable	34,101	0	0	34,101
Salaries, Wages & Benefits Payable	48,896	0	0	48,896
Due to Other Funds	66,578	0	0	66,578
Deferred Revenue	2,660,585	428,885	<u>0</u>	3,089,470
TOTAL LIABILITIES	3,026,603	428,885	0	3,455,488
FUND BALANCES	2.00.205	0		2 < 0.20.7
Reserved for Encumbrances	269,305	0	0	269,305
Reserved for Inventory	96,601	0	0	96,601
Reserved for Debt Service	0	309,313	0	309,313
Unreserved, Undesignated Reported in:	2 000 045	0		2 000 0 45
Special Revenue Funds	3,009,947	0	104.057	3,009,947
Permanent Fund	<u>0</u>	<u>0</u>	<u>194,057</u>	<u>194,057</u>
TOTAL FUND BALANCES	3,375,853	<u>309,313</u>	<u>194,057</u>	3,879,223
TOTAL LIABILITIES AND FUND BALANCES	<u>\$6,402,456</u>	<u>\$738,198</u>	<u>\$194,057</u>	\$7,334,711

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	NONMAJOR SPECIAL REVENUE <u>FUNDS</u>	SPECIAL ASSESSMENTS DEBT SERVICE <u>FUND</u>	CEMETERY CARE PERMANENT <u>FUND</u>	TOTAL NONMAJOR GOVERNMENTAL <u>FUNDS</u>
REVENUES:				
Property and Other Local Taxes	\$525,625	\$0	\$0	\$525,625
Intergovernmental	1,429,577	0	0	1,429,577
Charges for Services	243,742	0	8,407	252,149
Special Assessments	617,801	177,310	0	795,111
Fines and Forfeitures	344,598	0	0	344,598
Miscellaneous	<u>4,971</u>	<u>0</u>	<u>0</u>	<u>4,971</u>
Total Revenues	3,166,314	<u>177,310</u>	<u>8,407</u>	<u>3,352,031</u>
EXPENDITURES:				
Current:				
General Government	234,374	5,208	0	239,582
Security of Persons and Property	2,008,898	0	0	2,008,898
Community Environment	77,522	0	0	77,522
Leisure Time Activities	814,367	0	0	814,367
Transportation	1,377,708	0	0	1,377,708
Capital Outlay	211,009	0	0	211,009
Debt Service:				
Principal	0	142,288	0	142,288
Interest	<u>0</u>	<u>27,612</u>	<u>0</u>	<u>27,612</u>
Total Expenditures	4,723,878	<u>175,108</u>	<u>0</u>	<u>4,898,986</u>
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(1,557,564)	2,202	8,407	(1,546,955)
OTHER FINANCING SOURCES (USES):				
Transfers In	2,615,142	0	0	2,615,142
Transfers (Out)	(274,704)	(100,000)	<u>0</u>	(374,704)
TOTAL OTHER FINANCING SOURCES (USES)	2,340,438	(100,000)	<u>0</u>	<u>2,240,438</u>
NET CHANGE IN FUND BALANCES	782,874	(97,798)	8,407	693,483
FUND BALANCES BEGINNING OF YEAR	2,586,139	407,111	185,650	3,178,900
INCREASE (DECREASE) IN RESERVE				
FOR INVENTORY	<u>6,840</u>	<u>0</u>	<u>0</u>	<u>6,840</u>
FUND BALANCES END OF YEAR	\$3,375,853	<u>\$309,313</u>	<u>\$194,057</u>	\$3,879,223

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS AS OF DECEMBER 31, 2006

	FIRE <u>PENSION</u>	POLICE PENSION	LAW ENFORCEMENT	RECREATION	STREET CONSTRUCTION MAINTENANCE AND REPAIR	STATE <u>HIGHWAY</u>	ROAD & BRIDGE	CORPORATE MAINTENANCE
ASSETS								
Equity in City Treasury Cash and Investments	\$64,073	\$86,118	\$81,115	\$174,690	\$540,756	\$54,336	\$0	\$34,538
Inventory - Supplies	0	0	0	0	96,601	0	0	0
Accounts Receivable	0	0	0	0	90	0	0	6,502
Due from Other Governments	6,879	6,879	0	1,797	434,933	34,903	32,577	0
Taxes Receivable	218,469	218,469	0	121,170	0	0	1,142,598	0
Special Assessments Receivable	0	0	0	0	0	0	0	20,120
Due from Other Funds	647	647	<u>0</u>	<u>1,078</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$290,068	\$312,113	\$81,115	\$298,735	\$1,072,380	\$89,239	\$1,175,175	\$61,160
LIABILITIES Accounts Payable Salaries, Wages & Benefits Payable Matured Compensated Absences Payable Due to Other Funds Deferred Revenue TOTAL LIABILITIES	\$0 13,119 0 0 225,348 238,467	\$0 12,014 0 0 225,348 237,362	\$71,243 0 0 0 0 0 <u>0</u> 71,243	\$11,613 8,390 0 122,967 142,970	\$17,117 14,953 0 0 356,300 388,370	\$0 0 0 0 28,889 28,889	\$0 0 0 0 1,175,175 1,175,175	\$0 0 0 0 20,120 20,120
FUND BALANCES Reserved for Encumbrances Reserved for Inventory Unreserved, Undesignated Reported in: Special Revenue Funds	0 0 51,601	0 0 74,751	0 0 9,872	18,182 0 137,583	117,089 96,601 470,320	29,069 0 31,281	0 0	22,274 0 18,766
TOTAL FUND BALANCES	51,601	74,751	9,872	155,765	684,010	60,350	<u>0</u>	41,040
TOTAL LIABILITIES AND FUND BALANCES	\$290,068	\$312,113	\$81,115	\$298,735	\$1,072,380	\$89,239	\$1,175,175	\$61,160

ENFORCEMENT AND EDUCATION	INDIGENT DRIVERS TREATMENT	COURT COMPUTER	GENERAL SPECIAL PROJECTS	URBAN FOREST <u>MANAGEMENT</u>	VICTIMS ASSISTANCE	STREET <u>LIGHTING</u>	FUTURE RETIREMENT <u>RESERVE</u>	<u>FEMA</u>	TOTAL 2006
\$35,064	\$285,268	\$239,803	\$158,436	\$46,982	\$18,652	\$553,885	\$901,400	\$251,824	\$3,526,940
0	0	0	0	0	0	0	0	0	96,601
0	0	0	0	0	0	0	0	0	6,592
252	1,100	8,913	14,454	0	0	0	0	0	542,687
0	0	0	0	0	0	0	0	0	1,700,706
0	0	0	0	0	0	506,438	0	0	526,558
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	2,372
\$35,316	\$286,368	\$248,716	\$172,890	\$46,982	\$18,652	\$1,060,323	\$901,400	\$251,824	\$6,402,456
\$30,000 0 0 0 0 <u>0</u> 30,000	\$0 0 0 0 0 <u>0</u>	\$4,733 0 0 0 0 <u>0</u> 4,733	\$828 0 0 0 0 <u>0</u> 828	\$0 0 0 0 0 <u>0</u>	\$93 420 0 0 0 <u>0</u> 513	\$80,816 0 0 0 506,438 587,254	\$0 0 34,101 0 <u>0</u> 34,101	\$0 0 0 66,578 <u>0</u> 66,578	\$216,443 48,896 34,101 66,578 2,660,585 3,026,603
0	11,005 0	61,635 0	807 0	1,203 0	0	8,041 0	0	0	269,305 96,601
<u>5,316</u>	275,363	182,348	171,255	45,779	18,139	465,028	867,299	185,246	3,009,947
5,316	286,368	243,983	172,062	46,982	18,139	473,069	867,299	185,246	3,375,853
\$35,316	\$286,368	\$248,716	\$172,890	\$46,982	\$18,652	\$1,060,323	\$901,400	\$251,824	\$6,402,456

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	FIRE PENSION	POLICE PENSION	LAW ENFORCEMENT	RECREATION	STREET CONSTRUCTION MAINTENANCE AND REPAIR	STATE <u>HIGHWAY</u>	ROAD & BRIDGE	CORPORATE MAINTENANCE
REVENUES:								
Property and Other Local Taxes	\$182,731	\$182,731	\$0	\$105,276	\$54,887	\$0	\$0	\$0
Intergovernmental	22,085	22,085	0	103,791	920,381	74,625	0	0
Charges for Services	0	0	0	234,222	720	0	0	0
Special Assessments	0	0	0	0	0	0	0	46,075
Fines and Forfeitures	0	0	1,211	0	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,971</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>204,816</u>	<u>204,816</u>	<u>1,211</u>	443,289	<u>980,959</u>	<u>74,625</u>	<u>0</u>	<u>46,075</u>
EXPENDITURES:								
Current:								
General Government	2,576	2,576	0	0	0	0	0	43
Security of Persons and Property	672,308	632,963	1,380	0	0	0	0	0
Community Environment	0	0	0	0	0	0	0	70,404
Leisure Time Activities	0	0	0	814,367	0	0	0	0
Transportation	0	0	0	0	1,277,878	61,617	0	0
Capital Outlay	<u>0</u>	<u>0</u>	71,243	12,691	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	674,884	635,539	72,623	827,058	1,277,878	61,617	<u>0</u>	<u>70,447</u>
EXCESS OF REVENUES OVER								
(UNDER) EXPENDITURES	(470,068)	(430,723)	(71,412)	(383,769)	(296,919)	13,008	0	(24,372)
OTHER FINANCING SOURCES (USES):								
Transfers In	475,000	450,000	0	325,000	650,000	0	0	0
Transfers (Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES	<u>475,000</u>	450,000	<u>0</u>	325,000	<u>650,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	4,932	19,277	(71,412)	(58,769)	353,081	13,008	0	(24,372)
FUND BALANCES BEGINNING OF YEAR	46,669	55,474	81,284	214,534	324,089	47,342	0	65,412
INCREASE (DECREASE) IN RESERVE								
FOR INVENTORY	0	<u>0</u>	<u>0</u>	0	<u>6,840</u>	0	0	<u>0</u>
FUND BALANCES END OF YEAR	\$51,601	\$74,751	\$9,872	\$155,765	\$684,010	\$60,350	\$0	\$41,040

ENFORCEMENT AND EDUCATION	INDIGENT DRIVERS TREATMENT	COURT COMPUTER	GENERAL SPECIAL PROJECTS	URBAN FOREST MANAGEMENT	VICTIMS <u>ASSISTANCE</u>	STREET LIGHTING	FUTURE RETIREMENT RESERVE	<u>FEMA</u>	TOTAL 2006
\$0	¢0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$505.605
\$0 0	\$0 0	\$0 0	\$0 0	90	34,786	\$0 0	90 0	251,824	\$525,625 1,429,577
0	0	0	0	8,800	0	0	0	231,824	243,742
0	0	0	0	0,800	0	571,726	0	0	617,801
3,085	38,249	121,968	180,085	0	0	0	0	0	344,598
<u>0</u>	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0	<u>0</u>	<u>0</u>	4,971
3,085	38,249	121,968	180,085	<u>8,800</u>	<u>34,786</u>	571,726	<u>0</u>	251,824	3,166,314
0	62,650	110,415	5,130	0	0	17,376	33,608	0	234,374
0	0	0	0	0	41,526	482,406	111,737	66,578	2,008,898
0	0	0	0	7,118	0	0	0	0	77,522
0	0	0	0	0	0	0	0	0	814,367
0	0	0	0	0	0	0	38,213	0	1,377,708
<u>30,000</u>	<u>0</u>	54,490	<u>0</u>	<u>0</u>	<u>0</u>	42,585	<u>0</u>	<u>0</u>	211,009
<u>30,000</u>	<u>62,650</u>	<u>164,905</u>	<u>5,130</u>	<u>7,118</u>	<u>41,526</u>	<u>542,367</u>	<u>183,558</u>	66,578	4,723,878
(26,915)	(24,401)	(42,937)	174,955	1,682	(6,740)	29,359	(183,558)	185,246	(1,557,564)
0	0	0	0	0	15,000	0	700,142	0	2,615,142
<u>0</u> <u>0</u>	<u>0</u>	(74,704)	(200,000)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	(274,704)
<u>0</u>	<u>0</u>	(74,704)	(200,000)	<u>0</u>	<u>15,000</u>	<u>0</u>	700,142	<u>0</u>	<u>2,340,438</u>
(26,915)	(24,401)	(117,641) 0	(25,045)	1,682	8,260	29,359	516,584	185,246	782,874
32,231	310,769	361,624	197,107	45,300	9,879	443,710	350,715	0	2,586,139
<u>0</u> \$5,316	<u>0</u> \$286,368	<u>0</u> \$243,983	<u>0</u> \$172,062	<u>0</u> \$46,982	<u>0</u> <u>\$18,139</u>	<u>0</u> \$473,069	<u>0</u> \$867,299	<u>0</u> \$185,246	6,840 \$3,375,853

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL FIRE PENSION FUND FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED A	VARIANCE WITH FINAL BUDGET POSITIVE		
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)
REVENUES:				
Property and Other Local Taxes	\$168,061	\$168,061	\$182,084	\$14,023
Intergovernmental Total Revenues	26,528 194,589	26,528 194,589	22,085 204,169	(4,443) 9,580
EXPENDITURES:				
Security of Persons and Property	694,004	<u>694,004</u>	<u>674,054</u>	<u>19,950</u>
Total Expenditures	694,004	<u>694,004</u>	<u>674,054</u>	<u>19,950</u>
Excess of Revenues Over	(400,415)	(400,415)	(460.005)	20.520
(Under) Expenditures	(499,415)	(499,415)	(469,885)	29,530
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>475,000</u>	<u>475,000</u>	<u>475,000</u>	<u>0</u> <u>0</u>
Total Other Financing Sources (Uses)	<u>475,000</u>	475,000	<u>475,000</u>	<u>U</u>
NET CHANGE IN FUND BALANCE	(24,415)	(24,415)	5,115	29,530
FUND BALANCE BEGINNING OF YEAR	58,958	58,958	58,958	<u>0</u>
TOND BALANCE BEOINWING OF TEAK	<u> 36,736</u>	<u>50,750</u>	<u>36,736</u>	<u> </u>
FUND BALANCE END OF YEAR	<u>\$34,543</u>	<u>\$34,543</u>	<u>\$64,073</u>	<u>\$29,530</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, 2006

	BUDGETED	<u>AMOUNTS</u>		VARIANCE WITH FINAL BUDGET POSITIVE	
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)	
REVENUES:					
Property and Other Local Taxes	\$168,061	\$168,061	\$182,084	\$14,023	
Intergovernmental	<u>26,528</u>	26,528	22,085	(4,443)	
Total Revenues	194,589	<u>194,589</u>	<u>204,169</u>	<u>9,580</u>	
EXPENDITURES:					
Security of Persons and Property	680,458	680,458	635,442	45,016	
Total Expenditures	680,458	680,458	635,442	45,016	
Excess of Revenues Over (Under) Expenditures	(485,869)	(485,869)	(431,273)	54,596	
OTHER FINANCING SOURCES (USES): Transfers In Total Other Financing Sources (Uses)	450,000 450,000	450,000 450,000	450,000 450,000	<u>0</u> <u>0</u>	
NET CHANGE IN FUND BALANCE	(35,869)	(35,869)	18,727	54,596	
FUND BALANCE BEGINNING OF YEAR	<u>67,391</u>	<u>67,391</u>	<u>67,391</u>	<u>0</u>	
FUND BALANCE END OF YEAR	\$31,522	\$31,522	<u>\$86,118</u>	\$54,59 <u>6</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL
LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED A		VARIANCE WITH FINAL BUDGET	
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	POSITIVE (NEGATIVE)
REVENUES:				
Fines and Forfeitures	<u>\$500</u>	<u>\$500</u>	\$1,211	<u>\$711</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>1,211</u>	<u>711</u>
EXPENDITURES:				
Security of Persons and Property	80,000	80,000	72,623	<u>7,377</u>
Total Expenditures	80,000	80,000	<u>72,623</u>	<u>7,377</u>
NET CHANGE IN FUND BALANCE	(79,500)	(79,500)	(71,412)	8,088
FUND BALANCE BEGINNING OF YEAR	<u>81,284</u>	81,284	<u>81,284</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$1,784</u>	<u>\$1,784</u>	<u>\$9,872</u>	<u>\$8,088</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, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE	
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)	
REVENUES:					
Property and Other Local Taxes	\$93,069	\$93,069	\$104,199	\$11,130	
Intergovernmental	59,288	59,288	103,791	44,503	
Charges for Services	<u>200,000</u>	<u>200,000</u>	<u>234,222</u>	<u>34,222</u>	
Total Revenues	352,357	<u>352,357</u>	442,212	<u>89,855</u>	
EXPENDITURES:					
Leisure Time Activities	852,334	887,840	851,242	<u>36,598</u>	
Total Expenditures	852,334	<u>887,840</u>	<u>851,242</u>	<u>36,598</u>	
Excess of Revenues Over					
(Under) Expenditures	(499,977)	(535,483)	(409,030)	126,453	
OTHER FINANCING SOURCES (USES):					
Transfers In	325,000	325,000	325,000	<u>0</u>	
Total Other Financing Sources (Uses)	325,000	325,000	325,000	<u>0</u>	
NET CHANGE IN FUND BALANCE	(174,977)	(210,483)	(84,030)	126,453	
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	230,584	230,584	230,584	<u>0</u>	
FUND BALANCE END OF YEAR	<u>\$55,607</u>	<u>\$20,101</u>	<u>\$146,554</u>	<u>\$126,453</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, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	<u>ACTUAL</u>	(NEGATIVE)
REVENUES: Property and Other Local Taxes Intergovernmental Charges for Services Total Revenues	\$55,000 840,000 <u>550</u> 895,550	\$55,000 840,000 <u>550</u> 895,550	\$54,783 913,874 <u>720</u> 969,377	(\$217) 73,874 <u>170</u> 73,827
EXPENDITURES: Transportation Total Expenditures	1,666,622 1,666,622	1,758,127 1,758,127	1,448,574 1,448,574	309,553 309,553
Excess of Revenues Over (Under) Expenditures	(771,072)	(862,577)	(479,197)	383,380
OTHER FINANCING SOURCES (USES): Transfers In Other Total Other Financing Sources (Uses)	650,000 2,000 652,000	650,000 <u>2,000</u> <u>652,000</u>	650,000 4,971 654,971	0 <u>2,971</u> <u>2,971</u>
NET CHANGE IN FUND BALANCE	(119,072)	(210,577)	175,774	386,351
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	234,822	234,822	234,822	<u>0</u>
FUND BALANCE END OF YEAR	\$115.750	<u>\$24.245</u>	\$410.596	<u>\$386.351</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, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>	ACTUAL	POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	<u>\$67,000</u>	\$67,000	<u>\$74,098</u>	<u>\$7,098</u>
Total Revenues	<u>67,000</u>	<u>67,000</u>	<u>74,098</u>	<u>7,098</u>
EXPENDITURES:				
Transportation	80,000	107,387	106,772	<u>615</u>
Total Expenditures	80,000	<u>107,387</u>	<u>106,772</u>	<u>615</u>
NET CHANGE IN FUND BALANCE	(13,000)	(40,387)	(32,674)	7,713
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	57,940	<u>57,940</u>	<u>57,940</u>	<u>0</u>
FUND BALANCE END OF YEAR	\$44,940	<u>\$17,553</u>	<u>\$25,266</u>	<u>\$7,713</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, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	<u>FINAL</u>	<u>ACTUAL</u>	(NEGATIVE)
REVENUES:				
Special Assessments	<u>\$31,500</u>	\$38,000	<u>\$39,573</u>	<u>\$1,573</u>
Total Revenues	<u>31,500</u>	<u>38,000</u>	<u>39,573</u>	<u>1,573</u>
EXPENDITURES:				
Community Environment	50,700	100,000	92,721	<u>7,279</u>
Total Expenditures	<u>50,700</u>	<u>100,000</u>	92,721	<u>7,279</u>
NET CHANGE IN FUND BALANCE	(19,200)	(62,000)	(53,148)	8,852
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	<u>65,412</u>	65,412	<u>65,412</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$46,212</u>	<u>\$3,412</u>	<u>\$12,264</u>	<u>\$8,852</u>

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, 2006

	BUDGETED A	AMOUNTS	VARIANCE WIT		
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	POSITIVE (NEGATIVE)	
REVENUES:					
Fines and Forfeitures	<u>\$4,500</u>	\$4,500	\$3,091	<u>(\$1,409)</u>	
Total Revenues	<u>4,500</u>	<u>4,500</u>	<u>3,091</u>	(1,409)	
EXPENDITURES:					
Capital Outlay	34,000	34,000	30,000	<u>4,000</u>	
Total Expenditures	<u>34,000</u>	<u>34,000</u>	<u>30,000</u>	<u>4,000</u>	
NET CHANGE IN FUND BALANCE	(29,500)	(29,500)	(26,909)	2,591	
FUND BALANCE BEGINNING OF YEAR	<u>31,973</u>	31,973	<u>31,973</u>	<u>0</u>	
FUND BALANCE END OF YEAR	\$2,473	\$2,473	\$5,064	<u>\$2,591</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, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)
REVENUES: Fines and Forfeitures Total Revenues	\$39,000 39,000	\$39,000 39,000	\$38,509 38,509	(\$491) (491)
EXPENDITURES: General Government Total Expenditures	75,000 75,000	123,655 123,655	73,655 73,655	50,000 50,000
NET CHANGE IN FUND BALANCE	(36,000)	(84,655)	(35,146)	49,509
FUND BALANCE BEGINNING OF YEAR, AS RESTATEI	<u>309,409</u>	309,409	309,409	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$273,409</u>	<u>\$224,754</u>	<u>\$274,263</u>	<u>\$49,509</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, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)
REVENUES:				
Fines and Forfeitures Total Revenues	\$145,000 145,000	\$145,000 145,000	\$122,463 122,463	(\$22,537) (22,537)
EXPENDITURES:				
General Government	50,000	136,713	180,859	(44,146)
Capital Outlay	<u>175,000</u>	<u>281,705</u>	<u>46,838</u>	<u>234,867</u>
Total Expenditures	<u>225,000</u>	<u>418,418</u>	227,697	<u>190,721</u>
Excess of Revenues Over				
(Under) Expenditures	(80,000)	(273,418)	(105,234)	168,184
OTHER FINANCING SOURCES (USES):				
Transfers Out	$\frac{0}{0}$	$\frac{0}{0}$	(74,704)	<u>(74,704)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(74,704)</u>	(74,704)
NET CHANGE IN FUND BALANCE	(80,000)	(273,418)	(179,938)	93,480
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	353,394	353,394	353,394	<u>0</u>
FUND BALANCE END OF YEAR	\$273,394	<u>\$79,976</u>	<u>\$173,456</u>	\$93,480

CITY OF WILLOUGHBY, OHIO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL GENERAL SPECIAL PROJECTS FUND FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE	
	ORIGINAL	<u>FINAL</u>	<u>ACTUAL</u>	(NEGATIVE)	
REVENUES:					
Fines and Forfeitures	\$200,000	\$200,000	\$180,393	<u>(\$19,607)</u>	
Total Revenues	<u>200,000</u>	<u>200,000</u>	180,393	(19,607)	
EXPENDITURES:					
General Government	0	7,160	5,937	1,223	
Capital Outlay	<u>0</u>	<u>17,840</u>	<u>0</u>	<u>17,840</u>	
Total Expenditures	<u>0</u>	<u>25,000</u>	<u>5,937</u>	<u>19,063</u>	
Excess of Revenues Over					
(Under) Expenditures	200,000	175,000	174,456	(544)	
OTHER FINANCING SOURCES (USES):					
Transfers Out	(200,000)	(200,000)	(200,000)	<u>0</u>	
Total Other Financing Sources (Uses)	(200,000)	(200,000)	(200,000)	$\frac{\underline{0}}{\underline{0}}$	
NET CHANGE IN FUND BALANCE	0	(25,000)	(25,544)	(544)	
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	<u>182,345</u>	182,345	182,345	<u>0</u>	
FUND BALANCE END OF YEAR	<u>\$182,345</u>	<u>\$157,345</u>	<u>\$156,801</u>	<u>(\$544)</u>	

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, 2006

	BUDGETED A	VARIANCE WITH FINAL BUDGET		
	<u>ORIGINAL</u>	FINAL	ACTUAL	POSITIVE (NEGATIVE)
REVENUES:				
Charges for Services	\$9,000	\$9,000	\$8,800	<u>(\$200)</u>
Total Revenues	<u>9,000</u>	<u>9,000</u>	<u>8,800</u>	(200)
EXPENDITURES:				
Community Environment	<u>25,000</u>	26,203	<u>8,321</u>	<u>17,882</u>
Total Expenditures	<u>25,000</u>	<u>26,203</u>	<u>8,321</u>	<u>17,882</u>
NET CHANGE IN FUND BALANCE	(16,000)	(17,203)	479	17,682
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	<u>45,300</u>	<u>45,300</u>	<u>45,300</u>	<u>0</u>
FUND BALANCE END OF YEAR	\$29,300	\$28,097	\$45,779	\$17,682

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL VICTIMS ASSISTANCE FUND FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	<u>ACTUAL</u>	(NEGATIVE)
REVENUES:				
Intergovernmental	<u>\$27,000</u>	<u>\$27,000</u>	<u>\$34,786</u>	<u>\$7,786</u>
Total Revenues	<u>27,000</u>	<u>27,000</u>	<u>34,786</u>	<u>7,786</u>
EXPENDITURES:				
Security of Persons and Property	<u>46,200</u>	<u>46,200</u>	41,703	<u>4,497</u>
Total Expenditures	<u>46,200</u>	46,200	41,703	<u>4,497</u>
Excess of Revenues Over (Under) Expenditures	(19,200)	(19,200)	(6,917)	12,283
OTHER FINANCING SOURCES (USES): Transfers In Total Other Financing Sources (Uses)	15,000 15,000	15,000 15,000	15,000 15,000	<u>0</u> <u>0</u>
NET CHANGE IN FUND BALANCE	(4,200)	(4,200)	8,083	12,283
FUND BALANCE BEGINNING OF YEAR	10,569	10,569	10,569	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$6,369</u>	<u>\$6,369</u>	<u>\$18,652</u>	<u>\$12,283</u>

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL STREET LIGHTING FUND FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED	AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE		
	<u>ORIGINAI</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)	
REVENUES:					
Special Assessments	\$534,374	\$534,374	\$571,726	\$37,352	
Total Revenues	<u>534,374</u>	534,374	<u>571,726</u>	<u>37,352</u>	
EXPENDITURES:					
Security of Persons and Property	500,000	550,625	532,734	17,891	
General Government	20,000	20,000	17,376	<u>2,624</u>	
Total Expenditures	<u>520,000</u>	<u>570,625</u>	<u>550,110</u>	<u>20,515</u>	
NET CHANGE IN FUND BALANCE	14,374	(36,251)	21,616	57,867	
FUND BALANCE BEGINNING OF YEAR, AS RESTATED	<u>483,441</u>	483,441	483,441	<u>0</u>	
FUND BALANCE END OF YEAR	\$497 <u>,815</u>	\$447,190	\$505,057	<u>\$57,867</u>	

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, 2006

	BUDGETED A		VARIANCE WITH FINAL BUDGET POSITIVE		
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)	
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	92,803	92,803	35,348	57,455	
Security of Persons	268,702	268,702	145,191	123,511	
Community Environment	32,309	32,309	0		
Transportation	<u>0</u>	<u>0</u>	<u>38,213</u>	(38,213)	
Total Expenditures	<u>393,814</u>	<u>393,814</u>	<u>218,752</u>	<u>142,753</u>	
Excess of Revenues Over					
(Under) Expenditures	(393,814)	(393,814)	(218,752)	142,753	
OTHER FINANCING SOURCES (USES):					
Transfers In	700,142	700,142	700,142	<u>0</u>	
Total Other Financing Sources (Uses)	700,142	700,142	<u>700,142</u>	<u>0</u> <u>0</u>	
NET CHANGE IN FUND BALANCE	306,328	306,328	481,390	142,753	
FUND BALANCE BEGINNING OF YEAR	420,010	<u>420,010</u>	420,010	<u>0</u>	
FUND BALANCE END OF YEAR	<u>\$726,338</u>	<u>\$726,338</u>	<u>\$901,400</u>	<u>\$142,753</u>	

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL FEMA FUND FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED .	<u>AMOUNTS</u>	`	VARIANCE WITH FINAL BUDGET POSITIVE
	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)
REVENUES:				
Intergovernmental	<u>\$0</u>	\$250,000	\$251,824	<u>\$1,824</u>
Total Revenues	<u>0</u>	<u>250,000</u>	<u>251,824</u>	<u>1,824</u>
EXPENDITURES:				
Security of Persons and Property	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>250,000</u>
Total Expenditures	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>250,000</u>
NET CHANGE IN FUND BALANCE	0	0	251,824	251,824
FUND BALANCE BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$0</u>	<u>\$0</u>	\$251,824	\$251,824

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, 2006

	BUDGETED .	<u>AMOUNTS</u>	`	VARIANCE WITH FINAL BUDGET POSITIVE			
	ORIGINAL	FINAL	<u>ACTUAL</u>	(NEGATIVE)			
REVENUES:							
Fines and Forfeitures	<u>\$100</u>	<u>\$100</u>	<u>\$0</u>	<u>(\$100)</u>			
Total Revenues	<u>100</u>	<u>100</u>	<u>0</u>	(100)			
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	100	100	0	(100)			
FUND BALANCE BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>			
FUND BALANCE END OF YEAR	<u>\$100</u>	<u>\$100</u>	<u>\$0</u>	<u>(\$100)</u>			

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL SPECIAL ASSESSMENT FUND FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED	<u>AMOUNTS</u>		VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	<u>ACTUAL</u>	(NEGATIVE)
REVENUES:				
Special Assessments	\$140,000	\$140,000	\$177,310	\$37,310
Total Revenues	<u>140,000</u>	<u>140,000</u>	<u>177,310</u>	<u>37,310</u>
EXPENDITURES:				
General Government	10,000	10,000	5,208	4,792
Debt Service				
Principal	142,288	142,288	142,288	0
Interest	27,612	27,612	27,612	<u>0</u>
Total Expenditures	<u>179,900</u>	<u>179,900</u>	<u>175,108</u>	<u>4,792</u>
Excess of Revenues Over				
(Under) Expenditures	(39,900)	(39,900)	2,202	42,102
OTHER FINANCING SOURCES (USES):				
Transfer Out	<u>0</u>	(100,000)	(100,000)	0
Total Other Financing Sources (Uses)	<u>0</u>	(100,000)	(100,000)	<u>0</u> <u>0</u>
NET CHANCE IN EVIDED BALANCE	(20,000)	(120,000)	(07.700)	42.102
NET CHANGE IN FUND BALANCE	(39,900)	(139,900)	(97,798)	42,102
FUND BALANCE BEGINNING OF YEAR	<u>407,111</u>	<u>407,111</u>	407,111	<u>0</u>
FUND BALANCE END OF YEAR	\$367,211	<u>\$267,211</u>	\$309,313	<u>\$42,102</u>

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL CEMETERY CARE FUND FOR THE YEAR ENDED DECEMBER 31, 2006

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE		
DEVENUEC.	<u>ORIGINAL</u>	FINAL	<u>ACTUAL</u>	(NEGATIVE)		
REVENUES: Miscellaneous Total Revenues	\$5,000 5,000	\$5,000 5,000	\$8,407 8,407	\$3,407 3,407		
FUND BALANCE BEGINNING OF YEAR	<u>185,650</u>	<u>185,650</u>	<u>185,650</u>	<u>0</u>		
FUND BALANCE END OF YEAR	<u>\$190,650</u>	<u>\$190,650</u>	<u>\$194,057</u>	<u>\$3,407</u>		

Combining Statements – Agency Funds

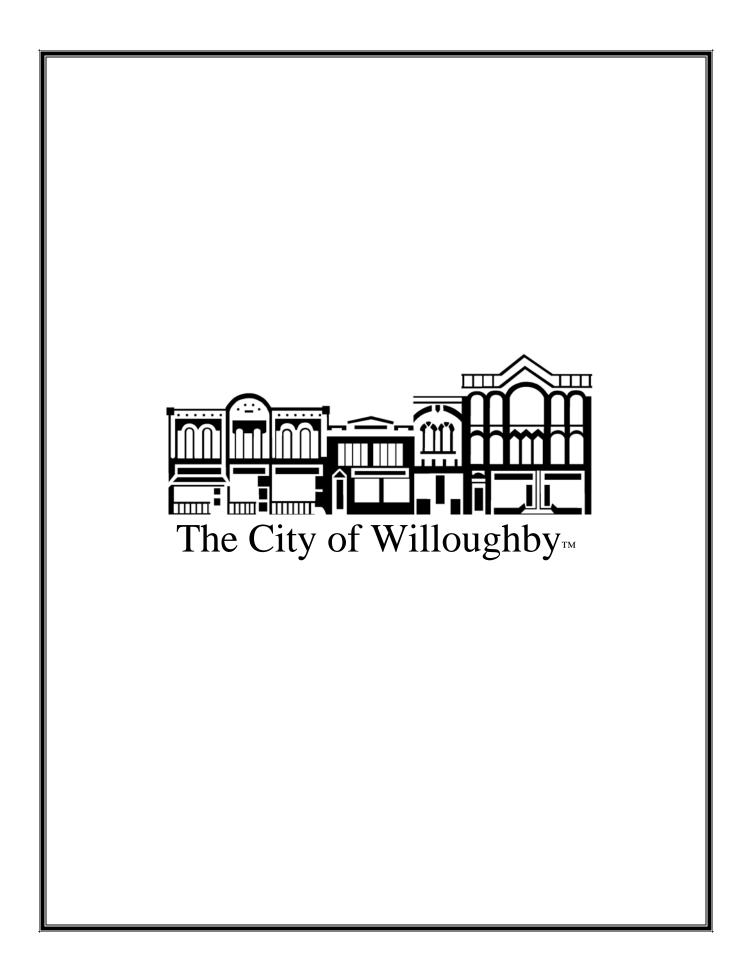
Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units, and other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.
Deposits and Inspections - 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, 2006

	DEPOSITS & <u>INSPECTIONS</u>	MUNICIPAL <u>COURT</u>	TOTAL <u>2006</u>
ASSETS			
Equity in City Treasury Cash and Investments	\$877,287	\$338,017	\$1,215,304
Accounts Receivable	<u>0</u>	102,333	102,333
TOTAL ASSETS	<u>\$877,287</u>	<u>\$440,350</u>	<u>\$1,317,637</u>
LIABILITIES			
Accounts Payable	\$875,239	\$72,627	\$947,866
Deposits Held and Due to Others	0	177,889	177,889
Due to Other Governments	2,048	<u>189,834</u>	<u>191,882</u>
TOTAL LIABILITIES	<u>\$877,287</u>	<u>\$440,350</u>	\$1,317,637

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	BALANCE <u>1/1/2006</u>	ADDITIONS	<u>DEDUCTIONS</u>	BALANCE 12/31/2006
DEPOSITS & INSPECTIONS				
ASSETS				
Equity in City Treasury Cash and Investments	\$780,048	<u>\$805,176</u>	\$707,937	\$877,287
TOTAL ASSETS	<u>\$780,048</u>	<u>\$805,176</u>	<u>\$707,937</u>	<u>\$877,287</u>
LIABILITIES				
Accounts Payable	\$779,234	\$734,890	\$638,885	\$875,239
Due to Other Governments	<u>814</u>	<u>70,286</u>	<u>69,052</u>	<u>2,048</u>
TOTAL LIABILITIES	<u>\$780,048</u>	<u>\$805,176</u>	<u>\$707.937</u>	<u>\$877,287</u>
MUNICIPAL COURT				
ASSETS				
Equity in City Treasury Cash and Investments	\$314,185	\$4,902,354	\$4,878,522	\$338,017
Accounts Receivable	106,454	102,333	106,454	102,333
TOTAL ASSETS	<u>\$420,639</u>	<u>\$5,004,687</u>	<u>\$4,984,976</u>	<u>\$440,350</u>
LIABILITIES				
Accounts Payable	\$68,346	\$1,471,101	\$1,466,820	\$72,627
Deposits Held and Due to Others	167,295	2,279,559	2,268,965	177,889
Due to Other Governments	184,998	1,254,027	<u>1,249,191</u>	<u>189,834</u>
TOTAL LIABILITIES	<u>\$420,639</u>	\$5,004,687	<u>\$4,984,976</u>	<u>\$440,350</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Equity in City Treasury Cash and Investments	\$1,094,233	\$5,707,530	\$5,586,459	\$1,215,304
Accounts Receivable	106,454	102,333	106,454	102,333
TOTAL ASSETS	\$1,200,687	\$5,809,863	\$5,692,913	\$1,317,637
LIABILITIES				
Accounts Payable	\$847,580	\$2,205,991	\$2,105,705	\$947,866
Deposits Held and Due to Others	167,295	2,279,559	2,268,965	177,889
Due to Other Governments	185,812	1,324,313	1,318,243	191,882
TOTAL LIABILITIES	\$1,200,687	\$5,809,863	\$5,692,913	<u>\$1,317,637</u>



STATISTICAL Information





THE CITY OF WILLOUGHBY

Statistical Section

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

Contents Page #

Financial Trends

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

100-106

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, the municipal income tax and the property tax. 107-110

Debt Capacity

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

111-115

Demographic and Economic Information

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

116-117

Operating Information

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

118-120

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002. Schedules presenting government-wide information begin in that year.

CITY OF WILLOUGHBY, OHIO NET ASSETS BY COMPONENT

NET ASSETS BY COMPONENT LAST FIVE YEARS

(Accrual Basis of Accounting)

	_	2002	 2003		2004	20	005 Restated	 2006
GOVERNMENTAL ACTIVITIES								
Invested in Capital Assets, Net of Related Debt	\$	36,040,109	\$ 40,931,168	\$	39,876,454	\$	41,224,834	\$ 46,348,394
Restricted For:								
Capital Projects		5,697,451	5,837,728		4,275,201		0	0
Debt Service		4,275,119	273,062		1,812,314		3,952,630	3,477,601
Special Revenue		2,674,081	1,532,116		2,128,717		1,994,616	2,911,387
Permanent Fund Purpose		158,408	167,340		177,502		185,650	194,057
Unrestricted (Deficit)		9,282,482	 8,415,071	_	7,514,212		7,737,633	6,565,651
Total Governmental Activities Net Assets		58,127,650	 57,156,485		55,784,400		55,095,363	 59,497,090
BUSINESS-TYPE ACTIVITIES								
Invested in Capital Assets, Net of Related Debt		34,642,111	35,223,998		35,096,164		34,959,081	35,534,234
Restricted For:								
Equipment Replacement		558,381	510,868		456,940		456,973	418,600
Unrestricted (Deficit)		(289,790)	 (1,461,194)		(2,322,769)		(2,517,822)	(3,056,030)
Total Business-type Activities Net Assets	_	34,910,702	 34,273,672		33,230,335		32,898,232	 32,896,804
PRIMARY GOVERNMENT								
Invested in Capital Assets, Net of Related Debt		70,682,220	76,155,166		74,972,618		76,183,915	81,882,628
Restricted For:								
Capital Projects		5,697,451	5,837,728		4,275,201		0	0
Debt Service		4,275,119	273,062		1,812,314		3,952,630	3,477,601
Equipment Replacement		558,381	510,868		456,940		456,973	418,600
Special Revenue		2,674,081	1,532,116		2,128,717		1,994,616	2,911,387
Permanent Fund Purpose		158,408	167,340		177,502		185,650	194,057
Unrestricted (Deficit)		8,992,692	 6,953,877		5,191,443		5,219,811	 3,509,621
Total Primary Government Net Assets	\$	93,038,352	\$ 91,430,157	\$	89,014,735	\$	87,993,595	\$ 92,393,894

CITY OF WILLOUGHI WILLOUGHBY, OHIO CHANGES IN NET ASSETS

LAST FIVE YEARS

(Accrual Basis of Accounting)

(continued on following page)

			2003	_	2004	2005 Restated		2006		
PROGRAM REVENUES										
Governmental Activities										
Charges for Services:										
General Government	\$	1,859,780	\$	1,808,601	\$	2,073,794	\$	1,979,498	\$	2,329,581
Security of Persons and Property		767,404		774,148		1,133,232		1,595,353		1,464,031
Public Health and Welfare		67,620		69,642		82,227		60,859		57,752
Community Environment		325,590		329,721		731,694		380,138		410,789
Leisure Time Activities		436,663		415,191		408,566		463,156		482,654
Transportation		980		850		1,416		1,360		720
Operating Grants, Contributions and Interest		986,298		78,071		56,572		51,133		358,392
Capital Grants and Contributions		73,232		541,506		143,860		1,183,817		4,165,287
Total Governmental Activities Program Revenues		4,517,567		4,017,730	_	4,631,361		5,715,314		9,269,206
Business-type Activities:										
Charges for Services:										
Golf Course		793,405		727,217		793,299		882,293		778,425
Sewer		3,185,803		3,320,402		3,532,603		3,858,155		3,849,829
Airport		153,950		164,347		179,783		180,788		187,222
Capital Grants and Contributions		408,749		456,368		102,787		277,783		564,392
Total Business-type Activities Program Revenues		4,541,907		4,668,334	_	4,608,472		5,199,019		5,379,868
Total Primary Government Program Revenues		9,059,474		8,686,064		9,239,833		10,914,333		14,649,074
EXPENSES										
Governmental Activities										
General Government		5,962,383		6,037,557		6,030,958		6,617,751		6,750,982
Security of Persons and Property	1	1,538,823		12,011,078		11,987,818		12,910,718		12,743,637
Public Health and Welfare		360,111		381,304		370,060		391,957		448,521
Community Environment		906,903		817,519		867,212		893,576		984,576
Leisure Time Activities		2,017,390		2,141,809		2,037,094		2,229,233		2,047,353
Transportation		2,892,787		2,992,462		2,853,179		3,218,135		2,736,148
Basic Utility Services		1,541,443		1,363,511		1,574,874		1,458,202		1,429,110
Interest and Fiscal Charges		700,779		734,157		918,977		938,369		881,977
Total Governmental Activities Expenses	2	5,920,619		26,479,397		26,640,172		28,657,941		28,022,304
Business-type Activities:										
Golf Course		790,733		885,864		900,161		888,853		867,957
Sewer		4,348,504		4,551,402		4,702,286		4,943,662		4,643,517
Airport		570,955		679,595		693,580		508,526		553,560
Total Business-type Activities Expenses		5,710,192		6,116,861		6,296,027		6,341,041		6,065,034
Total Primary Government Expenses	3	1,630,811	_	32,596,258	_	32,936,199		34,998,982	_	34,087,338
NET (EXPENSE)/REVENUE										
Governmental Activities	(2	1,403,052)		(22,461,667)		(22,008,811)		(22,942,627)		(18,753,098)
Business-type Activities	(1,168,285)		(1,448,527)		(1,687,555)		(1,142,022)		(685,166)
Total Primary Government	\$ (2	2,571,337)	\$	(23,910,194)	\$	(23,696,366)	\$	(24,084,649)	\$	(19,438,264)

CHANGES IN NET ASSETS LAST FIVEYEARS

(Accrual Basis of Accounting)

(continued)

		2002		2003		2004		2005 Restated		2006
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS Governmental Activities:										
Property Taxes Income Taxes	\$	3,542,044 13,287,833	\$	3,406,795 12,775,995	\$	3,908,020 12,335,764	\$	3,694,441 13,613,117	\$	3,780,557 13,948,654
Unrestricted Grants, Entitlements and Contributions Gain on Sale of Capital Assets		3,072,611		3,827,506 35,131		3,979,013 42,204		4,270,153 30,798		4,508,744
Investment Earnings Miscellaneous		753,337 219,719		385,766 11,170		347,035 26,945		635,182 9,899		869,675 47,195
Transfers Total Governmental Activities	_	20,875,544	_	20,442,363	_	(2,255)		22,253,590	_	23,154,825
Business-type Activities:		000 000		750,000		<25,000		750,000		<25.000
Income Taxes Gain on Sale of Capital Assets		800,000		750,000		625,000		750,000		625,000
Investment Earnings Miscellaneous		34,317 12,014		23,108 38,389		14,763 2,200		38,817 21,102		56,756 1,982
Transfers Total Business-type Activities		846,331		811,497	_	2,255 644,218	_	809,919		683,738
Total Primary Government		21,721,875		21,253,860		21,280,944		23,063,509		23,838,563
CHANGE IN NET ASSETS										
Governmental Activities		(527,508)		(2,019,304)		(1,372,085)		(689,037)		4,401,727
Business-type Activities	-	(321,954)	-	(637,030)		(1,043,337)		(332,103)	_	(1,428)
Total Primary Government	\$	(849,462)	\$	(2,656,334)	\$	(2,415,422)	\$	(1,021,140)	\$	4,400,299

CITY OF WILLOUGHBY, OHIO GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST FIVE YEARS

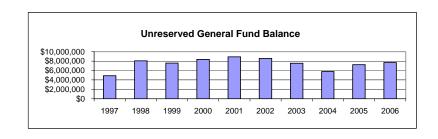
(Accrual Basis of Accounting)

Year	Municipal Income Taxes	Property and Other Local Taxes	Total
2002	\$13,287,833	\$3,542,044	\$16,829,877
2003	\$12,775,995	\$3,406,795	\$16,182,790
2004	\$12,335,764	\$3,908,020	\$16,243,784
2005	\$13,613,117	\$3,694,441	\$17,307,558
2006	\$13,948,654	\$3,780,557	\$17,729,211

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS

(Modified Accrual Basis of Accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
GENERAL FUND										
Reserved for Encumbrances	\$ 230,419	\$ 220,427	\$ 334,903	\$ 415,673	\$ 284,971	\$ 626,927	\$ 623,957	\$ 737,236	\$ 771,531	\$ 823,806
Reserved for Inventory	68,960	75,605	80,805	78,737	74,236	78,332	69,932	80,453	94,976	92,895
Reserved for Prepaid Items	93,286	98,137	96,794	103,802	257	494	444	4,975	2,176	756
Reserved for Long-Term Loan - Airport	0	1,326,019	1,326,019	1,326,019	1,326,019	1,326,019	1,326,019	1,326,019	1,326,019	1,326,019
Reserved for Non-Current Investments	1,146,300	0	0	0	0	0	0	0	0	-
Unreserved	4,914,577	8,058,633	7,584,591	8,352,242	8,901,027	8,569,892	7,538,817	5,789,582	7,240,733	7,671,830
Total General Fund	6,453,542	9,778,821	9,423,112	10,276,473	10,586,510	10,601,664	9,559,169	7,938,265	9,435,435	9,915,306
CAPITAL PROJECTS FUND										
Reserved for Encumbrances	526,366	926,549	7,106,533	1,645,123	959,118	3,834,942	869,192	4,080,565	1,238,442	1,074,476
Reserved for Long-Term Loan - Airport		23,176	23,176	23,176	23,176	23,176	23,176	23,176	23,176	23,176
Unreserved	2.800.004	2,440,975	4,200,015	5,599,781	6,067,075	1,796,861	4,947,920	178,595	(1,624,815)	(2,213,186)
Total Capital Projects Fund	3,326,370	3,390,700	11,329,724	7,268,080	7,049,369	5,654,979	5,840,288	4,282,336	(363,197)	(1,115,534)
			, , , , ,						(,,	
GENERAL BOND RETIREMENT FUND										
Reserved for Encumbrances	1,883	1,023	9,877	10,569	11,243	10,342	10,342	10,135	9,786	9,579
Reserved for Debt Service	1,370,108	87,105	97,729	137,838	149,263	312,866	424,206	264,877	113,013	250,707
Reserved for Long-Term Loan - Airport	0	1,445,055	1,597,836	1,752,401	1,908,553	2,060,800	2,213,922	2,367,617	2,521,572	2,675,465
Total General Bond Retirement Fund	1,371,991	1,533,183	1,705,442	1,900,808	2,069,059	2,384,008	2,648,470	2,642,629	2,644,371	2,935,751
ALL OTHER GOVERNMENT FUNDS										
Reserved for Encumbrances	183,524	145.126	147.319	108.038	171,762	187,584	151,531	165,289	346,559	269.305
Reserved for Inventory	165,314	152.522	107.170	78,861	74,822	90,441	72,295	91,556	89.761	96.601
Reserved for Debt Service	508,744	552,740	527,987	520,772	524,780	501,299	494,498	501,839	407,111	309,313
Reserved for Non-Current Investments	0	0	0	0	135,163	155,414	97,416	0	0	0
Unreserved, Reported in Non-major:	Ü	· ·	· ·	V	133,103	133,111	27,110	· ·	· ·	· ·
Special Revenue Funds	893,026	1,609,694	1,603,995	1,705,114	2,055,523	2,223,921	2,529,278	2,782,400	2,149,819	3,009,947
Permanent Funds	0,5,020	0	1,005,775	0	4,670	2,994	69,924	177,502	185,650	194,057
Total All Other Governmental Funds	1,750,608	2,460,082	2,386,471	2,412,785	2,966,720	3,161,653	3,414,942	3,718,586	3,178,900	3,879,223
	1,750,000	2,.00,002	2,000,171	2,:12,700	2,700,720		5, . 1 ., 7 12	2,710,000	2,170,200	2,0.2,223
Total Governmental Funds	\$ 12,902,511	\$ 17,162,786	\$ 24,844,749	\$ 21,858,146	\$ 22,671,658	\$ 21,802,304	\$ 21,462,869	\$ 18,581,816	\$ 14,895,509	\$ 15,614,746

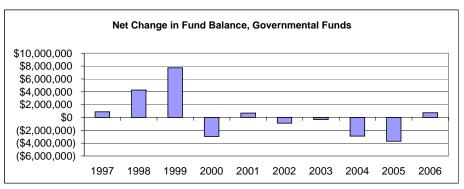


CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN YEARS

(Modified Accrual Basis of Accounting)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
REVENUES:					-					
Municipal Income Taxes	\$ 11,362,875	\$ 12,655,910	\$ 12,680,563	\$ 14,810,764	\$ 13,354,406	\$ 12,992,665	\$ 12,668,369	\$ 12,397,156	\$ 13,785,433	\$ 14,492,846
Property and Other Local Taxes	3,071,886	3,347,419	3,820,786	3,262,155	3,313,722	3,502,486	3,413,528	3,731,758	3,765,454	3,758,121
Intergovernmental	3,636,029	4,105,691	4,605,130	4,921,733	4,821,165	4,125,294	3,990,786	3,746,018	4,628,339	4,970,308
Charges for Services	309,218	359,546	379,439	465,399	510,914	546,521	653,144	1,247,253	1,494,868	1,501,349
Special Assessments	1,363,488	1,196,634	1,177,676	1,050,957	999,391	940,926	823,953	749,889	804,264	795,111
Fines and Forfeitures	1,490,389	1,394,239	1,411,399	1,743,858	1,792,593	1,960,853	1,919,942	2,206,786	2,093,376	2,413,687
Licenses & Permits	342,769	352,760	313,868	278,782	256,144	267,526	295,391	256,505	295,003	290,084
Interest Income	481,815	958,359	1,247,685	1,524,249	1,169,800	751,380	383,453	342,562	613,964	868,133
Miscellaneous	797,467	1,019,766	658,128	705,807	339,659	356,275	122,524	31,540	41,099	53,097
Total Revenues	22,855,936	25,390,324	26,294,674	28,763,704	26,557,794	25,443,926	24,271,090	24,709,467	27,521,800	29,142,736
EXPENDITURES:										
General Government	6,220,007	5,958,354	6,196,063	7,777,078	5,136,145	5,638,762	5,732,459	5,797,111	6,266,850	6,553,602
Security of Persons and Property	6,908,466	6,959,434	8,018,149	8,573,790	10,028,770	10,553,571	10,901,632	11,364,567	11,823,182	11,914,013
Public Health and Welfare	233,268	248,499	261,344	282,611	317,099	343,020	358,299	360,094	365,795	401,034
Community Environment	653,254	624,382	707,381	636,717	776,451	842,798	789,561	842,565	864,530	960,689
Leisure Time Activities	1,064,425	1,093,118	1,165,211	1,301,193	1,614,383	1,596,663	1,702,114	1,630,472	1,753,660	1,686,071
Transportation	1,200,164	984,836	1,239,257	1,366,847	1,485,855	1,633,448	1,706,108	1,521,732	1,671,763	1,377,708
Basic Utility Services	803,152	860,534	784,543	858,730	856,023	1,198,484	1,019,488	1,225,040	1,044,993	1,079,277
Capital Outlay	3,316,632	2,891,394	4,662,325	9,129,477	4,015,432	2,877,147	7,317,537	3,357,513	5,468,114	3,214,120
Debt Service:										
Principal	860,795	866,794	1,086,795	998,667	945,723	965,723	892,786	792,787	1,052,787	1,082,786
Interest	741,088	670,577	815,847	830,648	764,140	700,328	712,433	921,710	939,959	883,072
Total Expenditures	22,001,251	21,157,922	24,936,915	31,755,758	25,940,021	26,349,944	31,132,417	27,813,591	31,251,633	29,152,372
Excess of Revenues Over (Under) Expenditures	854,685	4,232,402	1,357,759	(2,992,054)	617,773	(906,018)	(6,861,327)	(3,104,124)	(3,729,833)	(9,636)
OTHER FINANCING SOURCES (USES)										
Transfers In	5,504,214	3,594,383	5,530,931	3,893,196	3,594,283	2,332,691	2,408,457	2,282,225	3,187,377	3,052,750
Transfers Out	(5,504,214)	(3,594,283)	(5,530,931)	(3,893,196)	(3,594,283)	(2,332,691)	(2,408,457)	(2,284,480)	(3,187,377)	(2,352,608)
Debt Issued	0	0	6,322,460	9,003	15,675	0	6,350,000	0	0	0
Sale of Capital Assets	12,784	34,020	41,896	26,825	48,771	16,949	198,438	195,544	30,798	23,972
Total Other Financing Sources (Uses)	12,784	34,120	6,364,356	35,828	64,446	16,949	6,548,438	193,289	30,798	724,114
Net Change in Fund Balances	\$ 867,469	\$ 4,266,522	\$ 7,722,115	\$ (2,956,226)	\$ 682,219	\$ (889,069)	\$ (312,889)	\$ (2,910,835)	\$ (3,699,035)	\$ 714,478
Debt Service as a Percentage of Noncapital Expenditures	8.57%	8.42%	9.38%	8.08%	7.80%	7.10%	6.74%	7.01%	7.73%	7.58%



GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE LAST TEN YEARS

(Modified Accrual Basis of Accounting)

Year	Municipal Income Taxes	Property & Other Local Taxes	Total
1997	\$11,362,875	\$3,071,886	\$14,434,761
1998	\$12,655,910	\$3,347,419	\$16,003,329
1999	\$12,680,563	\$3,820,786	\$16,501,349
2000	\$14,810,764	\$3,262,155	\$18,072,919
2001	\$13,354,406	\$3,313,722	\$16,668,128
2002	\$12,992,665	\$3,502,486	\$16,495,151
2003	\$12,668,369	\$3,413,528	\$16,081,897
2004	\$12,397,156	\$3,731,758	\$16,128,914
2005	\$13,785,433	\$3,765,454	\$17,550,887
2006	\$14,492,846	\$3,758,121	\$18,250,967

INCOME TAX REVENUE BASE AND COLLECTIONS
LAST TEN YEARS (Cash Basis)

Tax Year	Total Tax Collected	Tax from Withholding	Tax from Net Profit	Tax from Individuals	Tax -Other	Tax Rate
2006	\$14,655,158	\$11,338,641	\$1,783,693	\$1,371,068	\$161,756	2.00%
2005	\$14,329,971	\$11,169,549	\$1,687,379	\$1,290,238	\$182,806	2.00%
2004	\$13,557,840	\$10,887,838	\$1,283,889	\$1,269,308	\$116,805	2.00%
2003	\$13,858,306	\$10,857,572	\$1,558,334	\$1,323,022	\$119,378	2.00%
2002	\$14,112,110	\$10,790,467	\$1,611,113	\$1,577,493	\$133,037	2.00%
2001	\$14,575,935	\$11,320,953	\$1,755,208	\$1,350,731	\$149,043	2.00%
2000	\$14,152,448	\$11,045,217	\$1,703,834	\$1,268,210	\$135,187	2.00%
1999	\$13,692,750	\$10,379,302	\$1,897,503	\$1,255,733	\$160,212	2.00%
1998	\$13,249,264	\$10,152,750	\$1,870,384	\$1,118,396	\$107,733	2.00%
1997	\$12,253,050	\$9,374,737	\$1,627,455	\$1,104,256	\$146,602	2.00%

Source: Central Collection Agency

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

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

2006			1997					
Rank	<u>Name</u>	2006 Rank	Rank	Name				
1	Lake Hospital System	1	1	Lake Hospital System				
2	Willoughby-Eastlake City Schools	3	2	General Electric Co.				
3	General Electric Co.	2	3	Willoughby-Eastlake City Schools				
4	City of Willoughby		4	Nupro Company				
5	Horizon Mental Health Management, Inc.		5	Metal Seal & Products				
6	Ohio Presbyterian -Breckenridge	4	6	City of Willoughby				
7	Bescast	9	7	Fluid Line Products Inc				
8	Marous Brothers Construction Inc.	10	8	Colpetzer-Thomas Inc.				
9	Fluid Line Products Inc		9	Accurate Metal Machining				
10	C-T Consultants		10	Roll Kraft				

Source: Central Collection Agency

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

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN YEARS

Assessed Value

Tax Year/ Collection Year	Real Property	Other Real Estate & Public Utility Property	Tangible Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
1996/1997	\$247,384,770	\$149,773,760	\$75,274,034	\$51,652,380	\$420,780,184	6.55	\$1,122,662,960	37.48%
1997/1998	\$284,661,380	\$148,235,870	\$80,742,082	\$51,665,420	\$461,973,912	6.29	\$1,240,176,208	37.25%
1998/1999	\$297,258,990	\$156,943,480	\$89,622,109	\$60,640,810	\$483,183,769	7.19	\$1,297,607,708	37.24%
1999/2000	\$305,560,840	\$162,392,700	\$88,382,847	\$65,567,120	\$490,769,267	7.19	\$1,320,039,284	37.18%
2000/2001	\$339,572,650	\$180,290,940	\$94,429,869	\$67,543,970	\$546,749,489	6.91	\$1,481,861,856	36.90%
2001/2002	\$349,405,640	\$181,886,770	\$100,628,958	\$70,953,600	\$560,967,768	6.91	\$1,523,217,763	36.83%
2002/2003	\$363,187,500	\$185,031,020	\$108,073,950	\$80,851,260	\$575,441,210	6.89	\$1,563,122,369	36.81%
2003/2004	\$416,371,940	\$204,180,670	\$85,187,771	\$71,339,550	\$634,400,831	6.79	\$1,879,188,798	33.76%
2004/2005	\$421,052,440	\$214,045,810	\$89,138,482	\$70,535,520	\$653,701,212	6.68	\$1,939,600,267	33.70%
2005/2006	\$427,059,970	\$216,085,720	\$68,290,311	\$70,535,520	\$640,900,481	6.58	\$1,880,847,500	34.08%

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

The current assessed valuation is computed at approximately the following percentages of estimated true value: real property - 35%, public utilities - 100%, and tangible personal property and equipment - 25%.

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUATION) LAST TEN YEARS

		Cit	y of Willoug	hby Direct	Rates		Overlapping Rates			
Tax Year/ Collection <u>Year</u>	General <u>Fund</u>	Debt Service <u>Fund</u>	Police Pension <u>Fund</u>	Fire Pension <u>Fund</u>	Recreation <u>Fund</u>	Total City <u>Millage</u>	Lake County	Willoughby/ Eastlake, Kirtland <u>School Districts</u>	Total Direct & Overlapping <u>Rates</u>	
1996/1997	3.40	2.05	0.30	0.30	0.50	6.55	14.00	47.92 (1)	68.47	
1997/1998	3.00	2.19	0.30	0.30	0.50	6.29	14.10	47.01 (1)	67.40	
1998/1999	3.00	3.09	0.30	0.30	0.50	7.19	15.60	47.01 (1)	69.80	
1999/2000	3.00	3.09	0.30	0.30	0.50	7.19	15.70	47.73 (2)	70.62	
2000/2001	3.16	2.65	0.30	0.30	0.50	6.91	15.70	47.14 (2)	69.75	
2001/2002	3.16	2.65	0.30	0.30	0.50	6.91	15.70	47.07 (2)	69.68	
2002/2003	3.16	2.63	0.30	0.30	0.50	6.89	15.70	46.89 (2)	69.48	
2003/2004	3.50	2.19	0.30	0.30	0.50	6.79	15.70	48.69 (2)	71.18	
2004/2005	3.50	2.08	0.30	0.30	0.50	6.68	15.70	51.07 (2)	73.45	
2005/2006	3.05	2.43	0.30	0.30	0.50	6.58	15.70	50.70(2)	72.98	

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

Source: Lake County Auditor's Office

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

PROPERTY TAX LEVIES & COLLECTIONS REAL & PUBLIC UTILITY PROPERTY ONLY LAST TEN YEARS (UNAUDITED)

Tax Year/ Collection Year	Net Tax Levy	Current Collections	Percentage of Current Collection to Net Levy	Delinquent Collections	Total Collections	Percentage of Total Collections to Net Levy
1996/1997	\$1,439,406	\$1,404,326	97.6%	\$36,972	\$1,441,298	100.1%
1997/1998	\$1,485,266	\$1,454,448	97.9%	\$19,102	\$1,473,550	99.2%
1998/1999	\$1,833,757	\$1,796,616	98.0%	\$36,811	\$1,833,427	100.0%
1999/2000	\$1,836,700	\$1,822,467	99.2%	\$33,461	\$1,855,928	101.0%
2000/2001	\$1,949,795	\$1,884,905	96.7%	\$34,991	\$1,919,896	98.5%
2001/2002	\$2,042,246	\$1,940,284	95.0%	\$61,636	\$2,103,882	103.0%
2002/2003	\$2,004,503	\$1,941,218	96.8%	\$44,057	\$1,985,275	99.0%
2003/2004	\$2,240,564	\$2,184,322	97.5%	\$50,360	\$2,234,682	99.7%
2004/2005	\$2,255,994	\$2,184,310	96.8%	\$58,281	\$2,242,591	99.4%
2005/2006	\$2,339,615	\$2,270,168	97.0%	\$63,732	\$2,333,900	99.8%

Source: Lake County Auditor's Office

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

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

	GOVERNMENTAL ACTIVITIES			TIES	BUSINESS-TYPI	E ACTIVITIES				
<u>Year</u>	General Obligation <u>Bonds</u>	Special Assessment <u>Bonds</u>	OWDA <u>& OPWC</u>	Bond Antic & Notes <u>Payable</u>	Enterprise Bonds w/G.O. Commitment	OWDA <u>& OPWC</u>	Total Primary <u>Government</u>	Total Personal <u>Income</u>	Percentage of Personal <u>Income (1)</u>	Per <u>Capita (1)</u>
1997	7,226,590	2,740,760	65,975	0	4,333,248	5,071,382	19,437,955	353,764,318	5.49%	894
1998	6,752,965	2,373,980	39,585	0	4,078,453	4,731,399	17,976,382	353,764,318	5.08%	827
1999	12,259,340	2,007,200	13,195	0	3,857,580	4,771,705	22,909,020	349,857,838	6.55%	1,066
2000	11,635,716	1,645,352	9,003	225,000	3,598,930	5,046,849	22,160,850	535,054,513	4.14%	980
2001	11,027,846	1,307,949	24,228	175,000	3,284,203	5,624,460	21,443,686	535,054,513	4.01%	948
2002	10,399,976	970,547	23,778	4,220,000	4,754,476	6,129,760	26,498,537	535,054,513	4.95%	1,171
2003	16,107,107	721,863	22,544	4,525,000	4,486,029	6,967,723	32,830,266	535,054,513	6.14%	1,451
2004	15,457,842	579,575	21,310	4,650,000	4,187,581	5,997,457	30,893,765	535,054,513	5.77%	1,366
2005	14,548,577	437,287	20,076	4,950,000	4,241,386	5,196,758	29,394,084	535,054,513	5.49%	1,299
2006	13,609,312	295,000	18,842	5,060,000	3,851,926	4,330,082	27,165,162	535,054,513	5.08%	1,201

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

⁽¹⁾ See the schedule of Demographic and Economic Statistics on page 116 for personal income and population data.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST FIVE YEARS

(Accrual Basis of Accounting)

Year	General Obligation Bonds(1)	Less: Amount of Assets Restricted for Repayment of Debt	Total	Percent of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2002	\$11,319,976	\$4,275,119	\$7,044,857	0.45%	\$311
2003	\$16,912,107	\$273,062	\$16,639,045	1.06%	\$736
2004	\$16,142,842	\$1,812,314	\$14,330,528	0.76%	\$634
2005	\$15,108,577	\$3,952,630	\$11,155,947	0.58%	\$493
2006	\$14,039,312	\$3,477,601	\$10,561,711	0.54%	\$467

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

⁽¹⁾ All bonded debt of the City of Willoughby is backed by the full faith and credit of the city. However, those issues that have been in the past and are currently supported by business-type activities or issued by outside agencies are not included in G O Bonds.

⁽²⁾ See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 108 for property value data.

⁽³⁾ Population data can be found in the schedule of Demographic and Economic Statistics on page 116.

DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2006 (UNAUDITED)

	Assessed Valuation (1)				Ta	Net General Tax Supported Debt (2) Percent Overlapping		Amount Applicable to City of Willoughby	
Direct: City of Willoughby	\$	640,900,481	\$	14,039,312	100.00%	\$	14,039,312		
Overlapping: Willoughby-Eastlake City Schools	\$	1,790,864,260	\$	1,455,000	36.09%	\$	525,110		
Kirtland Local School District	\$	308,629,094	\$	810,000	4.07%	\$	32,967		
Auburn Joint Vocational S.D.	\$	2,340,222,343	\$	0	0.54%	\$	0		
Lake County	\$	6,328,540,447	\$	24,708,000	10.13%	\$	2,502,920		
Total Overlapping			<u>\$</u>	26,973,000		\$	3,060,997		
Total Direct and Overlapping Debt			\$	41,012,312		\$	17,100,309		

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 LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS

	<u>1997</u>	<u>1998</u>	<u>1999</u>	2000	<u>2001</u>	2002	2003	2004	<u>2005</u>	2006
Overall Debt Limitation - 10.5% of Assessed Valuation	\$ 44,181,919 \$	\$ 48,507,261 \$	50,734,296 \$	51,323,131	\$ 57,408,696 \$	58,901,616 \$	60,421,327 \$	66,612,087 \$	68,638,627 \$	67,294,551
Gross Indebtedness	19,437,955	17,976,382	22,909,020	22,160,850	21,443,686	26,498,537	32,830,266	30,893,765	29,394,084	27,165,163
Less: OWDA OPWC Special Assessment Bond & Notes Sewer Debt Golf Debt	(4,876,380) (195,000) (2,740,760) (1,033,250) (2,000,000) (10,845,390)	(4,546,399) (185,000) (2,373,980) (963,453) (1,885,000) (9,953,832)	(4,596,705) (175,000) (2,007,200) (893,657) (1,765,000) (9,437,562)	(4,890,852) (165,000) (1,870,352) (823,930) (1,635,000) (9,385,134)	(5,261,783) (386,905) (1,482,949) (754,203) (1,500,000) (9,385,840)	(5,777,083) (376,455) (5,190,547) (684,476) (3,150,000) (15,178,561)	(6,485,430) (504,837) (5,246,863) (616,029) (3,065,000) (15,918,159)	(5,607,043) (411,724) (5,229,575) (547,581) (2,955,000) (14,750,923)	(4,830,653) (386,181) (5,387,287) (841,386) (2,840,000) (14,285,507)	(3,988,288) (360,637) (5,355,000) (696,926) (2,725,000) (13,125,851)
Net Debt Within 10.5% Limitations	8,592,565	8,022,550	13,471,458	12,775,716	12,057,846	11,319,976	16,912,107	16,142,842	15,108,577	14,039,312
Legal Debt Margin Within 10.5% Limitation* Total Net Debt Applicable to the 10.5% Limit as a Percentage of the Debt Limit	\$ 35,589,354 \$ 19.45%	\$ 40,484,711 <u>\$</u> 16.54%	37,262,838 \$ 26.55%	38,547,415 24.89%	\$ 45,350,850 <u>\$</u> 21.00%	47,581,640 <u>\$</u> 19.22%	43,509,220 \$ 27.99%	50,469,245 <u>\$</u> 24.23%	53,530,050 <u>\$</u> 22.01%	53,255,239
Unvoted Debt Limitation - 5.5% of Assessed Valuation	\$ 23,142,910 \$	\$ 25,408,565 \$	26,575,107 \$	26,883,545	\$ 30,071,222 \$	30,853,227 \$	31,649,267 \$	34,892,046 \$	35,953,567 \$	35,249,526
Net Debt Within 10.5% Limitations	8,592,565	8,022,550	13,471,458	12,775,716	12,057,846	11,319,976	16,912,107	16,142,842	15,108,577	14,039,312
Less Debt Outside Limitations (Voted)	(878,240)	(756,095)	(6,618,950)	(6,375,000)	(6,160,000)	(5,940,000)	(5,715,000)	(5,480,000)	(5,240,000)	(4,995,000)
Debt Within 5.5% Limitations	7,714,325	7,266,455	6,852,508	6,400,716	5,897,846	5,379,976	11,197,107	10,662,842	9,868,577	9,044,312
Legal Debt Margin Within 5.5% Limitation*	\$ 15,428,585 \$	\$ 18,142,110 \$	19,722,599 \$	20,482,829	\$ 24,173,376 \$	25,473,251 \$	20,452,160 \$	24,229,204 \$	26,084,990 \$	26,205,214
Total Debt Applicable to the 5.5% Limit as a Percentage of the Debt Limit	33.33%	28.60%	25.79%	23.81%	19.61%	17.44%	35.38%	30.56%	27.45%	25.66%

LEGAL DEBT MARGIN CALCULATION FOR 2006

Assessed Valu	ation	\$ 640,900,481
Overall Debt I	Limitation -(10.5% of Assessed Valuation)	\$ 67,294,551
Gross Indebted Less:	OWDA/OPWC Special Assessment Bonds & Note Sewer Debt Recreation- Golf Debt	27,165,162 (4,348,925) (5,355,000) (696,926) (2,725,000)
Net Debt With	in 10.5% Limitations-General Obligation Bonds	 14,039,312
Legal Debt Mo	argin Within 10.5% Limitation	\$ 53,255,239
Unvoted Debt	Limitation -(5.5% of Assessed Valuation)	\$ 35,249,526
Gross Indebted	dness Authorized by Council	14,039,312
Less Debt Out.	side Limitations- Voted	 (4,995,000)
Debt Within 5.	5% Limitations	 9,044,312
Legal Debt Mo	argin Within 5.5% Limitation	\$ 26,205,214

^{*} Calculated without regard to balance in Debt Service funds.

PLEDGED-REVENUE COVERAGE LAST TEN YEARS

SPECIAL ASSESSMENT BONDS

		PECIAL ESSMENT		DEBT SE			
YEAR	COL	LECTIONS	PR	INCIPAL	IN	TEREST	COVERAGE
1997	\$	808,657	\$	365,580	\$	265,455	1.28
1998	\$	660,448	\$	366,580	\$	231,809	1.10
1999	\$	556,570	\$	366,780	\$	198,145	0.99
2000	\$	532,839	\$	361,848	\$	164,411	1.01
2001	\$	488,793	\$	337,403	\$	131,265	1.04
2002	\$	426,697	\$	337,403	\$	99,901	0.98
2003	\$	320,762	\$	248,683	\$	68,530	1.01
2004	\$	204,149	\$	142,288	\$	48,261	1.07
2005	\$	191,240	\$	142,288	\$	37,946	1.06
2006	\$	177,310	\$	142,288	\$	27,612	1.04

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

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

<u>Year</u>	Total <u>Population (1</u>)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)	Education Attainment: Bachelor's Degree or Higher (1)	School Enrollment (4)	Unemployment <u>Rate (3)</u>	Population in Group Quarters (1)	Total Dwelling <u>Units</u>	Occupied Dwelling Units <u>Households</u>	Persons Per/Owner <u>Households</u>	Owner Occupied Housing Units (%)	Occupied County Population
1997	21,734	353,764,318	\$16,277	\$37,980	35.7	19.4%	3,406	4.0%	264	8,969	8,732	2.58	61.4	215,499
1998	21,734	353,764,318	\$16,277	\$37,980	35.7	19.4%	3,439	3.6%	264	8,969	8,732	2.58	61.4	215,499
1999	21,494	349,857,838	\$16,277	\$37,980	35.7	19.4%	3,486	4.0%	264	8,969	8,732	2.58	61.4	215,499
2000	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,412	3.6%	351	10,700	10,265	2.40	59.8	227,511
2001	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,383	4.2%	351	10,700	10,265	2.40	59.8	227,511
2002	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,367	6.1%	351	10,700	10,265	2.40	59.8	227,511
2003	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,416	5.6%	351	10,700	10,265	2.40	59.8	227,511
2004	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,471	5.4%	351	10,700	10,265	2.40	59.8	227,511
2005	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,563	5.1%	351	10,700	10,265	2.40	59.8	227,511
2006	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,734	5.4%	351	10,700	10,265	2.40	59.8	227,511

⁽¹⁾ Source: U.S. Bureau of the Census 1990, 2000, & Interim Population Estimates from Lake County Planning Commission

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

⁽³⁾ Source: Ohio Bureau of Employment Statistics

⁽⁴⁾ Source: Willoughby-Eastlake School District

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

		2006				
Employer	Employees(2)	Rank	Percentage of Total City Employment(3)	Employees(1)	<u>Rank</u>	Percentage of Total City Employment
Lake Hospital System (Lake West)	669	1	4.05%	890	1	NA
Willoughby-Eastlake City Schools	458	2	2.77%	390	2	NA
Ohio Presbyterian -Breckenridge	426	3	2.58%	330	4	NA
General Electric Co/Quartz Division	300	4	1.81%	250	5	NA
City of Willoughby	235	5	1.42%	235	7	NA
Marous Brothers Construction Inc.	230	6	1.39%			
Bescast	200	7	1.21%			
Deepwood Sheltered Industries	200	7	1.21%	200	10	NA
Lake Business Products	180	9	1.09%	104	15	NA
Metal Seal & Products	150	10	0.91%	250	5	NA
Lincoln Electric Company				332	3	NA
Nupro Company				220	8	NA
CT Consultants, Inc.				212	9	NA
Accurate Metal Machining Inc				200	10	NA
Total	<u>3048</u>			<u>3613</u>		
Citywide (3)			<u>16532</u>			NA

Source: (1) Harris Industrial Directory in cooperation with Ohio Department of Development

⁽²⁾ Based on City records, individual company reporting, and Crain's Cleveland Business

⁽³⁾ TeamNEO.org website (Northeast Ohio Regional Economic Development Consortium) from 2005

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

Source: City of Willoughby Finance Dept.

Totals

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

OPERATING INDICATORS BY FUNCTION/PROGRAM	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental General Government										
Council - Ordinances & Resolutions	256	221	212	214	215	221	169	159	190	177
Personnel - Civil Service Exams (taken)	196	56	201	110	133	178	71	139	156	137
Court - Number of cases Finance	18209	18664	18094	18537	17367	20096	20059	21089	18984	18735
Number of A/P checks processed Number of purchase orders issued	8600 1075	8395 1053	8362 1100	8814 1116	9691 1126	8308 1046	8301 1058	7739 856	7244 837	7076 945
Security of Persons and Property Police										
Total Arrests & other Citations Parking Citations	4695 1598	4775 1895	5436 1857	5405 1707	7048 NA	7391 1745	6296 1543	6632 1696	5886 1552	5548 1554
Fire Total Number of Calls	3672	3764	4012	4112	3999	4213	4467	4375	4526	4543
Public Health and Welfare Cemetery (plots sold) Community Environment	56	68	57	43	59	68	72	90	60	55
Building Building Permits Issued Inspections - Residential Industrial	1133 4485 2026	1095 4251 2998	1074 4022 2473	1039 4373 1983	961 4057 1544	1065 4218 1652	1100 4696 1572	1010 3490 994	978 3438 1260	993 5150 1113
Leisure Time Activities Parks - Bus Rides Program Participants	9414 384	7962 420	6332 433	6188 488	6244 511	4048 432	5236 368	5378 488	5616 312	8746 307
Pools - Bus Rides Attendance	1962 56288	3142 61374	3007 56994	1776 62094	1887 75260	1165 74414	1448 60705	discontinued 53860	71466	66868
Seniors Center - Membership - Attendance	1373 17728	1412 21533	1773 20409	1517 20620	1285 21134	1426 22786	1219 23316	1133 22481	1095 24948	1316 26329
Business-Type Sewer	202	201	200	2.50	•00		20.5		240	22.4
Sewer - Point of Sale Inspections	292	301	309	360	298	325	295	330	319	324
WPCC Flow Data MG (millions of gallons)	2318	2241	23.5	2556	2369	2446	28.33	2558	2624	2705
Golf Course Rounds of golf Source: Various Willoughby Departments	NA	NA	58458	50673	51009	44610	41856	41842	44930	39623

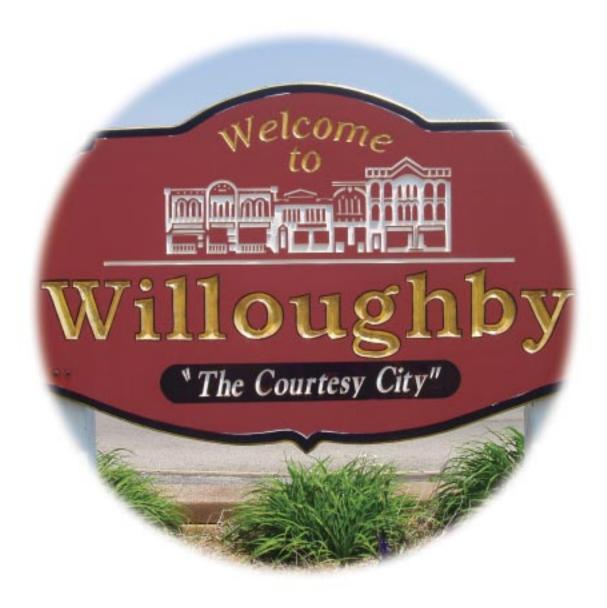
Source: Various Willoughby Departments

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

										.
FUNCTION/PROGRAM	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Governmental Capital Assets				·	<u> </u>		· <u></u>		<u></u>	
General Government										
Other Departmental Vehicles	38	40	43	44	43	43	40	40	40	42
City Hall Square Footage	25,884	25,884	25,884	25,884	25,884	25,884	25,884	25,884	25,884	25,884
Municipal Court Square Footage	25,004	23,004	23,004	23,004	23,004	23,004	23,004	23,004	30,950	30,950
Security of Persons and Property									30,730	30,730
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	24	24	24	25	28	29	31	31	32	32
Square Footage of Building	28,924	28,924	28,924	28,924	28,924	28,924	28,924	28,924	28,924	28,924
Fire	20,924	20,924	20,924	20,924	20,924	20,924	20,924	20,924	20,924	20,924
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Vehicles	18	18	17	17	17	15	15	16	16	17
Square Footage of Buildings	27,886	27,886	27,886	27,886	37,878	37,878	37,878	37,878	37,878	37,878
Public Health and Welfare	27,000	27,000	27,000	27,000	37,070	37,070	37,070	37,070	37,070	37,878
Cemetery	2	2	2	2	2	2	2	2	2	2
Number of Cemeteries	2	2 50	2 50	2 50	2 50	2	2 50	2 50	2	2 50
Number of Acres	50					50			50	
Number of Vehicles	2	2	2	2	2	2	2	2	2	2
Community Environment										
Building & Zoning	_	-	-	_	_	_	_	_	_	_
Number of Vehicles	5	5	5	5	5	5	5	5	5	5
Leisure Time Activities		10	10			4.0	4.0			
Number of Parks	12	12	12	12	12	12	13	14	14	14
Parks Acreage	150	150	153	153	153	153	186	186	186	186
Number of Swimming Pools		1 large / 1 sm		2 large / 1sm						
Number of Ballfields	15	15	15	15	15	15	21	21	21	21
Recreation - Senior Center	1	1	1	1	1	1	1	1	1	1
Senior Center Square Footage	31,974	31,974	31,974	31,974	31,974	31,974	31,974	31,974	31,974	31,974
Number of Vehicles	13	13	14	14	14	14	13	13	13	13
Transportation										
Miles of Streets	80	80	80	80	80	80	89	89	89	89
Number of Street Lights	2,875	2,875	2,875	2,875	2,875	2,920	2,920	2,920	2,920	2,920
Number of Traffic Lights	354	354	354	354	354	354	354	354	354	354
Business-Type Capital Assets										
Sewers										
Miles of Sanitary Sewers	93	93	93	93	93	93	93	93	93	93
Miles of Storm Sewers	92	92	92	92	92	92	92	92	92	92
Airport	/=	/-	/-	/2	/2	/=	/=	/=	/=	72
Number of Runways	2	2	2	2	2	2	2	2	2	2
Golf Course	_	2	2	2	<u>~</u>	<u>~</u>	<u>~</u>	<u>~</u>	2	<i>-</i>
	10	10	10	10	10	10	10	10	10	10
Number of Holes	18	18	18	18	18	18	18	18	18	18
Number of Acres	141	141	141	141	141	141	141	141	141	141
Number of Vehicles	1	1	1	1	1	1	1	1	1	1

Source: Various Willoughby Departments

History • Family • Fun • Progress





THE CITY OF WILLOUGHBY



Mary Taylor, CPA Auditor of State

CITY OF WILLOUGHBY

LAKE COUNTY

CLERK'S CERTIFICATION

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

CLERK OF THE BUREAU

Susan Babbitt

CERTIFIED JULY 5, 2007