

CITY OF WILLOUGHBY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

City Council
City of Willoughby

We have reviewed the Independent Auditor's Report of the City of Willoughby, Lake County, prepared by James G. Zupka, C.P.A., Inc., for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 1, 2004

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**CITY OF WILLOUGHBY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003**

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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

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor, Finance Director,
and Members of City Council
City of Willoughby, Ohio

We have audited the financial statements of the City of Willoughby, Lake County, Ohio, (the City) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 16, 2004. 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.

Compliance

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, regulation, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Finding as item B-1. We also noted one immaterial instance on noncompliance that we have reported to management of the City in a separate letter dated April 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated April 16, 2004.

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

James G. Zupka
Certified Public Accountant

April 16, 2004

**CITY OF WILLOUGHBY, OHIO
SCHEDULE OF FINDING
FOR THE YEAR ENDED DECEMBER 31, 2003**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Willoughby, Ohio.
2. No reportable conditions relating to the audit of the financial statements are reported in the Government Auditing Standards report.
3. One instance of noncompliance material to the financial statements of the City of Willoughby, Ohio was disclosed during the audit.

B. Compliance Citation

1. Investments

Statement of Condition:

The City purchased one Federal National Mortgage Association security for the amount of \$164,524 in 1993. This investment has a stated maturity date of 2023 and the amount held by the City as of December 31, 2003 was \$95,283.

Criteria:

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

Cause:

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

Effect:

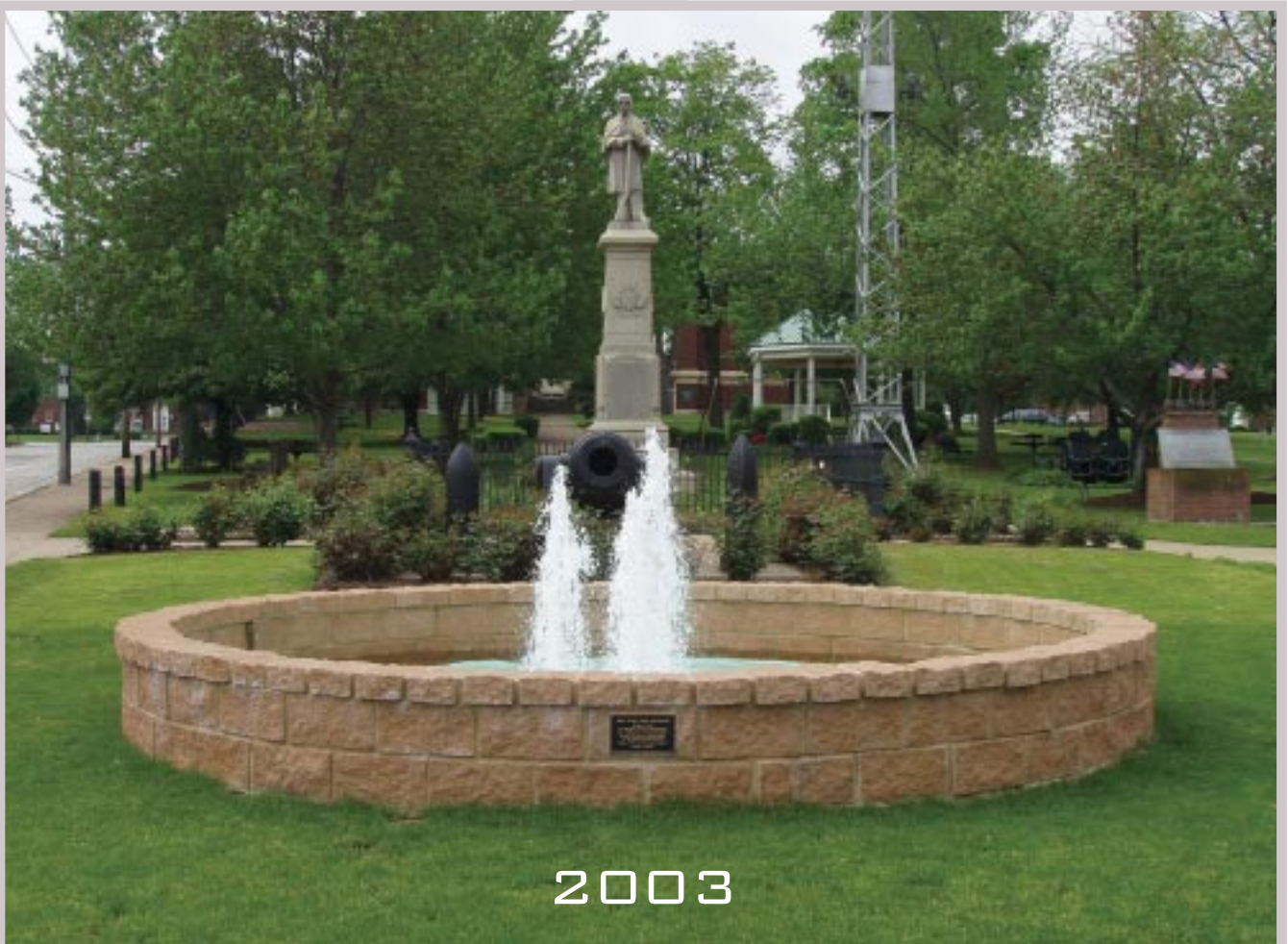
The City is in violation of Ohio Revised Code Section 135.14.

Recommendation:

We recommend that the City follow the provisions of ORC Section 135.14 for all investment purchases. In addition, the City should attempt to dispose of the investment in violation of this provision, when feasible. The City has been in compliance with Section 135.03 of the Ohio Revised Code since its implementation date effective September 27, 1996 and has also been in compliance with its own investment policy since its implementation date effective May 9, 1995.



The City of
WILLOUGHBY, OHIO



Comprehensive Annual

FINANCIAL REPORT

for the year ended December 31, 2003

2003

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

for the year ended December 31, 2003

The City of
Willoughby, Ohio

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

Director of Finance

Raymond J. Rogowski, CGFM

Deputy Finance Director

Diane C. Bosley, CPA

Staff Accountant

Cher Phillips

Secretary

Mia Robinson

Finance Staff

Heidi Delaney

Nancy Kukoleck

Christine Pedersen

Martha Schneider

Debbie Schreibman

The City of
Willoughby, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2003

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City Of Willoughby

David E. Anderson
Mayor and Safety Director

May 28, 2004

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, 2003, 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. 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, 2003, 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, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The CAFR is presented in three sections:

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

"The Courtesy City"

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

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

PROFILE OF THE GOVERNMENT

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

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

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

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

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

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

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

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

The City of Willoughby maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City'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.

FACTORS AFFECTING FINANCIAL CONDITIONS

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

Local Economy

The City's economic condition and outlook is a reflection of the national economy. During 2003, growth was slow to stagnant. As with the national economy, the prospects for 2004 and into the future look brighter. In October of 2003, the City of Willoughby applied for and received ratings from Moody's Investor Services and Standard and Poors. The rating agencies rated the City's General Obligation Debt as Aa2 and AA respectively in connection with a \$6,350,000 Municipal Building Improvement Bond issue. This was a confirmation of an upgrade received in 2002. Income Tax collections were down 4.3% from 2002 (budget basis). The City enjoys a diverse industrial base and growing commercial sector. The completion of the infrastructure for a development known as Riverside Commons is anticipated in 2004. This development features approximately 170 acres of which 70 is dedicated to commercial activities and the remaining 100 acres devoted to light industrial development. The historic downtown area is thriving and will be improved by the construction of a municipal court facility at the northwest corner. All of these endeavors, along with regional and national economic recovery, indicate future economic growth.

Cash Management Policies and Practices

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

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

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

Risk Management

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

AWARDS & ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Willoughby for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. This was the 17th 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.

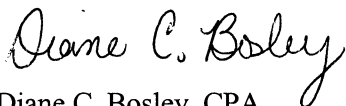
The preparation of the Comprehensive Annual Financial Report, on a timely basis, was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Respectfully submitted,



Raymond J. Rogowski, CGFM
Finance Director



Diane C. Bosley, CPA
Deputy Finance Director



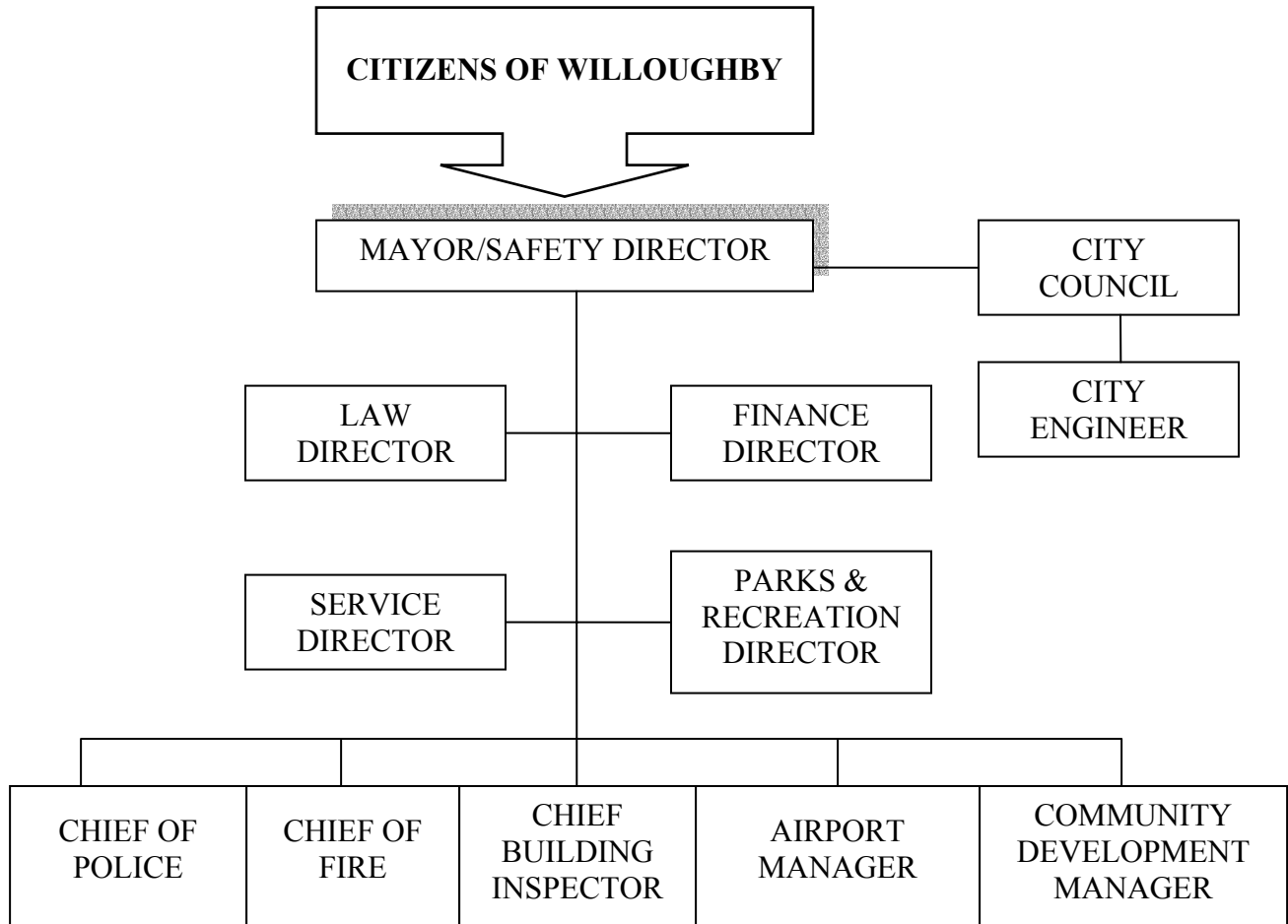
The City of
WILLOUGHBY, OHIO



Enriched by its history
PREPARED FOR ITS FUTURE

ORGANIZATIONAL CHART

The City of
Willoughby, Ohio



ELECTED & APPOINTED OFFICIALS

The City of
Willoughby, Ohio

Mayor
David E. Anderson

CITY COUNCIL

Ward 4
Charles W. Cox / President

Ward 1
Richard A. Wagner

Ward 3
Jerome P. Ranally

Ward 6
James J. Dempsey

Ward 2
Robert A. Fiala

Ward 5
John S. Paxson

Councilman-At-Large
Jeffrey H. Black

Director of Finance
Raymond J. Rogowski

Director of Public Service
Angelo Tomaselli

Director of Law
John W. Wiles

*Director of
Parks & Recreation*
Brian L. Katz

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Willoughby,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

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



President

Executive Director



The City of
WILLOUGHBY, OHIO



Financial
INFORMATION

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

*Certified Public Accountants
5240 East 98th Street
Garfield Heights, Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475-6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

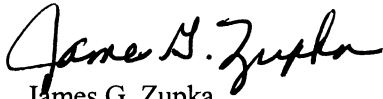
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 Willoughby, Lake County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof and 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 April 16, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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



James G. Zupka
Certified Public Accountant

April 16, 2004

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

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, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the transmittal letter, financial statements and the notes to those financial statements to enhance their understanding of the City's performance.

Financial Highlights

- ◆ This is the City of Willoughby's second publication of a Comprehensive Annual Financial Report (CAFR) under the GASB 34 reporting model.
- ◆ Total assets of the City were \$135,978,570. Of this amount \$88,686,112 were attributable to governmental activities and \$47,292,458 were from business-type activities.
- ◆ Total liabilities of the City were \$45,569,448. Of this amount \$32,550,662 were for governmental activities and \$13,018,786 were from business-type activities.

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.

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

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

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

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

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

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

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

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

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED

The City maintains 21 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.

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.

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

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 - The City of Willoughby as a Whole

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

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

The City of Willoughby as a Whole

By far the largest portion of the City's net assets (84%) reflects its investment in capital assets (e.g. land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City 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 2003 compared to 2002.

	City of Willoughby's Net Assets					
	Governmental Activities		Business-type Activities		Total Government	
	2003	2002	2003	2002	2003	2002
Current and other assets	35,825,190	35,953,550	692,299	1,558,118	36,517,489	37,511,668
Capital assets	52,860,922	48,523,413	46,600,159	45,435,824	99,461,081	93,959,237
Total Assets	88,686,112	84,476,963	47,292,458	46,993,942	135,978,570	131,470,905
Current and other liabilities	10,271,393	9,687,205	900,856	654,700	11,172,249	10,341,905
Long term liabilities outstanding	22,279,269	16,662,108	12,117,930	11,428,540	34,397,199	28,090,648
Total Liabilities	32,550,662	26,349,313	13,018,786	12,083,240	45,569,448	38,432,553
Net Assets:						
Invested in capital assets, net of debt	40,931,168	36,040,109	35,223,998	34,642,111	76,155,166	70,682,220
Restricted	7,810,246	12,805,059	510,868	558,381	8,321,114	13,363,440
Unrestricted (deficit)	7,394,036	9,282,482	(1,461,194)	(289,790)	5,932,842	8,992,692
Total Net Assets	56,135,450	58,127,650	34,273,672	34,910,702	90,409,122	93,038,352

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

An additional portion of the City's net assets (9%) represents resources that have been restricted on how they may be used. The remaining balance of unrestricted net assets (\$5,932,842) 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 \$1,461,194, which is attributable to liabilities of the Airport fund consisting primarily of amounts that are due to other funds.

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

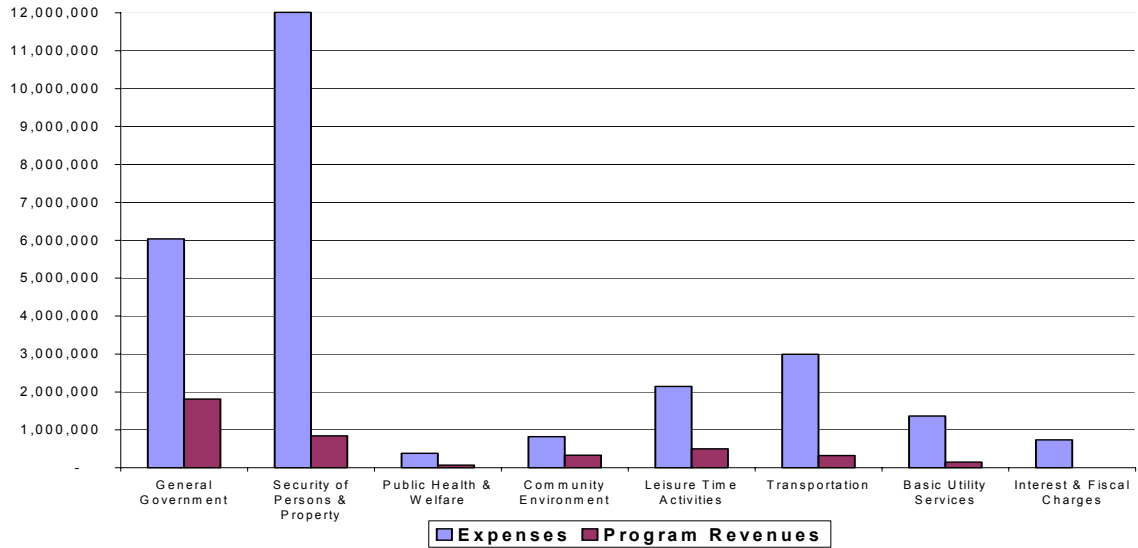
City of Willoughby's Change in Net Assets						
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues						
Program Revenues						
Charges for Services	3,398,153	3,458,037	4,211,966	4,133,158	7,610,119	7,591,195
Operating Grants, Contributions & Interest	78,071	986,298			78,071	986,298
Capital Grants & Contributions	576,637	73,232	360,271	408,749	936,908	481,981
General Revenues						
Municipal Income Taxes	12,803,099	13,287,833	750,000	800,000	13,553,099	14,087,833
Property & Other Local Taxes	3,406,795	3,542,044			3,406,795	3,542,044
Grants & Entitlements	3,820,696	3,072,611			3,820,696	3,072,611
Investment Earnings	385,766	753,337	23,108	34,317	408,874	787,654
Miscellaneous	17,980	219,719	38,389	12,014	56,369	231,733
Total Revenues	24,487,197	25,393,111	5,383,734	5,388,238	29,870,931	30,781,349
Expenses						
General Government	6,037,557	5,962,383			6,037,557	5,962,383
Security of Persons & Property	12,011,078	11,538,823			12,011,078	11,538,823
Public Health & Welfare	381,304	360,111			381,304	360,111
Community Environment	817,519	906,903			817,519	906,903
Leisure Time Activities	2,141,809	2,017,390			2,141,809	2,017,390
Transportation	2,992,462	2,892,787			2,992,462	2,892,787
Basic Utility Services	1,363,511	1,541,443			1,363,511	1,541,443
Interest & Fiscal Charges	734,157	700,779			734,157	700,779
Golf Course			885,864	790,733	885,864	790,733
Sewer			4,551,402	4,348,504	4,551,402	4,348,504
Airport			583,498	570,955	583,498	570,955
Total Expenses	26,479,397	25,920,619	6,020,764	5,710,192	32,500,161	31,630,811
Change in Net Assets	(1,992,200)	(527,508)	(637,030)	(321,954)	(2,629,230)	(849,462)
Net Assets Beginning of Year	58,127,650	58,655,158	34,910,702	35,232,656	93,038,352	93,887,814
Net Assets End of Year	56,135,450	58,127,650	34,273,672	34,910,702	90,409,122	93,038,352

Governmental Activities

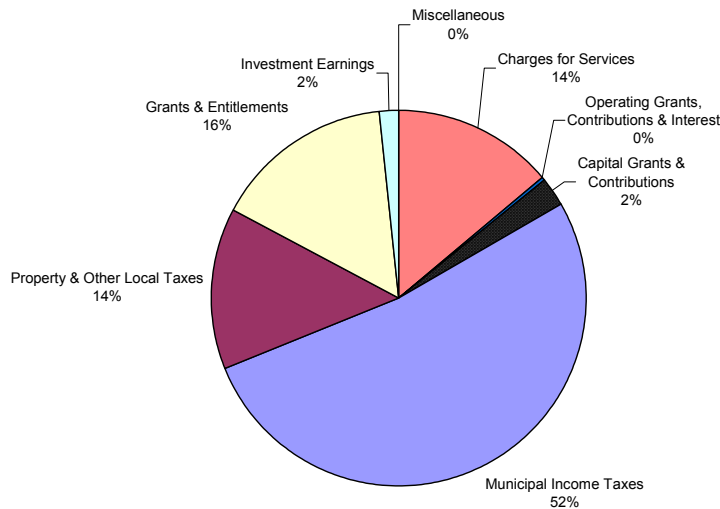
- ▶ Income tax in governmental activities was down 3.65% due to a slower economy both locally and nationally.
- ▶ All other revenues in governmental activities were down 3.5%. Of that decrease, 87% is accounted for by reduced interest earnings due to falling interest rates.
- ▶ Governmental activities expenses increased 2.16%. The City did no additional hiring and increases are attributed to normal wage and benefit cost increases.

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

Expenses & Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

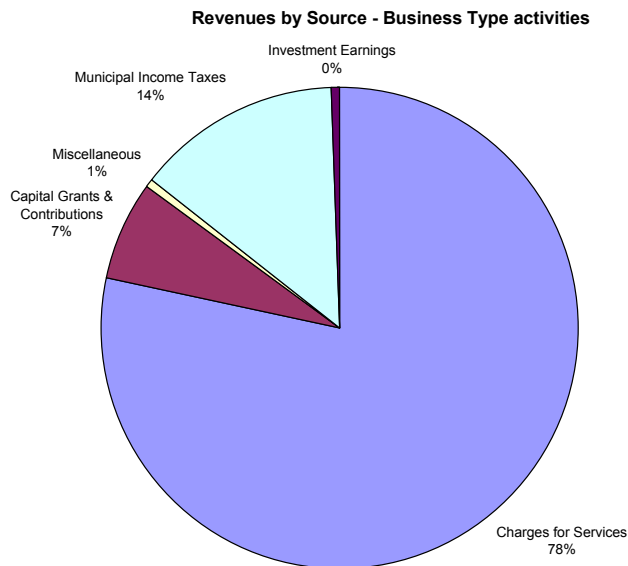
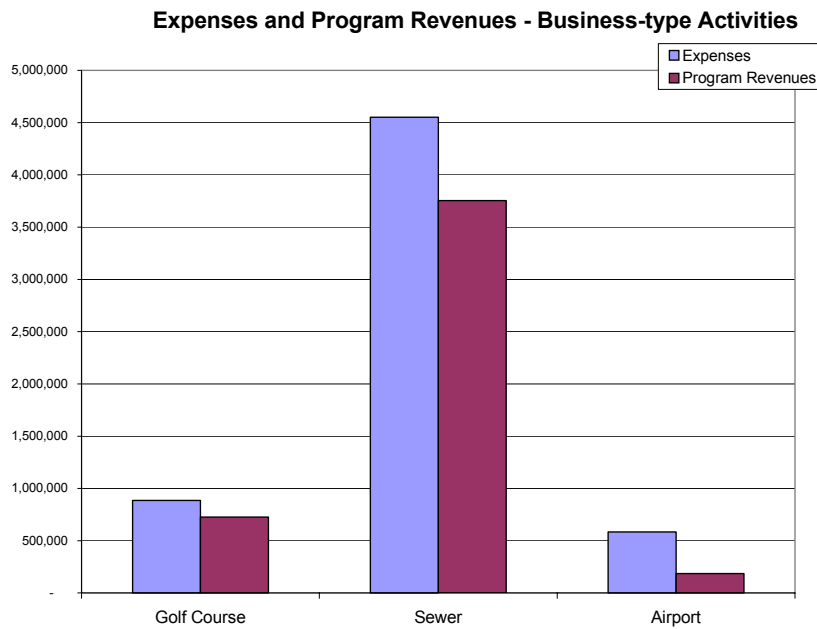


**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

Business-Type Activities

Business-type activities account for 37.9% of the City of Willoughby's total net assets.

Revenues in business type activities were not significantly different. Expenses rose 12% in the Golf Course fund primarily because of a full year's interest payment on debt outstanding.



**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

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 \$20,596,242, a decrease of \$320,468. The decrease is attributed to lower than anticipated income tax revenues. Of the total amount, \$14,219,312 constitutes the unreserved fund balance which is available at the Government's discretion. Reservations of fund balance indicate that the funds are already committed. \$1,655,022 is to liquidate purchase orders and contracts entered into during the fiscal year ending December 31, 2003 and prior; \$918,704 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 decreased from \$1,464,820 to \$235,483. The decrease in net assets is caused by a decrease in cash because of the expenditures made on a new clubhouse and maintenance facility.

Unrestricted net assets of the Sewer fund increased from \$1,542,290 to \$1,742,656. Unrestricted net assets of the Airport fund carry a deficit unreserved balance of (\$3,439,333). The increase in the deficit is caused by the airport's continuing 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 - There were no changes made in the original and final budgets for the General fund for 2003. The actual revenues were \$496,758 under estimates and expenditures were under budgeted appropriations by \$721,658. Actual budget basis ending fund balance for the General fund was \$4,892,465.

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for governmental and business type activities as of December 31, 2003, was \$99,461,081 (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 9.4% increase over the prior year for governmental activities and 4.2% above for business-type activities. These increases are calculated before depreciation.

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

City of Willoughby's Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
	Land	7,005,240	6,018,680	9,559,613	9,655,710	16,564,853
Construction in Progress	6,202,862	1,646,923	1,557,871	677,522	7,760,733	2,324,445
Buildings	13,696,685	13,691,786	18,247,215	16,950,847	31,943,900	30,642,633
Improvements	14,934,241	14,955,345	35,886,297	35,125,917	50,820,538	50,081,262
Machinery & Equipment	10,131,670	9,927,950	7,114,257	7,050,818	17,245,927	16,978,768
Infrastructure	28,480,572	27,301,085			28,480,572	27,301,085
Total Capital Assets	80,451,270	73,541,769	72,365,253	69,460,814	152,816,523	143,002,583
Accumulated Depreciation	(27,590,348)	(25,018,356)	(25,765,094)	(24,024,990)	(53,355,442)	(49,043,346)
Capital Assets (Net)	52,860,922	48,523,413	46,600,159	45,435,824	99,461,081	93,959,237

Major capital asset events during 2003 were as follows:

- ◆ Construction of clubhouse and maintenance facilities at the golf course owned and operated by the City.
- ◆ Replacement of sewers continued in the amount of \$1,477,000 with the major project being the Center-Wood sanitary sewer.
- ◆ Land was purchased for a new municipal court building.
- ◆ Various road and infrastructure projects were underway during the course of the year. The amount invested in these projects was \$5,761,709.

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 increased by \$6,329,801 (23.8%). Increases in the total governmental debt was caused by bonds issued for the purpose of constructing a municipal court building. This project will be under construction in 2004.

City of Willoughby's Outstanding Debt at December 31						
	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
	General Obligation Bonds	16,107,107	10,399,976			16,107,107
Special Assessment Bonds	721,863	970,547			721,863	970,547
Enterprise Bonds w/ G.O. Commitment			4,486,029	4,754,476	4,486,029	4,754,476
OWDA & OPWC	22,544	23,778	6,967,723	6,129,760	6,990,267	6,153,538
Capital Notes Payable	4,525,000	4,220,000			4,525,000	4,220,000
Police Pension Liability	127,847	129,775			127,847	129,775
TOTAL	21,504,361	15,744,076	11,453,752	10,884,236	32,958,113	26,628,312

**CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2003
UNAUDITED**

The City of Willoughby, in issuing the municipal building improvement bonds, underwent review by Moody's Investor Services and Standard & Poors rating services. Both rating agencies confirmed the City ratings as Aa2 and AA respectively.

State Law limits the amount of debt a city can issue in general obligation bonds to 10.5% of assessed valuation. The City had an assessed valuation of \$575,441,210 at the end of 2003. The City has borrowed less than 55% 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 \$305,000. The change is an increase to a special assessment note for Riverside Commons Commercial Industrial Park for \$4,450,000. 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 is subject to slowdown not dissimilar to the rest of Ohio and the nation as a whole. Income tax forecast for the coming year has stayed the same as actual receipts from 2003. The City has not eliminated but delayed approving a Capital Plan for 2004, in order to observe the economic conditions of the current year.

During 2004, the City anticipates using nearly \$2.9 million of the General fund balance to sustain needed services for our residents. The City is exploring new sources of revenue and watching expenditures closely in order to cope with difficult economic times.

Requests for Information

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

The City of
Willoughby, Ohio



CITY OF WILLOUGHBY, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Equity in City Treasury Cash and Investments	\$ 22,357,786	\$ 1,838,983	\$ 24,196,769
Inventory	142,227	29,989	172,216
Accrued Interest Receivable	68,756	0	68,756
Accounts Receivable	211,846	307,120	518,966
Prepaid Items	444	6,975	7,419
Intergovernmental Receivable	2,525,193	727,012	3,252,205
Taxes Receivable	5,478,660	250,000	5,728,660
Internal Balances	3,567,107	(3,567,107)	0
Restricted Assets -Cash	0	1,021,736	1,021,736
Special Assessments Receivable	1,473,171	0	1,473,171
Unamortized Bond Issuance Costs	0	77,591	77,591
Nondepreciable Capital Assets	13,208,102	11,117,484	24,325,586
Depreciable Capital Assets, Net	39,652,820	35,482,675	75,135,495
TOTAL ASSETS	<u>88,686,112</u>	<u>47,292,458</u>	<u>135,978,570</u>
LIABILITIES			
Accounts Payable	1,245,317	620,674	1,865,991
Matured Compensated Absences Payable	41,923	0	41,923
Salaries, Wages and Benefits Payable	1,633,881	103,996	1,737,877
Accrued Interest Payable	75,300	171,268	246,568
Property Taxes Payable	0	3,626	3,626
Intergovernmental Payable	22,486	1,292	23,778
Notes Payable	4,450,000	0	4,450,000
Deferred Revenue	2,799,546	0	2,799,546
Matured Bonds and Interest Payable	2,940	0	2,940
Long-Term Liabilities:			
Due Within One Year	2,176,707	1,261,156	3,437,863
Due In More Than One Year	20,102,562	10,856,774	30,959,336
TOTAL LIABILITIES	<u>32,550,662</u>	<u>13,018,786</u>	<u>45,569,448</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	40,931,168	35,223,998	76,155,166
Restricted for:			
Capital Projects	5,837,728	0	5,837,728
Debt Service	273,062	0	273,062
Equipment Replacement	0	510,868	510,868
Other Purposes	1,532,116	0	1,532,116
Permanent Fund Purpose:			
Nonexpendable - Cemetery Fund	167,340	0	167,340
Unrestricted (Deficit)	7,394,036	(1,461,194)	5,932,842
TOTAL NET ASSETS	<u>\$ 56,135,450</u>	<u>\$ 34,273,672</u>	<u>\$ 90,409,122</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 6,037,557	\$ 1,808,601	\$ 0	\$ 0	\$ (4,228,956)		\$ (4,228,956)
Security of Persons and Property	12,011,078	774,148	66,254	0	(11,170,676)		(11,170,676)
Public Health and Welfare	381,304	69,642	0	0	(311,662)		(311,662)
Community Environment	817,519	329,721	0	0	(487,798)		(487,798)
Leisure Time Activities	2,141,809	415,191	2,726	82,431	(1,641,461)		(1,641,461)
Transportation	2,992,462	850	0	318,200	(2,673,412)		(2,673,412)
Basic Utility Services	1,363,511	0	9,091	140,875	(1,213,545)		(1,213,545)
Interest and Fiscal Charges	734,157	0	0	0	(734,157)		(734,157)
TOTAL GOVERNMENTAL ACTIVITIES	26,479,397	3,398,153	78,071	541,506	(22,461,667)		(22,461,667)
BUSINESS-TYPE ACTIVITIES							
Golf Course	885,864	727,217	0	0		\$ (158,647)	(158,647)
Sewer	4,551,402	3,320,402	0	434,255		(796,745)	(796,745)
Airport	583,498	164,347	0	22,113		(397,038)	(397,038)
TOTAL BUSINESS-TYPE ACTIVITIES	6,020,764	4,211,966	0	456,368		(1,352,430)	(1,352,430)
TOTAL	\$32,500,161	\$7,610,119	\$78,071	\$997,874	(22,461,667)	(1,352,430)	(23,814,097)
GENERAL REVENUES							
Property Taxes Levied for:							
					1,520,646		1,520,646
					464,069		464,069
					1,319,380		1,319,380
					102,700		102,700
Income Taxes Levied for:							
					11,882,741		11,882,741
						750,000	750,000
					920,358		920,358
					3,820,696		3,820,696
					35,131	(96,097)	(60,966)
					6,810		6,810
					385,766	23,108	408,874
					11,170	38,389	49,559
TOTAL GENERAL REVENUE					20,469,467	715,400	21,184,867
CHANGE IN NET ASSETS					(1,992,200)	(637,030)	(2,629,230)
NET ASSETS BEGINNING OF YEAR					58,127,650	34,910,702	93,038,352
NET ASSETS END OF YEAR					\$ 56,135,450	\$ 34,273,672	\$ 90,409,122

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2003

ASSETS	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>GENERAL BOND RETIREMENT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Assets:					
Equity in City Treasury Cash and Investments	\$6,848,290	\$10,853,749	\$436,096	\$3,544,198	\$21,682,333
Inventory-Supplies	69,932	0	0	72,295	142,227
Accrued Interest Receivable	68,756	0	0	0	68,756
Accounts Receivable	201,907	9,725	0	214	211,846
Prepaid Items	444	0	0	0	444
Due from Other Governments	1,985,353	51,104	68,583	420,153	2,525,193
Taxes Receivable	3,712,916	0	1,296,968	468,776	5,478,660
Due from Other Funds	1,344,964	36,938	2,213,922	0	3,595,824
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,473,171</u>	<u>1,473,171</u>
TOTAL ASSETS	<u>\$14,232,562</u>	<u>\$10,951,516</u>	<u>\$4,015,569</u>	<u>\$5,978,807</u>	<u>\$35,178,454</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$520,509	\$585,205	\$0	\$134,843	\$1,240,557
Matured Compensated Absences Payable	8,238	0	0	33,685	41,923
Salaries, Wages, and Benefits Payable	1,496,418	0	0	137,463	1,633,881
Due to Other Governments	2,795	0	106	19,585	22,486
Due to Other Funds	8,357	1,023	0	19,936	29,316
Notes Payable	0	4,525,000	0	0	4,525,000
Deferred Revenue	3,503,703	0	1,364,053	2,218,353	7,086,109
Matured Bonds & Interest Payable	<u>0</u>	<u>0</u>	<u>2,940</u>	<u>0</u>	<u>2,940</u>
TOTAL LIABILITIES	<u>5,540,020</u>	<u>5,111,228</u>	<u>1,367,099</u>	<u>2,563,865</u>	<u>14,582,212</u>
Fund Balances:					
Reserved for Encumbrances	623,957	869,192	10,342	151,531	1,655,022
Reserved for Inventory	69,932	0	0	72,295	142,227
Reserved for Debt Service	0	0	424,206	494,498	918,704
Reserved for Prepaid Items	444	0	0	0	444
Reserved for Long-Term Loan -Airport	1,326,019	23,176	2,213,922	0	3,563,117
Reserved for Non-Current Investments	0	0	0	97,416	97,416
Unreserved	6,672,190	4,947,920	0	0	11,620,110
Unreserved, Reported in Nonmajor					
Special Revenue Funds	0	0	0	2,529,278	2,529,278
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>69,924</u>	<u>69,924</u>
TOTAL FUND BALANCES	<u>8,692,542</u>	<u>5,840,288</u>	<u>2,648,470</u>	<u>3,414,942</u>	<u>20,596,242</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$14,232,562</u>	<u>\$10,951,516</u>	<u>\$4,015,569</u>	<u>\$5,978,807</u>	<u>\$35,178,454</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF DECEMBER 31, 2003

TOTAL GOVERNMENTAL FUND BALANCES \$20,596,242

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. 52,860,922

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

Property Taxes	146,724
Grants and Entitlements	1,305,146
Municipal Income Taxes	1,319,135
Special Assessments	1,473,171
Fines and Forfeitures	42,387
	4,286,563

Total 4,286,563

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

671,292

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	(16,107,107)
OPWC Loans	(22,544)
Special Assessments	(721,863)
Police Pension Liability	(127,847)
Landfill Post Closure Care Liability	(1,049,898)
Compensated Absences	(4,175,010)
Accrued Interest Payable	(75,300)
	(22,279,569)

Total (22,279,569)

NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 56,135,450**

CITY OF WILLOUGHBY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>GENERAL BOND RETIREMENT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
Municipal Income Taxes	\$11,766,978	\$920,358	\$0	\$0	\$12,687,336
Property and Other Local Taxes	1,514,710	102,700	1,331,361	464,757	3,413,528
Intergovernmental	2,934,296	9,091	143,224	904,175	3,990,786
Charges for Services	417,837	0	0	235,307	653,144
Special Assessments	0	0	0	823,953	823,953
Fines and Forfeitures	1,652,260	0	0	267,682	1,919,942
Licenses & Permits	295,391	0	0	0	295,391
Interest	343,775	12,448	27,190	40	383,453
Miscellaneous	<u>8,910</u>	<u>1,039</u>	<u>0</u>	<u>1,221</u>	<u>11,170</u>
TOTAL REVENUES	<u>18,934,157</u>	<u>1,045,636</u>	<u>1,501,775</u>	<u>2,697,135</u>	<u>24,178,703</u>
EXPENDITURES:					
Current:					
General Government	5,563,473	6,350	27,112	135,524	5,732,459
Security of Persons and Property	9,021,949	52,346	0	1,827,337	10,901,632
Public Health and Welfare	358,299	0	0	0	358,299
Community Environment	757,659	0	0	31,902	789,561
Leisure Time Activities	919,290	23,153	0	759,671	1,702,114
Transportation	0	0	0	1,706,108	1,706,108
Basic Utility Services	1,002,052	17,436	0	0	1,019,488
Capital Outlay	82,876	7,220,091	0	14,570	7,317,537
Debt Service:					
Principal	0	0	644,103	248,683	892,786
Interest	<u>0</u>	<u>77,805</u>	<u>566,098</u>	<u>68,530</u>	<u>712,433</u>
TOTAL EXPENDITURES	<u>17,705,598</u>	<u>7,397,181</u>	<u>1,237,313</u>	<u>4,792,325</u>	<u>31,132,417</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,228,559	(6,351,545)	264,462	(2,095,190)	(6,953,714)
OTHER FINANCING SOURCES (USES):					
Transfers In	0	43,457	0	2,365,000	2,408,457
Transfers Out	(2,408,457)	0	0	0	(2,408,457)
Debt Issued	0	6,350,000	0	0	6,350,000
Insurance Reimbursement	0	104,544	0	0	104,544
Sale of Assets	163,960	32,853	0	1,625	198,438
Donations	<u>810</u>	<u>6,000</u>	<u>0</u>	<u>0</u>	<u>6,810</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,243,687)</u>	<u>6,536,854</u>	<u>0</u>	<u>2,366,625</u>	<u>6,659,792</u>
NET CHANGE IN FUND BALANCES	(1,015,128)	185,309	264,462	271,435	(293,922)
FUND BALANCE BEGINNING OF YEAR	9,716,070	5,654,979	2,384,008	3,161,653	20,916,710
INCREASE (DECREASE) IN RESERVE FOR INVENTORY	<u>(8,400)</u>	<u>0</u>	<u>0</u>	<u>(18,146)</u>	<u>(26,546)</u>
FUND BALANCES END OF YEAR	<u>\$8,692,542</u>	<u>\$5,840,288</u>	<u>\$2,648,470</u>	<u>\$3,414,942</u>	<u>\$20,596,242</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

NET CHANGES IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS \$ (293,922)

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	7,317,537	
Current Year Depreciation	<u>(3,176,477)</u>	
Total		4,141,060

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

Donation	447,300	
Trade	17,000	
Disposal-net	<u>(267,851)</u>	
Total		196,449

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

Property Taxes	(6,734)	
Grants and Entitlements	(14,589)	
Municipal Income Taxes	115,763	
Special Assessments	(296,888)	
Fines and Forfeitures	<u>19,387</u>	
Total		(183,061)

The issuance of debt provides proceeds in the governmental funds but increases long term liabilities in the statement of net assets. (6,350,000)

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. 933,820

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds an interest expenditure is reported when due. (21,724)

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	(422,243)	
Change in Inventory	<u>(26,546)</u>	
Total		(448,789)

The internal service fund used by management to account for a retrospective rating workers' compensation program provided to City employees is not reported in entity-wide statement of activities. The net revenue (expense) of the internal service fund is allocated to governmental activities. 33,967

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ (1,992,200)**

CITY OF WILLOUGHBY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE <u>(NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Municipal Income Taxes	\$12,454,183	\$12,454,183	\$11,852,581	(\$601,602)
Property and Other Local Taxes	1,471,498	1,471,498	1,449,627	(21,871)
Intergovernmental	2,867,329	2,867,329	2,872,104	4,775
Charges for Services	284,550	284,550	301,241	16,691
Fines and Forfeitures	1,628,000	1,628,000	1,659,060	31,060
Licenses, Permits	270,500	270,500	296,751	26,251
Interest Income	400,000	400,000	451,744	51,744
Other	<u>368,500</u>	<u>368,500</u>	<u>364,694</u>	<u>(3,806)</u>
Total Revenues	<u>19,744,560</u>	<u>19,744,560</u>	<u>19,247,802</u>	<u>(496,758)</u>
EXPENDITURES:				
General Government	6,029,191	6,029,191	5,543,347	485,844
Security of Persons and Property	9,451,305	9,451,305	9,320,405	130,900
Public Health and Welfare	368,112	368,112	359,183	8,929
Community Environment	829,135	829,135	797,379	31,756
Leisure Time Activities	886,044	886,044	933,368	(47,324)
Basic Utility Service	<u>1,113,300</u>	<u>1,113,300</u>	<u>1,001,747</u>	<u>111,553</u>
Total Expenditures	<u>18,677,087</u>	<u>18,677,087</u>	<u>17,955,429</u>	<u>721,658</u>
Excess of Revenues Over (Under) Expenditures	1,067,473	1,067,473	1,292,373	224,900
OTHER FINANCING SOURCES (USES):				
Transfers Out	(2,408,457)	(2,408,457)	(2,408,457)	0
Other	<u>5,000</u>	<u>5,000</u>	<u>137,491</u>	<u>132,491</u>
Total Other Financing Sources (Uses)	<u>(2,403,457)</u>	<u>(2,403,457)</u>	<u>(2,270,966)</u>	<u>132,491</u>
NET CHANGE IN FUND BALANCE	(1,335,984)	(1,335,984)	(978,593)	357,391
FUND BALANCE BEGINNING OF YEAR	5,835,984	5,835,984	5,835,984	0
Prior Year Encumbrances Appropriated	<u>35,074</u>	<u>35,074</u>	<u>35,074</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$4,535,074</u>	<u>\$4,535,074</u>	<u>\$4,892,465</u>	<u>\$357,391</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2003

	<u>BUSINESS-TYPE ACTIVITIES</u>				<u>GOVERNMENTAL ACTIVITIES - Internal Service Fund</u>
	<u>GOLF COURSE</u>	<u>SEWER</u>	<u>AIRPORT</u>	<u>TOTAL 2003</u>	<u>WORKERS ' COMPENSATION</u>
ASSETS					
CURRENT ASSETS					
Equity in City Treasury Cash and Investments	\$630,427	\$1,087,987	\$120,569	\$1,838,983	\$675,453
Inventory	1,802	28,187	0	29,989	0
Accounts Receivable	588	113,043	193,489	307,120	0
Prepaid Expenses	2,035	2,097	2,843	6,975	0
Due from Other Funds	433	161,766	805	163,004	599
Due from Other Governments	0	727,012	0	727,012	0
Taxes Receivable	<u>0</u>	<u>250,000</u>	<u>0</u>	<u>250,000</u>	<u>0</u>
TOTAL CURRENT ASSETS	<u>635,285</u>	<u>2,370,092</u>	<u>317,706</u>	<u>3,323,083</u>	<u>676,052</u>
NONCURRENT ASSETS					
Restricted Assets:					
Cash Investments	0	1,021,736	0	1,021,736	0
Unamortized Bond Issuance Costs	77,591	0	0	77,591	0
Land and Construction in Progress	1,799,950	1,958,512	7,359,022	11,117,484	0
Depreciable Capital Assets, Net	<u>1,944,554</u>	<u>30,227,132</u>	<u>3,310,989</u>	<u>35,482,675</u>	<u>0</u>
TOTAL NONCURRENT ASSETS	<u>3,822,095</u>	<u>33,207,380</u>	<u>10,670,011</u>	<u>47,699,486</u>	<u>0</u>
TOTAL ASSETS	<u>4,457,380</u>	<u>35,577,472</u>	<u>10,987,717</u>	<u>51,022,569</u>	<u>676,052</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	323,651	290,479	6,544	620,674	4,760
Salaries, Wages & Benefits Payable	22,373	284,293	8,181	314,847	0
Accrued Interest Payable	10,210	158,250	2,808	171,268	0
Property Tax Payable	0	0	3,626	3,626	0
Due to Other Funds	6,993	1,264	3,721,854	3,730,111	0
Due to Other Governments	122	1,170	0	1,292	0
Bonds Payable	<u>110,000</u>	<u>820,305</u>	<u>120,000</u>	<u>1,050,305</u>	<u>0</u>
TOTAL CURRENT LIABILITIES	<u>473,349</u>	<u>1,555,761</u>	<u>3,863,013</u>	<u>5,892,123</u>	<u>4,760</u>
NONCURRENT LIABILITIES					
Salaries, Wages & Benefits Payable	36,453	402,848	14,026	453,327	0
Bonds Payable	<u>2,955,000</u>	<u>6,763,447</u>	<u>685,000</u>	<u>10,403,447</u>	<u>0</u>
TOTAL NONCURRENT LIABILITIES	<u>2,991,453</u>	<u>7,166,295</u>	<u>699,026</u>	<u>10,856,774</u>	<u>0</u>
TOTAL LIABILITIES	<u>3,464,802</u>	<u>8,722,056</u>	<u>4,562,039</u>	<u>16,748,897</u>	<u>4,760</u>
NET ASSETS					
Invested in capital assets, net of related debt	757,095	24,601,892	9,865,011	35,223,998	0
Restricted for:					
Equipment Replacement	0	510,868	0	510,868	0
Unrestricted (Deficit)	<u>235,483</u>	<u>1,742,656</u>	<u>(3,439,333)</u>	<u>(1,461,194)</u>	<u>671,292</u>
TOTAL NET ASSETS	<u>\$992,578</u>	<u>\$26,855,416</u>	<u>\$6,425,678</u>	<u>\$34,273,672</u>	<u>\$671,292</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUSINESS-TYPE ACTIVITIES</u>			<u>TOTAL</u>	<u>GOVERNMENTAL</u>
	<u>GOLF COURSE</u>	<u>SEWER</u>	<u>AIRPORT</u>	<u>2003</u>	<u>ACTIVITIES -</u>
					<u>Internal Service Fund</u>
					<u>WORKERS '</u>
					<u>COMPENSATION</u>
OPERATING REVENUES:					
Charges for Services	\$727,217	\$3,318,111	\$23,143	\$4,068,471	\$0
Rentals	0	0	141,204	141,204	0
Other	0	2,291	0	2,291	31,654
Total Operating Revenues	<u>727,217</u>	<u>3,320,402</u>	<u>164,347</u>	<u>4,211,966</u>	<u>31,654</u>
OPERATING EXPENSES:					
Personal Services	429,248	1,923,427	94,775	2,447,450	0
Contractual Services	83,688	445,772	18,864	548,324	0
Materials & Supplies	122,358	113,657	14,950	250,965	0
Heat, Light & Power	16,665	358,462	12,351	387,478	0
Other Expenses	7,522	10,957	2,321	20,800	0
Depreciation	<u>63,021</u>	<u>1,318,025</u>	<u>402,484</u>	<u>1,783,530</u>	<u>0</u>
Total Operating Expenses	<u>722,502</u>	<u>4,170,300</u>	<u>545,745</u>	<u>5,438,547</u>	<u>0</u>
Net Income (Loss) from Operations	<u>4,715</u>	<u>(849,898)</u>	<u>(381,398)</u>	<u>(1,226,581)</u>	<u>31,654</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest - Income	14,938	6,021	2,149	23,108	2,313
- Expense	(163,362)	(381,102)	(37,753)	(582,217)	0
Municipal Income Tax	0	750,000	0	750,000	0
Contribution	0	138,400	0	138,400	0
Other - Income	2,454	33,478	2,457	38,389	0
Sale of Land	<u>0</u>	<u>0</u>	<u>(96,097)</u>	<u>(96,097)</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>(145,970)</u>	<u>546,797</u>	<u>(129,244)</u>	<u>271,583</u>	<u>2,313</u>
Net Income (Loss) Before Contributions and Transfers	<u>(141,255)</u>	<u>(303,101)</u>	<u>(510,642)</u>	<u>(954,998)</u>	<u>33,967</u>
Capital Contributions	<u>0</u>	<u>295,855</u>	<u>22,113</u>	<u>317,968</u>	<u>0</u>
CHANGE IN NET ASSETS	<u>(141,255)</u>	<u>(7,246)</u>	<u>(488,529)</u>	<u>(637,030)</u>	<u>33,967</u>
NET ASSETS BEGINNING OF YEAR	<u>1,133,833</u>	<u>26,862,662</u>	<u>6,914,207</u>	<u>34,910,702</u>	<u>637,325</u>
NET ASSETS END OF YEAR	<u>\$992,578</u>	<u>\$26,855,416</u>	<u>\$6,425,678</u>	<u>\$34,273,672</u>	<u>\$671,292</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

(continued on following page)

	<u>Business-Type Activities</u>				<u>Governmental Activities - Internal Service</u>
	<u>Golf Course</u>	<u>Sewer</u>	<u>Airport</u>	<u>Total</u>	<u>Workers' Compensation</u>
Cash flows from operating activities:					
Cash received from customers	\$731,492	\$2,984,936	\$144,871	\$3,861,299	\$243
Cash paid to customers	(9,380)	(919,975)	106,515	(822,840)	(11,638)
Cash paid to employees	(421,533)	(1,892,813)	(90,501)	(2,404,847)	0
Other operating revenues	<u>0</u>	<u>2,291</u>	<u>0</u>	<u>2,291</u>	<u>0</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>300,579</u>	<u>174,439</u>	<u>160,885</u>	<u>635,903</u>	<u>(11,395)</u>
Cash flows from noncapital financing activities:					
Municipal Income Tax	<u>0</u>	<u>750,000</u>	<u>0</u>	<u>750,000</u>	<u>0</u>
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>0</u>	<u>750,000</u>	<u>0</u>	<u>750,000</u>	<u>0</u>
Cash flows from capital and related financing activities:					
Proceeds from long-term debt	0	1,451,901	0	1,451,901	0
Acquisition and construction of capital assets	(1,079,035)	(1,755,564)	61,069	(2,773,530)	0
Principal paid on long-term debt	(85,000)	(682,385)	(115,000)	(882,385)	0
Interest paid on long-term debt	(163,362)	(381,102)	(37,753)	(582,217)	0
Contribution of capital by grants	0	214,991	22,113	237,104	0
Contributions from customers	2,454	80,864	0	83,318	0
Loss on the sale of land	<u>0</u>	<u>0</u>	<u>(96,097)</u>	<u>(96,097)</u>	<u>0</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,324,943)</u>	<u>(1,071,295)</u>	<u>(165,668)</u>	<u>(2,561,906)</u>	<u>0</u>
Cash flows from investing activities:					
Interest on investments	<u>14,938</u>	<u>6,021</u>	<u>2,149</u>	<u>23,108</u>	<u>2,313</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>14,938</u>	<u>6,021</u>	<u>2,149</u>	<u>23,108</u>	<u>2,313</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,009,426)	(140,835)	(2,634)	(1,152,895)	(9,082)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,639,853</u>	<u>2,250,558</u>	<u>123,203</u>	<u>4,013,614</u>	<u>684,535</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$630,427</u>	<u>\$2,109,723</u>	<u>\$120,569</u>	<u>\$2,860,719</u>	<u>\$675,453</u>

(Sewer Fund includes \$1,021,736 of cash and cash equivalent in restricted assets)

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

(continued)

	<u>Business-Type Activities</u>			<u>Governmental Activities - Internal Service</u>	
	<u>Golf Course</u>	<u>Sewer</u>	<u>Airport</u>	<u>Total</u>	<u>Workers' Compensation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$4,715	(\$849,898)	(\$381,398)	(\$1,226,581)	\$31,654
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	63,021	1,318,025	402,484	\$1,783,530	0
Change in assets and liabilities:					
(Increase) decrease in inventory of supplies	7	(3,394)	0	(3387)	0
(Increase) decrease in accounts receivable	1,119	(64,359)	(20,128)	(83368)	0
(Increase) decrease in prepaid expense	(530)	(51)	(263)	(844)	0
(Increase) decrease in due from other funds	3,156	10,619	652	14427	243
(Increase) decrease in due from other govts	0	(279,435)	0	(279435)	0
Increase (decrease) in accounts payable	223,692	41,006	2,139	266837	(43,292)
Increase (decrease) in accrued salaries, wages, and benefits	7,715	30,614	4,274	42603	0
Increase (decrease) in accrued interest payable	(5,370)	(29,760)	(369)	(35499)	0
Increase (decrease) in property tax liabilities	0	0	372	372	0
Increase (decrease) in due to other funds	(10,000)	0	153,122	143122	0
Increase (decrease) in due to other governments	122	1,072	0	1,194	0
(Increase) decrease in deferred charges	12,932	0	0	12,932	0
TOTAL ADJUSTMENTS	<u>295,864</u>	<u>1,024,337</u>	<u>542,283</u>	<u>1,862,484</u>	<u>(43,049)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$300,579</u>	<u>\$174,439</u>	<u>\$160,885</u>	<u>\$635,903</u>	<u>(\$11,395)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

The Airport Fund had additions from contributions of capital in the amount of \$22,113 from the Federal Government.

The Sewer Fund had additions from contributions of capital in the amount of \$295,855 from the State and Other Governments.

The Sewer Fund had additions from contributions of capital in the amount of \$138,400 from development.

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF DECEMBER 31, 2003

	AGENCY
ASSETS	
Equity in City Treasury Cash and Investments	\$1,427,564
Accounts Receivable	<u>155,069</u>
TOTAL ASSETS	<u>\$1,582,633</u>
LIABILITIES	
Accounts Payable	\$1,186,561
Deposits Held and Due to Others	176,786
Due to Other Governments	<u>219,286</u>
TOTAL LIABILITIES	<u>\$1,582,633</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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’s only internal service fund accounts for a retrospective rating workers’ compensation program provided to the City employees.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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, 2003, but which were levied to finance year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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 complies with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. As a governmental entity other than an external investment pool in accordance with GASB 31, the City's investments are stated at fair value, except for interest-earning investment contracts, money market investments, and external investment pools (see Note 4).

In applying GASB Statement No. 31, the City utilized the following methods and assumptions as of December 31, 2003:

- The portfolio was limited to nonparticipating interest-earning investment contracts, State Treasury Asset Reserve of Ohio (STAROhio), and U.S. Government Securities.
- Most of the City's investments are reported at fair value, which is the quoted market price as of the valuation date. For investments in STAROhio, fair value is determined by the pool's share price. Exceptions to the fair value requirement include nonparticipating interest-earning investment contracts and money market investments.

Nonparticipating investment contracts, such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost. Money market investments, including U.S. Treasury and agency obligations that had a remaining maturity of one year or less at the time of purchase by the City, are reported at amortized cost.

Aside from investments clearly identified as belonging to a specific fund, any unrealized gain/loss resulting from the valuation will be recognized within the General fund to the extent its cash and investments balance exceeds the cumulative value of those investments subject to GASB Statement No. 31.

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

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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 in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2003.

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 2003 amounted to \$343,775 which includes \$155,158 assigned from other City funds.

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

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

F. **Receivables**

Receivables at December 31, 2003 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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Capital Assets

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

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

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

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

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

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "due to/from other funds." Interfund loans which do

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

M. **Fund Balance Reserves**

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

N. **Net Assets**

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

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

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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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 2003.

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

statements reflect the amounts on the final amended certificate of estimated resources issued during 2003.

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. Investments

The City is in violation of Ohio Revised Code Section 135.14 requiring that investments mature within five years from the date of purchase (see Note 4).

B. Fund Deficits

At December 31, 2003, the Airport fund had deficit unrestricted net assets of \$3,439,333. The Due to Other Funds amount represents long-term debt on behalf of the Airport fund paid by the General fund, the General Retirement Bond fund, the Sewer fund and the Capital fund. The Airport fund has liabilities (Due to Other Funds) in the amount of \$3,721,854, which consists of \$1,326,019 due to the General fund, \$2,213,922 to the General Retirement Bond fund, \$158,737 to the Sewer fund and \$23,176 to the Capital fund. The Airport fund is ultimately responsible for its long-term debt based upon the intent of Council and the Administration of the City. This has not been possible due to insufficient revenue received by this Enterprise fund. The airport, when and if capable, will be required to repay all liabilities to other funds.

NOTE 4: DEPOSITS AND INVESTMENTS

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

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

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily; and that the term of the agreement must not exceed thirty days;
- Bonds or other obligations of the State of Ohio;
- No-load money market funds consisting exclusively of obligations described in division 1 or 2 of this section and repurchase agreements secured as described are made only through eligible institutions mentioned in Section 135.03 of the Ohio Revised Code;
- The Ohio subdivisions fund as provided in Section 135.45 of the Ohio Revised Code (STAROhio).

The Finance Director will be permitted to invest in any security authorized by the Ohio Revised Code, Section 135.14, or other relevant sections as amended. All investment procedures will be conducted as specified in the Ohio Revised Code including, but not limited to, the collateralization of deposits and repurchase agreements.

The maximum final maturity of any investment will be five years from the date of purchase. No derivative securities or investment “pools” with the exception of STAROhio will be permitted.

The City is in violation of Ohio Revised Code Section 135.14 requiring that investments mature within five years of the date of purchase. The City sold all but one of these securities in January 1998. The remaining Federal National Mortgage Association security with a book value of \$95,283 has a stated maturity date of 2023. As of April 30, 2004, the cost exceeds market value by approximately \$20,000.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

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

DEPOSITS	
Category 1	Insured or collateralized with securities held by the City or its agent in the City's name.
Category 2	Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
Category 3	Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.
INVESTMENTS	
Category 1	Insured or registered with securities held by the City or its agent in the City's name.
Category 2	Uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.
Category 3	Uninsured and unregistered with securities held by the counterparty or by its trust department or agent, but not in the City's name.

A. Deposits

At year end the carrying amount of the City's deposits was \$13,054,594 and the bank balance was \$13,683,184. The Federal Deposit Insurance Corporation (FDIC) covered \$400,000. Deposits of \$13,062,862 were classified as Category 1 and the remaining balance of \$220,322 was Category 3.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

B. Investments

The City's investments at December 31, 2003, are summarized below:

	Category 3	Carrying Amount	Fair Value
U.S. Government Securities	\$ 10,092,670	\$ 10,092,670	\$ 10,092,670
Repurchase Agreements	<u>312,172</u>	312,172	312,172
STAR Ohio		<u>3,186,633</u>	<u>3,186,633</u>
Total Investments	<u>\$ 10,404,842</u>	<u>\$ 13,591,475</u>	<u>\$ 13,591,475</u>

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

	Cash and Cash Equivalents*	Investments
GASB Statement No. 9	\$ 15,578,399	\$ 11,067,670
Investments:		
STAR Ohio	(3,186,633)	3,186,633
Certificates of Deposit	975,000	(975,000)
Repurchase Agreement	<u>(312,172)</u>	<u>312,172</u>
Per GASB Statement No. 3	<u>\$ 13,054,594</u>	<u>\$ 13,591,475</u>

**Includes Restricted Asset*

NOTE 5: INTERFUND TRANSFERS AND BALANCES

As of December 31, 2003, interfund transfers were as follows:

<u>Transfer To</u>	<u>Transfer From General Fund</u>
Capital Projects Fund	\$ 43,457
Nonmajor Governmental Funds	<u>2,365,000</u>
	<u>\$ 2,408,457</u>

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

As of December 31, 2003, interfund balances were as follows:

	Due from Other Funds	Due to Other Funds
<u>Major Funds</u>		
General	\$ 1,344,964	\$ 8,357
Capital Projects	36,938	1,023
General Bond Retirement	2,213,922	0
Golf Course	433	6,993
Sewer	161,766	1,264
Airport	805	3,721,854
<u>Internal Service Fund</u>	599	0
<u>Nonmajor Governmental</u>	0	19,936
	<u>\$ 3,759,427</u>	<u>\$ 3,759,427</u>

Interfund balances of \$3,567,107 are a result of advances from the General fund for airport operations, the General Bond Retirement fund for airport debt payments and the Capital Projects fund for equipment purchases of the Airport and Golf enterprise funds. Remaining amounts are for reimbursements due from operations.

NOTE 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).

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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	\$ (1,015,128)
Net Adjustment for Revenue Accruals	(324,088)
Fair Value Adjustment for Investments	(4,053)
Net Adjustment for Expenditure Accruals	583,256
Encumbrances	(762,290)
Current Expense Against Prior Year Encumbrances	543,710
Budget Basis	<u>\$ (978,593)</u>

NOTE 7: RECEIVABLES

Receivables at December 31, 2003, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility services).

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

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2003 for real and public property taxes represents collections of 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after April 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004 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. 2003 public utility property taxes which became a lien December 31, 2002, are levied after April 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after April 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

The full tax rate for all City operations for the year ended December 31, 2003, was \$6.89 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property	\$451,466,070
Public Utility Tangible	\$15,901,190
Tangible Personal	\$108,073,950
Total	\$575,441,210

Real property taxes are payable annually or semiannually. The due date for the 2003 levy was February 11, 2004, for all or one half of the taxes due. The second half due date is July 14, 2004.

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, 2003, 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 2003 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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	
Property & Other Local Taxes	\$ 15,120
Estate Tax	290,129
Gasoline & Motor Vehicle Tax	378,152
Local Government	1,415,637
Charges for Service	2,795
Homestead and Rollback	130,479
Capital Reimbursement	43,442
Fines	249,439
Total Governmental	<u>2,525,193</u>
Business-Type Activities:	
Charges for Service	240,751
Bonds Payable - LT	486,261
Total Business Type	<u>727,012</u>
Total Intergovernmental Receivables	\$ <u><u>3,252,205</u></u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 8: CAPITAL ASSETS

A summary of changes in capital assets during 2003 follows:

	Balance 01/01/03	Additions	Deletions	Balance 12/31/03
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$6,018,680	\$1,119,552	(\$132,992)	\$7,005,240
Construction in Progress	1,646,923	4,582,222	(26,283)	6,202,862
<i>Total Capital Assets Not Being Depreciated</i>	<u>7,665,603</u>	<u>5,701,774</u>	<u>(159,275)</u>	<u>13,208,102</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	13,691,786	73,465	(68,566)	13,696,685
Improvements	14,955,345	35,201	(56,305)	14,934,241
Machinery and Equipment	9,968,372	818,193	(654,895)	10,131,670
Infrastructure:				
Roads	17,081,452	1,005,374		18,086,826
Sidewalks	1,062,935	50,013		1,112,948
Curbs & Gutters	985,795	0		985,795
Storm Sewers	6,097,305	124,100		6,221,405
Street Lights	44,648	0		44,648
Traffic Signals	1,495,740	0		1,495,740
Bridges	533,210	0		533,210
<i>Total Capital Assets Being Depreciated</i>	<u>65,916,588</u>	<u>2,106,346</u>	<u>(779,766)</u>	<u>67,243,168</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(3,770,692)	(542,582)	53,742	(4,259,532)
Improvements	(6,228,400)	(470,355)	56,305	(6,642,450)
Machinery and Equipment	(6,093,176)	(917,763)	534,860	(6,476,079)
Infrastructure:				
Roads	(5,907,931)	(903,566)		(6,811,497)
Sidewalks	(303,224)	(37,821)		(341,045)
Curbs & Gutters	(276,654)	(34,582)		(311,236)
Storm Sewers	(1,738,111)	(174,454)		(1,912,565)
Street Lights	(14,091)	(2,905)		(16,996)
Traffic Signals	(696,729)	(81,785)		(778,514)
Bridges	(29,770)	(10,664)		(40,434)
<i>Total Accumulated Depreciation</i>	<u>(25,058,778)</u>	<u>(3,176,477)</u>	<u>644,907</u>	<u>(27,590,348)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>40,857,810</u>	<u>(1,070,131)</u>	<u>(134,859)</u>	<u>39,652,820</u>
Total Government Activities Capital Assets, Net	<u>\$48,523,413</u>	<u>\$4,631,643</u>	<u>(\$294,134)</u>	<u>\$52,860,922</u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 8: CAPITAL ASSETS (CONTINUED)

	Balance 01/01/03	Additions	Deletions	Balance 12/31/03
Business-Type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$9,655,710	(\$96,097)	\$0	\$9,559,613
Construction in Progress	677,523	1,427,175	(546,827)	1,557,871
<i>Total Capital Assets Not Being Depreciated</i>	<u>10,333,233</u>	<u>1,331,078</u>	<u>(546,827)</u>	<u>11,117,484</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	16,950,847	1,296,368	0	18,247,215
Sewer Lines and Other Improvements	35,125,917	760,381	0	35,886,298
Machinery and Equipment	7,010,396	106,864	(3,003)	7,114,257
<i>Total Capital Assets Being Depreciated</i>	<u>59,087,160</u>	<u>2,163,613</u>	<u>(3,003)</u>	<u>61,247,770</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(7,193,860)	(443,476)	0	(7,637,336)
Sewer Lines and Other Improvements	(12,254,204)	(1,055,835)	0	(13,310,039)
Machinery and Equipment	(4,536,504)	(284,219)	3,003	(4,817,720)
<i>Total Accumulated Depreciation</i>	<u>(23,984,568)</u>	<u>(1,783,530)</u>	<u>3,003</u>	<u>(25,765,095)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>35,102,592</u>	<u>380,083</u>	<u>0</u>	<u>35,482,675</u>
Total Business-Type Capital Assets, Net	<u>\$45,435,825</u>	<u>\$1,711,161</u>	<u>(\$546,827)</u>	<u>\$46,600,159</u>
*Depreciation expense was charged to governmental functions as follows:				
General Government				\$271,658
Security of Persons and Property				788,648
Public Health and Welfare				20,661
Community Environment				15,556
Leisure Time Activities				417,349
Transportation				1,318,582
Basic Utility Service				344,023
Total				<u>\$3,176,477</u>
Depreciation expense was charged to business-type activities as follows:				
Golf				\$63,021
Sewer				1,318,025
Airport				402,484
Total				<u>\$1,783,530</u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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) 222-6705.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, member and employer contribution rates were consistent across all three plans (TP, MD and CO).

CITY OF WILLOUGHBY, OHIO
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Plan members, other than those engaged in law enforcement and public safety, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For 2003 the City was required to contribute 13.55 percent of covered payroll. The City's contributions for all plans (TP, MD and CO) for the years ended December 31, 2003, 2002 and 2001 were \$1,065,748, \$1,042,817 and \$988,676, respectively, which were equal to the required contributions for each year.

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

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

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

Police and firefighters are required to contribute 10.00 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.50 percent for police and 24.00 percent for firefighters. The City's contributions to OP&F for the years ended December 31, 2003, 2002 and 2001 were \$571,439, \$560,086 and \$528,968 for police and \$645,832, \$616,876 and \$609,358 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 10: POSTEMPLOYMENT 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 Post-employment 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 2003 employer rate was 13.55 percent of covered payroll. The portion used to fund health care was 5.00 percent.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The postretirement health care coverage is advance-funded on an actuarially determined basis. The following assumptions and calculations were based on OPERS' latest actuarial review performed as of December 31, 2002: 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 2002 was 8.00 percent; all investments are carried at market value; for actuarial valuation purposes a smoothed market approach is used meaning that assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets; individual pay increases are assumed to increase 4.00 percent compounded annually with no change in the number of active employees; annual pay increases over and above 4.00 percent base increase were assumed to range from 0.50 percent to 6.3 percent; and health care costs are assumed to increase 4.00 percent annually.

For 2003, the number of active and contributing participants in the Traditional and Combined Plans totaled 364,881. The City's actual contributions for 2003, which were used to fund postemployment benefits, were \$393,261. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2002, the date of the latest actuarial review, was \$10 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

The OPERS board adopted a new health care plan in December 2001. The Health Care "Choices" Plan is in response to the rising cost of health care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach offering a more broad range of health care options. The plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit, which contrasts the ten year "cliff" eligibility standard for the present plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipient to apply his or her allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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B. Ohio Police and Fire Pension Fund (OP&F)

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

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

The Ohio Revised Code provides statutory authority allowing OP&F's Board of Trustees to provide postemployment health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board is used to pay retiree health care expenses. The Board defined allocation was 7.75 percent of covered payroll in 2002 and 2003. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. 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, 2002, (the latest information available) was 13,527 for police and 10,396 for firefighters. The portion of the City's contributions that were used to pay postemployment benefits was \$226,861 for police and \$208,604 for firefighters. The OP&F's total health care expenses for the year ended December 31, 2002, (the latest information available) were \$141,028,006, which was net of member contributions of \$12,623,875.

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.

CITY OF WILLOUGHBY, OHIO
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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, 2003, the City's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining on Contract
·2003 Road Program	\$ 476,145	\$ 399,315	\$ 76,830
·Riverside Commons - Special Assessment	4,195,711	3,970,572	225,139
·Golf Course Building and Renovation	1,577,817	1,135,896	441,921
·Center/Wood Sanitary Sewer	<u>1,613,300</u>	<u>1,362,544</u>	<u>250,756</u>
Total	\$ 7,862,973	\$ 6,868,327	\$ 994,646

The Riverside Commons Special Assessment Project is currently funded by notes that the City has issued. The notes will ultimately be turned into bonds with the full cost of the project being paid by the property owners.

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

CITY OF WILLOUGHBY, OHIO
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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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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 Issue Date	Maturity Date	Interest Rate	Original Issue Amount
Governmental Activities:				
<u>General Obligations Bonds Voted</u>				
Service Garage	1986	2007	6.875%	1,500,000
Fire Station Construction	1999	2024	4.95%	6,200,000
<u>General Obligation Bonds Unvoted</u>				
1983 Street Improvement	1983	2003	9.375%	2,225,000
1986 Street Improvement	1986	2006	7.625%	2,417,225
Lost Nation Road Improvement	1990	2011	6.25%-7.40%	2,600,000
Landfill and Erosion Control	1992	2012	3.0%-6.375%	1,601,148
Various Purpose Bond Issue	1996	2016	4.3%-5.45%	3,230,000
Municipal Building Improvement OPWC	2003	2023	3.94%	6,350,000
Karen Isle Watermains	2001	2021	Interest Free	9,003
Brown Avenue Watermains	2001	2021	Interest Free	15,675
<u>Special Assessment Bonds</u>				
1983 Street Improvement	1983	2003	9.375%	76,687
1986 Street Improvement	1986	2006	7.625%	547,775
Biltmore Place	1995	2016	5.66%	464,000
<u>Other General Long Term Liabilities</u>				
Capital Projects Note Payable	2000	2004	Interest Free	275,000
Police Pension Liability	1968	2035	4.25%	148,460
Landfill Postclosure Care	1994	2034		1,227,640
Business-Type Activities:				
<u>Enterprise Fund G.O. Debt Sewer Bonds</u>				
Sewer 1992 OPWC	1992	2012	3.0%-6.375%	1,343,852
Waldamere-Glenwood Sanitary Sewer	1997	2017	Interest Free	200,000
Vine Street Area Sanitary Sewer	2002	2023	Interest Free	223,351
Center-Wood Sanitary Sewer	2003	2024	Interest Free	150,000
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%	1,128,550
Van Gorder Sewer Lining	2003	2023	4.78%	88,105
<u>Airport Bonds</u>				
Airport Improvement	1999	2009	4.23%	1,360,000
<u>Golf Bonds</u>				
Golf Course Improvement	2002	2022	4.179%	3,150,000

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Changes in the long-term obligations of the City during 2003 were as follows:

	Balance 01/01/03	Increases	Decreases	Balance 12/31/03	Amounts Due Within One Year
Governmental Activities:					
<u>General Obligation Bonds Voted</u>					
Service Garage	\$ 375,000	\$ 0	\$ 75,000	\$ 300,000	\$ 75,000
Fire Station Construction	5,565,000	0	150,000	5,415,000	160,000
<i>Subtotal - General Obligation Bonds Voted</i>	<u>5,940,000</u>	<u>0</u>	<u>225,000</u>	<u>5,715,000</u>	<u>235,000</u>
<u>General Obligation Bonds Unvoted</u>					
1983 Street Improvement	3,604	0	3,604	0	
1986 Street Improvement	110,849	0	27,712	83,137	27,712
Lost Nation Road Improvement	1,170,000	0	130,000	1,040,000	130,000
Landfill and Erosion Control	815,523	0	81,553	733,970	81,553
Various Purpose Bond Issue	2,360,000	0	175,000	2,185,000	175,000
Municipal Building Improvement OPWC	0	6,350,000	0	6,350,000	0
Karen Isle Watermains	8,103	0	450	7,653	450
Brown Avenue Watermains	15,675	0	784	14,891	784
<i>Subtotal - General Obligation Bonds Unvoted</i>	<u>4,483,754</u>	<u>6,350,000</u>	<u>419,103</u>	<u>10,414,651</u>	<u>415,499</u>
Total Government Fund General Obligation Bonds	<u>10,423,754</u>	<u>6,350,000</u>	<u>644,103</u>	<u>16,129,651</u>	<u>650,499</u>
<u>Special Assessment Bonds</u>					
1983 Street Improvement	106,396	0	106,396	0	0
1986 Street Improvement	489,151	0	122,288	366,863	122,288
Biltmore Place	375,000	0	20,000	355,000	20,000
<i>Subtotal - Special Assessment Bonds</i>	<u>970,547</u>	<u>0</u>	<u>248,684</u>	<u>721,863</u>	<u>142,288</u>
<u>Other General Long Term Liabilities</u>					
Capital Projects Note Payable	125,000	0	50,000	75,000	75,000
Police Pension Liability	129,775	0	1,928	127,847	2,011
Landfill Post Closure Care	1,089,003	0	39,105	1,049,898	39,996
Compensated Absences	3,924,029	1,557,234	1,306,253	4,175,010	1,266,913
<i>Subtotal - Other General Long Term Liabilities</i>	<u>5,267,807</u>	<u>1,557,234</u>	<u>1,397,286</u>	<u>5,427,755</u>	<u>1,383,920</u>
Subtotal Governmental Activities	<u>\$ 16,662,108</u>	<u>\$ 7,907,234</u>	<u>\$ 2,290,073</u>	<u>\$ 22,279,269</u>	<u>\$ 2,176,707</u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Long-Term Obligations (cont)

	Balance 01/01/03	Increases	Decreases	Balance 12/31/03	Amounts Due Within One Year
Business-Type Activities:					
<u>Enterprise Fund General Obligation</u>					
<u>Debt - Sewer Bonds</u>					
1992 Sewer Bond	\$ 684,476	\$ 0	\$ 68,447	\$ 616,029	\$ 68,447
OPWC					
Waldamere-Glenwood Sanitary Sewer	145,000	0	10,000	135,000	10,000
Vine Street Area Sanitary Sewer	207,677	0	10,384	197,293	10,384
Center-Wood Sanitary Sewer	0	150,000	0	150,000	7,500
OWDA					
Grove-Erie Sanitary Sewer	423,960	0	30,064	393,896	31,524
Waldamere-Glenwood Sanitary Sewer	244,013	0	12,669	231,344	13,186
Waste Water Treatment	2,214,283	0	476,972	1,737,311	524,765
Downtown Sanitary Sewer	1,245,838	0	17,886	1,227,952	52,049
Highland-Maple-Wood Sanitary Sewer	1,648,989	85,246	55,963	1,678,272	60,579
Center-Wood Sanitary Sewer	0	1,128,550	0	1,128,550	39,161
Van Gorder Sewer Lining	0	88,105	0	88,105	2,710
Subtotal - Sewer Bonds	6,814,236	1,451,901	682,385	7,583,752	820,305
<u>Airport Bonds</u>					
Airport Improvement	920,000	0	115,000	805,000	120,000
Subtotal - Airport Bonds	920,000	0	115,000	805,000	120,000
<u>Golf Bonds</u>					
Golf Course Improvement	3,150,000	0	85,000	3,065,000	110,000
Total Bonds Payable	10,884,236	1,451,901	882,385	11,453,752	1,050,305
<u>Other Liabilities</u>					
Compensated Absences	634,827	226,771	197,420	664,178	210,851
Subtotal Business-Type Activities	11,519,063	1,678,672	1,079,805	12,117,930	1,261,156
Total Long-Term Liabilities	\$ 28,181,171	\$ 9,585,906	\$ 3,369,878	\$ 34,397,199	\$ 3,437,863

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

In 2003, the City issued \$6,350,000 in general obligation bonds for construction of a municipal building. The general obligation debt will be repaid from the debt service fund.

In 2002, the City refunded golf course debt with bond issuance costs being recognized over the remaining life of the original debt. At December 31, 2003, the balance of the amortized bond issuance costs is \$77,591.

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

Other Long-Term Obligations – Compensated absences will be paid from the fund in which the employee’s salary is paid. Police Pension and Capital Projects liabilities will be paid from their respective funds. See Note 18 for further detail on landfill liability.

The City’s legal debt margin at December 31, 2003, was \$60,421,327. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2003, are as follows:

	---BONDS---											Totals
	General		Special		Enterprise Bonds		O.W.D.A.		Police		Capital	
	Obligation		Assessment		With G.O. Commitment		& O.P.W.C.		Pension			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		
2004	649,265	796,007	142,288	48,259	298,448	195,482	753,093	307,964	75,000	2,011	5,412	3,273,229
2005	909,265	739,264	142,287	37,946	308,448	183,629	813,802	263,103	0	2,097	5,326	3,405,167
2006	939,265	694,585	142,288	27,611	313,448	171,328	880,117	214,225	0	2,187	5,236	3,390,290
2007	846,552	647,018	20,000	17,258	323,447	158,176	253,727	160,953	0	2,281	5,142	2,434,554
2008	796,553	603,654	25,000	16,088	338,448	144,354	262,902	151,779	0	0	0	2,338,778
2009-13	3,991,207	2,412,374	145,000	57,624	1,118,790	528,913	1,465,930	607,478	0	12,961	24,153	10,364,430
2014-18	3,675,000	1,497,984	105,000	12,286	875,000	329,632	1,430,759	343,762	0	15,994	21,121	8,306,538
2019-23	3,900,000	661,632	0	0	910,000	111,298	1,129,937	93,329	0	19,738	17,376	6,843,310
2024-28	400,000	20,000	0	0	0	0	0	0	0	24,358	12,758	457,116
2029-33	0	0	0	0	0	0	0	0	0	30,057	7,059	37,116
2034-35	0	0	0	0	0	0	0	0	0	16,163	986	17,149
	\$ 16,107,107	\$ 8,072,518	\$ 721,863	\$ 217,072	\$ 4,486,029	\$ 1,822,812	\$ 6,990,267	\$ 2,142,593	\$ 75,000	\$ 127,847	\$ 104,569	\$ 40,867,677

NOTE 16: CONDUIT DEBT

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

TYPE	ON BEHALF OF	ORIGINAL AMOUNT	OUTSTANDING BALANCE	YEAR OF ISSUE
Multi-Family Housing Mortgage Revenue Bonds	Oakhill Village Oakhill Village	\$5,955,000 \$3,395,000	\$5,955,000 \$3,395,000	2002A 2002B
Industrial Development Revenue Bonds	Kennedy Group	\$6,500,000	\$4,730,000	1998
Industrial Development Revenue Refunding Bonds	Ohio Presbyterian Retirement Services	\$8,200,000	\$6,440,000	1996
Economic Development Revenue Bonds	Andrews School	\$6,050,000	\$5,509,980	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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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, 2003:

	Maturity Date	Balance December 31, 2002	Issued	Retired	Balance December 31, 2003
Capital Projects Note Payable: 1.9-1.75%	Dec. 19, 2004	\$4,095,000	\$4,450,000	\$4,095,000	\$4,450,000
Total Note Payable		<u>\$4,095,000</u>	<u>\$4,450,000</u>	<u>\$4,095,000</u>	<u>\$4,450,000</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 \$1,049,899 reported as Landfill Postclosure Care at December 31, 2003, 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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

Coverage	Company	Claim Limit	Deductible
General Liability	CNA Companies	\$1,000,000	\$ 0
Public Officials Liability	Zurich U.S.	2,000,000	25,000
Law Enforcement Liability	Zurich U.S.	1,000,000	5,000
Commercial Property	CNA Companies	52,912,469	1,000
Commercial Crime	CNA Companies	10,000	0
Boiler and Machinery	CNA Companies	4,000,000	1,000
Automobile Liability	CNA Companies	1,000,000	0
Automobile Comprehensive	CNA Companies	Per Schedule	100
Automobile Collision	CNA Companies	Per Schedule	500
Excess General Liability (Umbrella)	Selective Insurance Co.	9,000,000	0
Fire Errors and Omissions	CNA Companies	1,000,000	0
Ambulance Malpractice	CNA Companies	1,000,000	0
Blanket Bond	CNA Companies	100,000	0
Bond-Finance Officials	State Automobile Mutual Insurance Company	40,000	0

The City provides health care insurance through a commercial insurance company.

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

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.

The amount of \$4,760 reported in the fund at December 31, 2003, was estimated by the third party administrator and is based on the requirements of Governmental Standards Board Statement 30, which requires that a liability be recorded for unpaid claims costs. The estimate was not affected by incremental claims adjustment expense and does not include other allocated or unallocated claim adjustment expenses.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

	Beginning of Year Liability	Current Year Claims	Claim Payments	Balance at Year End
2001	75,595	10,531	10,531	75,595
2002	75,595	6,875	34,418	48,052
2003	48,052	3,143	46,435	4,760

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 electricity. NOPEC is currently comprised of 112 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Willoughby did not contribute to NOPEC during 2003. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

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.

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 capital assets and for related staff training. These funds are collected from additional court costs levied on each case.

Urban Forest Management Fund – the City utilizes this fund to account for a matching fund grant from the State of Ohio. These funds along with tree planting fees are used to inventory and provide trees throughout the City.

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

Railroad Grade Crossing Fund – to account for fines received and expenditures for crossing improvements. This is a state mandated fund, but there has been no activity through 2003.

FEMA Fund – to account for Federal and State grants to reimburse the City for costs incurred in managing the blackout.

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

PERMANENT FUND

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

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

CITY OF WILLOUGHBY, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2003

	NONMAJOR SPECIAL REVENUE FUNDS	SPECIAL ASSESSMENTS DEBT SERVICE FUND	CEMETERY CARE PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Equity in City Treasury Cash and Investments	\$2,882,470	\$494,498	\$167,230	\$3,544,198
Inventory - Supplies	72,295	0	0	72,295
Accounts Receivable	104	0	110	214
Due from Other Governments	420,153	0	0	420,153
Taxes Receivable	468,776	0	0	468,776
Special Assessments Receivable	477,490	995,681	0	1,473,171
TOTAL ASSETS	<u>\$4,321,288</u>	<u>\$1,490,179</u>	<u>\$167,340</u>	<u>\$5,978,807</u>
LIABILITIES				
Accounts Payable	\$134,843	\$0	\$0	\$134,843
Matured Compensated Absences Payable	33,685	0	0	33,685
Salaries, Wages & Benefits Payable	137,463	0	0	137,463
Due to Other Governments	19,585	0	0	19,585
Due to Other Funds	19,936	0	0	19,936
Deferred Revenue	<u>1,222,672</u>	<u>995,681</u>	<u>0</u>	<u>2,218,353</u>
TOTAL LIABILITIES	<u>1,568,184</u>	<u>995,681</u>	<u>0</u>	<u>2,563,865</u>
FUND BALANCES				
Reserved for Encumbrances	151,531	0	0	151,531
Reserved for Inventory	72,295	0	0	72,295
Reserved for Debt Service	0	494,498	0	494,498
Reserved for Non-Current Investments	0	0	97,416	97,416
Unreserved, Undesignated Reported in:				
Special Revenue Funds	2,529,278	0	0	2,529,278
Permanent Fund	<u>0</u>	<u>0</u>	<u>69,924</u>	<u>69,924</u>
TOTAL FUND BALANCES	<u>2,753,104</u>	<u>494,498</u>	<u>167,340</u>	<u>3,414,942</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$4,321,288</u>	<u>\$1,490,179</u>	<u>\$167,340</u>	<u>\$5,978,807</u>

CITY OF WILLOUGHBY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	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	\$464,757	\$0	\$0	\$464,757
Intergovernmental	904,175	0	0	904,175
Charges for Services	226,375	0	8,932	235,307
Special Assessments	503,191	320,762	0	823,953
Fines and Forfeitures	267,682	0	0	267,682
Interest	0	40	0	40
Miscellaneous	<u>1,221</u>	<u>0</u>	<u>0</u>	<u>1,221</u>
Total Revenues	<u>2,367,401</u>	<u>320,802</u>	<u>8,932</u>	<u>2,697,135</u>
EXPENDITURES:				
Current:				
General Government	125,134	10,390	0	135,524
Security of Persons and Property	1,827,337	0	0	1,827,337
Community Environment	31,902	0	0	31,902
Leisure Time Activities	759,671	0	0	759,671
Transportation	1,706,108	0	0	1,706,108
Capital Outlay	14,570	0	0	14,570
Debt Service:				
Principal	0	248,683	0	248,683
Interest	<u>0</u>	<u>68,530</u>	<u>0</u>	<u>68,530</u>
Total Expenditures	<u>4,464,722</u>	<u>327,603</u>	<u>0</u>	<u>4,792,325</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,097,321)	(6,801)	8,932	(2,095,190)
OTHER FINANCING SOURCES (USES):				
Transfers In	2,365,000	0	0	2,365,000
Transfers (Out)	0	0	0	0
Sale of Assets	<u>1,625</u>	<u>0</u>	<u>0</u>	<u>1,625</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,366,625</u>	<u>0</u>	<u>0</u>	<u>2,366,625</u>
NET CHANGE IN FUND BALANCES	269,304	(6,801)	8,932	271,435
FUND BALANCES BEGINNING OF YEAR	2,501,946	501,299	158,408	3,161,653
INCREASE (DECREASE) IN RESERVE FOR INVENTORY	<u>(18,146)</u>	<u>0</u>	<u>0</u>	<u>(18,146)</u>
FUND BALANCES END OF YEAR	<u>\$2,753,104</u>	<u>\$494,498</u>	<u>\$167,340</u>	<u>\$3,414,942</u>

CITY OF WILLOUGHBY, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2003

	<u>FIRE</u> <u>PENSION</u>	<u>POLICE</u> <u>PENSION</u>	<u>LAW</u> <u>ENFORCEMENT</u>	<u>RECREATION</u>	<u>STREET</u> <u>CONSTRUCTION</u> <u>MAINTENANCE</u> <u>AND REPAIR</u>	<u>STATE</u> <u>HIGHWAY</u>	<u>CORPORATE</u> <u>MAINTENANCE</u>
ASSETS							
Equity in City Treasury Cash and Investments	\$40,779	\$53,333	\$26,030	\$152,740	\$344,733	\$80,781	\$65,256
Inventory - Supplies	0	0	0	0	72,295	0	0
Accounts Receivable	0	0	0	104	0	0	0
Due from Other Governments	8,343	8,343	0	3,147	353,697	28,286	0
Taxes Receivable	179,691	179,691	0	109,394	0	0	0
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,138</u>
TOTAL ASSETS	<u>\$228,813</u>	<u>\$241,367</u>	<u>\$26,030</u>	<u>\$265,385</u>	<u>\$770,725</u>	<u>\$109,067</u>	<u>\$66,394</u>
LIABILITIES							
Accounts Payable	\$0	\$0	\$0	\$16,912	\$72,748	\$0	\$0
Salaries, Wages & Benefits Payable	32,716	29,016	0	19,525	54,858	0	0
Matured Compensated Absences Payable	0	0	0	0	3,834	0	0
Due to Other Funds	0	0	0	0	0	0	0
Due to Other Governments	14	14	0	1,987	0	17,570	0
Deferred Revenue	<u>187,829</u>	<u>187,829</u>	<u>0</u>	<u>112,374</u>	<u>237,939</u>	<u>19,211</u>	<u>1,138</u>
TOTAL LIABILITIES	<u>220,559</u>	<u>216,859</u>	<u>0</u>	<u>150,798</u>	<u>369,379</u>	<u>36,781</u>	<u>1,138</u>
FUND BALANCES							
Reserved for Encumbrances	0	0	0	26,677	42,852	0	33,239
Reserved for Inventory	0	0	0	0	72,295	0	0
Unreserved, Undesignated Reported in:							
Special Revenue Funds	<u>8,254</u>	<u>24,508</u>	<u>26,030</u>	<u>87,910</u>	<u>286,199</u>	<u>72,286</u>	<u>32,017</u>
TOTAL FUND BALANCES	<u>8,254</u>	<u>24,508</u>	<u>26,030</u>	<u>114,587</u>	<u>401,346</u>	<u>72,286</u>	<u>65,256</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$228,813</u>	<u>\$241,367</u>	<u>\$26,030</u>	<u>\$265,385</u>	<u>\$770,725</u>	<u>\$109,067</u>	<u>\$66,394</u>



<u>ENFORCEMENT AND EDUCATION</u>	<u>INDIGENT DRIVERS TREATMENT</u>	<u>COURT COMPUTER</u>	<u>URBAN FOREST MANAGEMENT</u>	<u>VICTIMS ASSISTANCE</u>	<u>STREET LIGHTING</u>	<u>FUTURE RETIREMENT RESERVE</u>	<u>FEMA</u>	<u>TOTAL 2003</u>
\$24,734	\$284,544	\$959,718	\$34,867	\$19,155	\$412,786	\$363,078	\$19,936	\$2,882,470
0	0	0	0	0	0	0	0	72,295
0	0	0	0	0	0	0	0	104
443	1,370	16,524	0	0	0	0	0	420,153
0	0	0	0	0	0	0	0	468,776
0	0	0	0	0	476,352	0	0	477,490
<u>\$25,177</u>	<u>\$285,914</u>	<u>\$976,242</u>	<u>\$34,867</u>	<u>\$19,155</u>	<u>\$889,138</u>	<u>\$363,078</u>	<u>\$19,936</u>	<u>\$4,321,288</u>
\$0	\$0	\$4,895	\$0	\$104	\$40,184	\$0	\$0	\$134,843
0	0	0	0	1,348	0	0	0	137,463
0	0	0	0	0	0	29,851	0	33,685
0	0	0	0	0	0	0	19,936	19,936
0	0	0	0	0	0	0	0	19,585
0	0	0	0	0	476,352	0	0	1,222,672
0	0	4,895	0	1,452	516,536	29,851	19,936	1,568,184
0	4,155	40,207	1,926	0	2,475	0	0	151,531
0	0	0	0	0	0	0	0	72,295
<u>25,177</u>	<u>281,759</u>	<u>931,140</u>	<u>32,941</u>	<u>17,703</u>	<u>370,127</u>	<u>333,227</u>	<u>0</u>	<u>2,529,278</u>
<u>25,177</u>	<u>285,914</u>	<u>971,347</u>	<u>34,867</u>	<u>17,703</u>	<u>372,602</u>	<u>333,227</u>	<u>0</u>	<u>2,753,104</u>
<u>\$25,177</u>	<u>\$285,914</u>	<u>\$976,242</u>	<u>\$34,867</u>	<u>\$19,155</u>	<u>\$889,138</u>	<u>\$363,078</u>	<u>\$19,936</u>	<u>\$4,321,288</u>

CITY OF WILLOUGHBY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>FIRE</u>	<u>POLICE</u>	<u>LAW</u>		<u>STREET</u>		
	<u>PENSION</u>	<u>PENSION</u>	<u>ENFORCEMENT</u>	<u>RECREATION</u>	<u>CONSTRUCTION</u>	<u>STATE</u>	<u>CORPORATE</u>
					<u>MAINTENANCE</u>	<u>HIGHWAY</u>	<u>MAINTENANCE</u>
					<u>AND REPAIR</u>		
REVENUES:							
Property and Other Local Taxes	\$152,006	\$152,006	\$0	\$105,347	\$55,398	\$0	\$0
Intergovernmental	16,674	16,674	0	88,868	678,833	55,369	0
Charges for Services	0	0	0	212,925	850	0	0
Special Assessments	0	0	0	0	0	0	37,320
Fines and Forfeitures	0	0	4,494	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,221</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>168,680</u>	<u>168,680</u>	<u>4,494</u>	<u>407,140</u>	<u>736,302</u>	<u>55,369</u>	<u>37,320</u>
EXPENDITURES:							
Current:							
General Government	0	0	0	0	0	0	170
Security of Persons and Property	650,372	581,002	5,552	0	0	0	0
Community Environment	0	0	0	0	0	0	24,599
Leisure Time Activities	0	0	0	759,671	0	0	0
Transportation	0	0	0	0	1,601,220	75,037	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,356</u>	<u>1,536</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>650,372</u>	<u>581,002</u>	<u>5,552</u>	<u>771,027</u>	<u>1,602,756</u>	<u>75,037</u>	<u>24,769</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(481,692)	(412,322)	(1,058)	(363,887)	(866,454)	(19,668)	12,551
OTHER FINANCING SOURCES (USES):							
Transfers In	480,000	430,000	0	390,000	830,000	0	0
Sale of Assets	<u>0</u>	<u>0</u>	<u>1,625</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>480,000</u>	<u>430,000</u>	<u>1,625</u>	<u>390,000</u>	<u>830,000</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(1,692)	17,678	567	26,113	(36,454)	(19,668)	12,551
FUND BALANCES BEGINNING OF YEAR	9,946	6,830	25,463	88,474	455,946	91,954	52,705
INCREASE (DECREASE) IN RESERVE FOR INVENTORY	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(18,146)</u>	<u>0</u>	<u>0</u>
FUND BALANCES END OF YEAR	<u>\$8,254</u>	<u>\$24,508</u>	<u>\$26,030</u>	<u>\$114,587</u>	<u>\$401,346</u>	<u>\$72,286</u>	<u>\$65,256</u>



<u>ENFORCEMENT AND EDUCATION</u>	<u>INDIGENT DRIVERS TREATMENT</u>	<u>COURT COMPUTER</u>	<u>URBAN FOREST MANAGEMENT</u>	<u>VICTIMS ASSISTANCE</u>	<u>STREET LIGHTING</u>	<u>FUTURE RETIREMENT RESERVE</u>	<u>FEMA</u>	<u>TOTAL 2003</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$464,757
0	0	0	0	27,821	0	0	19,936	904,175
0	0	0	12,600	0	0	0	0	226,375
0	0	0	0	0	465,871	0	0	503,191
5,874	29,230	228,084	0	0	0	0	0	267,682
0	0	0	0	0	0	0	0	1,221
<u>5,874</u>	<u>29,230</u>	<u>228,084</u>	<u>12,600</u>	<u>27,821</u>	<u>465,871</u>	<u>0</u>	<u>19,936</u>	<u>2,367,401</u>
0	37,100	73,859	0	0	14,005	0	0	125,134
0	0	0	0	40,036	476,532	53,907	19,936	1,827,337
0	0	0	7,303	0	0	0	0	31,902
0	0	0	0	0	0	0	0	759,671
0	0	0	0	0	0	29,851	0	1,706,108
<u>0</u>	<u>0</u>	<u>1,678</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,570</u>
<u>0</u>	<u>37,100</u>	<u>75,537</u>	<u>7,303</u>	<u>40,036</u>	<u>490,537</u>	<u>83,758</u>	<u>19,936</u>	<u>4,464,722</u>
5,874	(7,870)	152,547	5,297	(12,215)	(24,666)	(83,758)	0	(2,097,321)
0	0	0	0	10,000	0	225,000	0	2,365,000
<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>1,625</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>225,000</u>	<u>0</u>	<u>2,366,625</u>
5,874	(7,870)	152,547	5,297	(2,215)	(24,666)	141,242	0	269,304
19,303	293,784	818,800	29,570	19,918	397,268	191,985	0	2,501,946
<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>(18,146)</u>
<u>\$25,177</u>	<u>\$285,914</u>	<u>\$971,347</u>	<u>\$34,867</u>	<u>\$17,703</u>	<u>\$372,602</u>	<u>\$333,227</u>	<u>\$0</u>	<u>\$2,753,104</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, 2003

	<u>DEPOSITS & INSPECTIONS</u>	<u>MUNICIPAL COURT</u>	<u>TOTAL 2003</u>
ASSETS			
Equity in City Treasury Cash and Investments	\$1,102,598	\$324,966	\$1,427,564
Accounts Receivable	<u>0</u>	<u>155,069</u>	<u>155,069</u>
TOTAL ASSETS	<u>\$1,102,598</u>	<u>\$480,035</u>	<u>\$1,582,633</u>
LIABILITIES			
Accounts Payable	\$1,100,888	\$85,673	\$1,186,561
Deposits Held and Due to Others	0	176,786	176,786
Due to Other Governments	<u>1,710</u>	<u>217,576</u>	<u>219,286</u>
TOTAL LIABILITIES	<u>\$1,102,598</u>	<u>\$480,035</u>	<u>\$1,582,633</u>

CITY OF WILLOUGHBY, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BALANCE</u> <u>1/1/2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/2003</u>
DEPOSITS & INSPECTIONS				
ASSETS				
Equity in City Treasury Cash and Investments	<u>\$1,087,023</u>	<u>\$862,829</u>	<u>\$847,254</u>	<u>\$1,102,598</u>
TOTAL ASSETS	<u>\$1,087,023</u>	<u>\$862,829</u>	<u>\$847,254</u>	<u>\$1,102,598</u>
LIABILITIES				
Accounts Payable	\$1,078,900	\$751,669	\$729,681	\$1,100,888
Deposits Held and Due to Others	7,806	0	7,806	0
Due to Other Governments	<u>317</u>	<u>111,160</u>	<u>109,767</u>	<u>1,710</u>
TOTAL LIABILITIES	<u>\$1,087,023</u>	<u>\$862,829</u>	<u>\$847,254</u>	<u>\$1,102,598</u>
MUNICIPAL COURT				
ASSETS				
Equity in City Treasury Cash and Investments	\$331,664	\$4,511,443	\$4,518,141	\$324,966
Accounts Receivable	<u>173,000</u>	<u>155,069</u>	<u>173,000</u>	<u>155,069</u>
TOTAL ASSETS	<u>\$504,664</u>	<u>\$4,666,512</u>	<u>\$4,691,141</u>	<u>\$480,035</u>
LIABILITIES				
Accounts Payable	\$84,217	\$1,306,464	\$1,305,008	\$85,673
Deposits Held and Due to Others	162,364	1,977,761	1,963,339	176,786
Due to Other Governments	<u>258,083</u>	<u>1,382,287</u>	<u>1,422,794</u>	<u>217,576</u>
TOTAL LIABILITIES	<u>\$504,664</u>	<u>\$4,666,512</u>	<u>\$4,691,141</u>	<u>\$480,035</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Equity in City Treasury Cash and Investments	\$1,418,687	\$5,374,272	\$5,365,395	\$1,427,564
Accounts Receivable	<u>173,000</u>	<u>155,069</u>	<u>173,000</u>	<u>155,069</u>
TOTAL ASSETS	<u>\$1,591,687</u>	<u>\$5,529,341</u>	<u>\$5,538,395</u>	<u>\$1,582,633</u>
LIABILITIES				
Accounts Payable	\$1,163,117	\$2,058,133	\$2,034,689	\$1,186,561
Deposits Held and Due to Others	170,170	1,977,761	1,971,145	176,786
Due to Other Governments	<u>258,400</u>	<u>1,493,447</u>	<u>1,532,561</u>	<u>219,286</u>
TOTAL LIABILITIES	<u>\$1,591,687</u>	<u>\$5,529,341</u>	<u>\$5,538,395</u>	<u>\$1,582,633</u>

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

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Municipal Income Taxes	\$12,454,183	\$12,454,183	\$11,852,581	(\$601,602)
Property and Other Local Taxes	1,471,498	1,471,498	1,449,627	(21,871)
Intergovernmental	2,867,329	2,867,329	2,872,104	4,775
Charges for Services	284,550	284,550	301,241	16,691
Fines and Forfeitures	1,628,000	1,628,000	1,659,060	31,060
Licenses, Permits	270,500	270,500	296,751	26,251
Interest Income	400,000	400,000	451,744	51,744
Other	<u>368,500</u>	<u>368,500</u>	<u>364,694</u>	<u>(3,806)</u>
Total Revenues	<u>19,744,560</u>	<u>19,744,560</u>	<u>19,247,802</u>	<u>(496,758)</u>
EXPENDITURES:				
General Government	6,029,191	6,029,191	5,543,347	485,844
Security of Persons and Property	9,451,305	9,451,305	9,320,405	130,900
Public Health and Welfare	368,112	368,112	359,183	8,929
Community Environment	829,135	829,135	797,379	31,756
Leisure Time Activities	886,044	886,044	933,368	(47,324)
Basic Utility Service	<u>1,113,300</u>	<u>1,113,300</u>	<u>1,001,747</u>	<u>111,553</u>
Total Expenditures	<u>18,677,087</u>	<u>18,677,087</u>	<u>17,955,429</u>	<u>721,658</u>
Excess of Revenues Over (Under) Expenditures	1,067,473	1,067,473	1,292,373	224,900
OTHER FINANCING SOURCES (USES):				
Transfers Out	(2,408,457)	(2,408,457)	(2,408,457)	0
Other	<u>5,000</u>	<u>5,000</u>	<u>137,491</u>	<u>132,491</u>
Total Other Financing Sources (Uses)	<u>(2,403,457)</u>	<u>(2,403,457)</u>	<u>(2,270,966)</u>	<u>132,491</u>
NET CHANGE IN FUND BALANCE	(1,335,984)	(1,335,984)	(978,593)	357,391
FUND BALANCE BEGINNING OF YEAR	5,835,984	5,835,984	5,835,984	0
Prior Year Encumbrances Appropriated	<u>35,074</u>	<u>35,074</u>	<u>35,074</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$4,535,074</u>	<u>\$4,535,074</u>	<u>\$4,892,465</u>	<u>\$357,391</u>

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, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Municipal Income Taxes	\$920,358	\$920,358	\$920,358	\$0
Property and Other Local Taxes	110,000	110,000	110,424	424
Intergovernmental	9,091	9,091	9,091	0
Interest Income	51,000	51,000	51,333	333
Other	<u>8,500</u>	<u>8,500</u>	<u>34,628</u>	<u>26,128</u>
Total Revenues	<u>1,098,949</u>	<u>1,098,949</u>	<u>1,125,834</u>	<u>26,885</u>
EXPENDITURES:				
Capital Outlay	6,195,789	7,435,789	4,645,968	2,789,821
Debt Service				
Principal Retirement	0	4,095,000	4,095,000	0
Interest	<u>0</u>	<u>77,805</u>	<u>77,805</u>	<u>0</u>
Total Expenditures	<u>6,195,789</u>	<u>11,608,594</u>	<u>8,818,773</u>	<u>2,789,821</u>
Excess of Revenues Over (Under) Expenditures	(5,096,840)	(10,509,645)	(7,692,939)	2,816,706
OTHER FINANCING SOURCES (USES):				
Bonds Issued	0	6,350,000	6,350,000	0
Notes Issued	0	4,449,805	4,450,000	195
Other	0	250,000	335,858	85,858
Advance In	0	0	0	0
Advance Repaid	10,000	10,000	10,000	0
Transfers In	<u>43,457</u>	<u>43,457</u>	<u>43,457</u>	<u>0</u>
Total Other Financing Sources(Uses)	<u>53,457</u>	<u>11,103,262</u>	<u>11,189,315</u>	<u>86,053</u>
NET CHANGE IN FUND BALANCE	(5,043,383)	593,617	3,496,376	2,902,759
FUND BALANCE BEGINNING OF YEAR	5,966,818	5,966,818	5,966,818	0
Prior Year Encumbrances Appropriated	<u>117,045</u>	<u>117,045</u>	<u>117,045</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$1,040,480</u>	<u>\$6,677,480</u>	<u>\$9,580,239</u>	<u>\$2,902,759</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, 2003

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$1,339,256	\$1,339,256	\$1,331,626	(\$7,630)
Intergovernmental	137,565	137,565	143,224	5,659
Interest Income	<u>0</u>	<u>0</u>	<u>27,190</u>	<u>27,190</u>
Total Revenues	<u>1,476,821</u>	<u>1,476,821</u>	<u>1,502,040</u>	<u>25,219</u>
EXPENDITURES:				
General Government	36,000	36,000	27,136	8,864
Debt Service				
Principal	761,603	761,603	759,103	2,500
Interest	<u>604,220</u>	<u>604,220</u>	<u>604,220</u>	<u>0</u>
Total Expenditures	<u>1,401,823</u>	<u>1,401,823</u>	<u>1,390,459</u>	<u>11,364</u>
NET CHANGE IN FUND BALANCE	74,998	74,998	111,581	36,583
FUND BALANCE BEGINNING OF YEAR	<u>314,173</u>	<u>314,173</u>	<u>314,173</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$389,171</u>	<u>\$389,171</u>	<u>\$425,754</u>	<u>\$36,583</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL
GOLF COURSE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Charges for Services	\$900,000	\$900,000	\$726,849	(\$173,151)
Interest Income	2,000	2,000	16,275	14,275
Other	<u>2,184</u>	<u>2,184</u>	<u>2,497</u>	<u>313</u>
Total Revenues	<u>904,184</u>	<u>904,184</u>	<u>745,621</u>	<u>(158,563)</u>
EXPENSES:				
Leisure Time Activities	728,072	728,072	658,888	69,184
Capital Outlay	1,214,735	1,214,735	1,193,946	20,789
Debt Principal	85,000	85,000	85,000	0
Debt Interest	<u>155,800</u>	<u>155,800</u>	<u>155,800</u>	<u>0</u>
Total Expenses	<u>2,183,607</u>	<u>2,183,607</u>	<u>2,093,634</u>	<u>89,973</u>
Excess of Revenues Over (Under) Expenses	(1,279,423)	(1,279,423)	(1,348,013)	(68,590)
OTHER FINANCING SOURCES (USES):				
Other	0	0	4,631	4,631
Advance Repaid	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>(5,369)</u>	<u>4,631</u>
NET CHANGE IN FUND BALANCE	(1,289,423)	(1,289,423)	(1,353,382)	(63,959)
FUND EQUITY BEGINNING OF YEAR	1,468,042	1,468,042	1,468,042	0
Prior Year Encumbrances Appropriated	<u>4,554</u>	<u>4,554</u>	<u>4,554</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$183,173</u>	<u>\$183,173</u>	<u>\$119,214</u>	<u>(\$63,959)</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Municipal Income Taxes	\$750,000	\$750,000	\$750,000	\$0
Intergovernmental	359,800	359,800	214,991	(144,809)
Charges for Services	3,665,909	3,665,909	3,377,706	(288,203)
Interest Income	20,000	20,000	17,730	(2,270)
Other	<u>285,742</u>	<u>285,742</u>	<u>275,853</u>	<u>(9,889)</u>
Total Revenues	<u>5,081,451</u>	<u>5,081,451</u>	<u>4,636,280</u>	<u>(445,171)</u>
EXPENSES:				
Basic Utility Service	6,362,688	5,292,138	4,867,484	424,654
Debt Principal	686,217	686,217	682,385	3,832
Debt Interest	<u>410,862</u>	<u>410,862</u>	<u>410,862</u>	<u>0</u>
Total Expenses	<u>7,459,767</u>	<u>6,389,217</u>	<u>5,960,731</u>	<u>428,486</u>
Excess of Revenues Over (Under) Expenses	(2,378,316)	(1,307,766)	(1,324,451)	(16,685)
OTHER FINANCING SOURCES (USES):				
Sale of Debt	<u>1,794,776</u>	<u>1,794,776</u>	<u>1,060,417</u>	<u>(734,359)</u>
Total Other Financing Sources (Uses)	<u>1,794,776</u>	<u>1,794,776</u>	<u>1,060,417</u>	<u>(734,359)</u>
NET CHANGE IN FUND BALANCE	(583,540)	487,010	(264,034)	(751,044)
FUND EQUITY BEGINNING OF YEAR	1,782,733	1,782,733	1,782,733	0
Prior Year Encumbrances Appropriated	<u>29,886</u>	<u>29,886</u>	<u>29,886</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$1,229,079</u>	<u>\$2,299,629</u>	<u>\$1,548,585</u>	<u>(\$751,044)</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL
AIRPORT FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Charges for Services	\$19,850	\$19,850	\$22,826	\$2,976
Interest Income	2,400	2,400	2,383	(17)
Other	<u>116,046</u>	<u>116,046</u>	<u>121,751</u>	<u>5,705</u>
Total Revenues	<u>138,296</u>	<u>138,296</u>	<u>146,960</u>	<u>8,664</u>
EXPENSES:				
Transportation	<u>229,938</u>	<u>229,938</u>	<u>150,440</u>	<u>79,498</u>
Total Expenses	<u>229,938</u>	<u>229,938</u>	<u>150,440</u>	<u>79,498</u>
NET CHANGE IN FUND BALANCE	(91,642)	(91,642)	(3,480)	88,162
FUND EQUITY BEGINNING OF YEAR	114,619	114,619	114,619	0
Prior Year Encumbrances Appropriated	<u>459</u>	<u>459</u>	<u>459</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$23,436</u>	<u>\$23,436</u>	<u>\$111,598</u>	<u>\$88,162</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
FIRE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$152,879	\$152,879	\$152,002	(\$877)
Intergovernmental	<u>15,892</u>	<u>15,892</u>	<u>16,674</u>	<u>782</u>
Total Revenues	<u>168,771</u>	<u>168,771</u>	<u>168,676</u>	<u>(95)</u>
EXPENDITURES:				
Security of Persons and Property	<u>658,133</u>	<u>658,133</u>	<u>646,077</u>	<u>12,056</u>
Total Expenditures	<u>658,133</u>	<u>658,133</u>	<u>646,077</u>	<u>12,056</u>
Excess of Revenues Over (Under) Expenditures	(489,362)	(489,362)	(477,401)	11,961
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>480,000</u>	<u>480,000</u>	<u>480,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(9,362)	(9,362)	2,599	11,961
FUND BALANCE BEGINNING OF YEAR	<u>38,180</u>	<u>38,180</u>	<u>38,180</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$28,818</u>	<u>\$28,818</u>	<u>\$40,779</u>	<u>\$11,961</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, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE <u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$152,879	\$152,879	\$152,002	(\$877)
Intergovernmental	<u>15,892</u>	<u>15,892</u>	<u>16,674</u>	<u>782</u>
Total Revenues	<u>168,771</u>	<u>168,771</u>	<u>168,676</u>	<u>(95)</u>
EXPENDITURES:				
Security of Persons and Property	<u>611,532</u>	<u>611,532</u>	<u>578,430</u>	<u>33,102</u>
Total Expenditures	<u>611,532</u>	<u>611,532</u>	<u>578,430</u>	<u>33,102</u>
Excess of Revenues Over (Under) Expenditures	(442,761)	(442,761)	(409,754)	33,007
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>430,000</u>	<u>430,000</u>	<u>430,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>430,000</u>	<u>430,000</u>	<u>430,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(12,761)	(12,761)	20,246	33,007
FUND BALANCE BEGINNING OF YEAR	<u>33,087</u>	<u>33,087</u>	<u>33,087</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$20,326</u>	<u>\$20,326</u>	<u>\$53,333</u>	<u>\$33,007</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	\$500	\$500	\$4,494	\$3,994
Other	<u>0</u>	<u>0</u>	<u>1,625</u>	<u>(1,625)</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>6,119</u>	<u>2,369</u>
EXPENDITURES:				
Security of Persons and Property	<u>20,000</u>	<u>20,000</u>	<u>5,552</u>	<u>14,448</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>5,552</u>	<u>14,448</u>
NET CHANGE IN FUND BALANCE	(19,500)	(19,500)	567	16,817
FUND BALANCE BEGINNING OF YEAR	<u>25,463</u>	<u>25,463</u>	<u>25,463</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$5,963</u>	<u>\$5,963</u>	<u>\$26,030</u>	<u>\$16,817</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, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES:				
Property and Other Local Taxes	\$109,646	\$109,646	\$105,358	(\$4,288)
Intergovernmental	18,464	18,464	88,868	70,404
Charges for Services	<u>210,000</u>	<u>210,000</u>	<u>212,861</u>	<u>2,861</u>
Total Revenues	<u>338,110</u>	<u>338,110</u>	<u>407,087</u>	<u>68,977</u>
EXPENDITURES:				
Leisure Time Activities	<u>801,076</u>	<u>801,076</u>	<u>781,255</u>	<u>19,821</u>
Total Expenditures	<u>801,076</u>	<u>801,076</u>	<u>781,255</u>	<u>19,821</u>
Excess of Revenues Over (Under) Expenditures	(462,966)	(462,966)	(374,168)	88,798
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>390,000</u>	<u>390,000</u>	<u>390,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>390,000</u>	<u>390,000</u>	<u>390,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(72,966)	(72,966)	15,832	88,798
FUND BALANCE BEGINNING OF YEAR	92,287	92,287	92,287	0
Prior Year Encumbrances Appropriated	<u>326</u>	<u>326</u>	<u>326</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$19,647</u>	<u>\$19,647</u>	<u>\$108,445</u>	<u>\$88,798</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, 2003

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental	\$676,000	\$676,000	\$717,718	\$41,718
Charges for Services	550	550	850	300
Other	<u>0</u>	<u>0</u>	<u>115</u>	<u>115</u>
Total Revenues	<u>676,550</u>	<u>676,550</u>	<u>718,683</u>	<u>42,133</u>
EXPENDITURES:				
Transportation	<u>1,677,517</u>	<u>1,677,517</u>	<u>1,565,726</u>	<u>111,791</u>
Total Expenditures	<u>1,677,517</u>	<u>1,677,517</u>	<u>1,565,726</u>	<u>111,791</u>
Excess of Revenues Over (Under) Expenditures	(1,000,967)	(1,000,967)	(847,043)	153,924
OTHER FINANCING SOURCES (USES):				
Transfers In	830,000	830,000	830,000	0
Other	<u>2,000</u>	<u>2,000</u>	<u>1,106</u>	<u>(894)</u>
Total Other Financing Sources (Uses)	<u>832,000</u>	<u>832,000</u>	<u>831,106</u>	<u>(894)</u>
NET CHANGE IN FUND BALANCE	(168,967)	(168,967)	(15,937)	153,030
FUND BALANCE BEGINNING OF YEAR	236,568	236,568	236,568	0
Prior Year Encumbrances Appropriated	<u>11,564</u>	<u>11,564</u>	<u>11,564</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$79,165</u>	<u>\$79,165</u>	<u>\$232,195</u>	<u>\$153,030</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, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$53,717</u>	<u>\$3,717</u>
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>53,717</u>	<u>3,717</u>
EXPENDITURES:				
Transportation	<u>68,000</u>	<u>68,000</u>	<u>67,286</u>	<u>714</u>
Total Expenditures	<u>68,000</u>	<u>68,000</u>	<u>67,286</u>	<u>714</u>
NET CHANGE IN FUND BALANCE	(18,000)	(18,000)	(13,569)	4,431
FUND BALANCE BEGINNING OF YEAR	<u>94,350</u>	<u>94,350</u>	<u>94,350</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$76,350</u>	<u>\$76,350</u>	<u>\$80,781</u>	<u>\$4,431</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, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Special Assessments	<u>\$25,500</u>	<u>\$25,500</u>	<u>\$37,670</u>	<u>\$12,170</u>
Total Revenues	<u>25,500</u>	<u>25,500</u>	<u>37,670</u>	<u>12,170</u>
EXPENDITURES:				
Community Environment	<u>40,700</u>	<u>40,700</u>	<u>38,183</u>	<u>2,517</u>
Total Expenditures	<u>40,700</u>	<u>40,700</u>	<u>38,183</u>	<u>2,517</u>
NET CHANGE IN FUND BALANCE	(15,200)	(15,200)	(513)	14,687
FUND BALANCE BEGINNING OF YEAR	32,418	32,418	32,418	0
Prior Year Encumbrances Appropriated	<u>112</u>	<u>112</u>	<u>112</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$17,330</u>	<u>\$17,330</u>	<u>\$32,017</u>	<u>\$14,687</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$4,000</u>	<u>\$4,000</u>	<u>\$5,834</u>	<u>\$1,834</u>
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>5,834</u>	<u>1,834</u>
EXPENDITURES:				
Security of Persons and Property	0	0	0	0
Capital Outlay	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
NET CHANGE IN FUND BALANCE	(11,000)	(11,000)	5,834	16,834
FUND BALANCE BEGINNING OF YEAR	<u>18,900</u>	<u>18,900</u>	<u>18,900</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$7,900</u>	<u>\$7,900</u>	<u>\$24,734</u>	<u>\$16,834</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, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$37,000</u>	<u>\$37,000</u>	<u>\$40,292</u>	<u>\$3,292</u>
Total Revenues	<u>37,000</u>	<u>37,000</u>	<u>40,292</u>	<u>3,292</u>
EXPENDITURES:				
General Government	<u>50,000</u>	<u>50,000</u>	<u>30,000</u>	<u>20,000</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>30,000</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCE	(13,000)	(13,000)	10,292	23,292
FUND BALANCE BEGINNING OF YEAR	<u>270,097</u>	<u>270,097</u>	<u>270,097</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$257,097</u>	<u>\$257,097</u>	<u>\$280,389</u>	<u>\$23,292</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, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$210,000</u>	<u>\$210,000</u>	<u>\$228,783</u>	<u>\$18,783</u>
Total Revenues	<u>210,000</u>	<u>210,000</u>	<u>228,783</u>	<u>18,783</u>
EXPENDITURES:				
General Government	250,000	250,000	73,663	176,337
Capital Outlay	<u>0</u>	<u>0</u>	<u>1,678</u>	<u>(1,678)</u>
Total Expenditures	<u>250,000</u>	<u>250,000</u>	<u>75,341</u>	<u>174,659</u>
NET CHANGE IN FUND BALANCE	(40,000)	(40,000)	153,442	193,442
FUND BALANCE BEGINNING OF YEAR	761,157	761,157	761,157	0
Prior Year Encumbrances Appropriated	<u>17</u>	<u>17</u>	<u>17</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$721,174</u>	<u>\$721,174</u>	<u>\$914,616</u>	<u>\$193,442</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
URBAN FOREST MANAGEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$15,000	\$15,000	\$15,000	\$0
Charges for Services	<u>10,000</u>	<u>10,000</u>	<u>12,600</u>	<u>2,600</u>
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>27,600</u>	<u>2,600</u>
EXPENDITURES:				
Community Environment	<u>20,000</u>	<u>20,000</u>	<u>8,000</u>	<u>12,000</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>8,000</u>	<u>12,000</u>
NET CHANGE IN FUND BALANCE	5,000	5,000	19,600	14,600
FUND BALANCE BEGINNING OF YEAR	13,341	13,341	13,341	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$18,341</u>	<u>\$18,341</u>	<u>\$32,941</u>	<u>\$14,600</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
VICTIMS ASSISTANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental	<u>\$20,865</u>	<u>\$20,865</u>	<u>\$27,821</u>	<u>\$6,956</u>
Total Revenues	<u>20,865</u>	<u>20,865</u>	<u>27,821</u>	<u>6,956</u>
EXPENDITURES:				
Security of Persons and Property	<u>44,922</u>	<u>44,922</u>	<u>40,313</u>	<u>4,609</u>
Total Expenditures	<u>44,922</u>	<u>44,922</u>	<u>40,313</u>	<u>4,609</u>
Excess of Revenues Over (Under) Expenditures	(24,057)	(24,057)	(12,492)	11,565
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(14,057)	(14,057)	(2,492)	11,565
FUND BALANCE BEGINNING OF YEAR	<u>21,647</u>	<u>21,647</u>	<u>21,647</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$7,590</u>	<u>\$7,590</u>	<u>\$19,155</u>	<u>\$11,565</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
STREET LIGHTING FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Special Assessments	<u>\$441,147</u>	<u>\$441,147</u>	<u>\$465,872</u>	<u>\$24,725</u>
Total Revenues	<u>441,147</u>	<u>441,147</u>	<u>465,872</u>	<u>24,725</u>
EXPENDITURES:				
Security of Persons and Property	500,000	500,000	476,288	23,712
General Government	<u>18,000</u>	<u>18,000</u>	<u>14,006</u>	<u>3,994</u>
Total Expenditures	<u>518,000</u>	<u>518,000</u>	<u>490,294</u>	<u>27,706</u>
NET CHANGE IN FUND BALANCE	(76,853)	(76,853)	(24,422)	52,431
FUND BALANCE BEGINNING OF YEAR	<u>434,383</u>	<u>434,383</u>	<u>434,383</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$357,530</u>	<u>\$357,530</u>	<u>\$409,961</u>	<u>\$52,431</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
FUTURE RETIREMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
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:				
Security of Persons	120,000	120,000	113,946	6,054
Transportation	<u>37,000</u>	<u>37,000</u>	<u>0</u>	<u>37,000</u>
Total Expenditures	<u>157,000</u>	<u>157,000</u>	<u>113,946</u>	<u>43,054</u>
Excess of Revenues Over (Under) Expenditures	(157,000)	(157,000)	(113,946)	43,054
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	68,000	68,000	111,054	43,054
FUND BALANCE BEGINNING OF YEAR	<u>252,024</u>	<u>252,024</u>	<u>252,024</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$320,024</u>	<u>\$320,024</u>	<u>\$363,078</u>	<u>\$43,054</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
FEMA FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Intergovernmental	<u>\$0</u>	<u>\$23,000</u>	<u>\$19,936</u>	<u>(\$3,064)</u>
Total Revenues	<u>0</u>	<u>23,000</u>	<u>19,936</u>	<u>(3,064)</u>
EXPENDITURES:				
Security of Persons and Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	0	23,000	19,936	(3,064)
OTHER FINANCING SOURCES (USES):				
Transfers In(Out)	<u>0</u>	<u>(23,000)</u>	<u>0</u>	<u>23,000</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(23,000)</u>	<u>0</u>	<u>23,000</u>
NET CHANGE IN FUND BALANCE	0	0	19,936	19,936
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>	<u>\$19,936</u>	<u>\$19,936</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
RAILROAD GRADE CROSSING FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

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

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
SPECIAL ASSESSMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Special Assessments	\$325,000	\$325,000	\$320,762	(\$4,238)
Interest Income	<u>0</u>	<u>0</u>	<u>50</u>	<u>50</u>
Total Revenues	<u>325,000</u>	<u>325,000</u>	<u>320,812</u>	<u>(4,188)</u>
EXPENDITURES:				
General Government	20,000	20,000	10,390	9,610
Debt Service				
Principal	248,683	248,683	248,683	0
Interest	<u>68,530</u>	<u>68,530</u>	<u>68,530</u>	<u>0</u>
Total Expenditures	<u>337,213</u>	<u>337,213</u>	<u>327,603</u>	<u>9,610</u>
NET CHANGE IN FUND BALANCE	(12,213)	(12,213)	(6,791)	5,422
FUND BALANCE BEGINNING OF YEAR	<u>501,289</u>	<u>501,289</u>	<u>501,289</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$489,076</u>	<u>\$489,076</u>	<u>\$494,498</u>	<u>\$5,422</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET(Non-GAAP Basis) AND ACTUAL
WORKERS' COMPENSATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Interest Income	<u>\$13,000</u>	<u>\$13,000</u>	<u>\$7,855</u>	<u>(\$5,145)</u>
Total Revenues	<u>13,000</u>	<u>13,000</u>	<u>7,855</u>	<u>(5,145)</u>
EXPENSES:				
Other	<u>50,000</u>	<u>50,000</u>	<u>11,638</u>	<u>38,362</u>
Total Expenses	<u>50,000</u>	<u>50,000</u>	<u>11,638</u>	<u>38,362</u>
NET CHANGE IN FUND BALANCE	(37,000)	(37,000)	(3,783)	33,217
FUND EQUITY BEGINNING OF YEAR	<u>678,726</u>	<u>678,726</u>	<u>678,726</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$641,726</u>	<u>\$641,726</u>	<u>\$674,943</u>	<u>\$33,217</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
CEMETERY CARE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Miscellaneous	<u>\$5,000</u>	<u>\$5,000</u>	<u>\$10,765</u>	<u>\$5,765</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>10,765</u>	<u>5,765</u>
FUND BALANCE BEGINNING OF YEAR	<u>167,683</u>	<u>167,683</u>	<u>167,683</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$172,683</u>	<u>\$172,683</u>	<u>\$178,448</u>	<u>\$5,765</u>

Asset Schedules

Capital Assets Used in the Operation of Governmental Funds

CITY OF WILLOUGHBY, OHIO
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	\$7,005,240	\$6,018,680
Building	13,696,685	13,691,786
Improvements	14,934,241	14,955,345
Machinery and Equipment	10,131,670	9,968,372
Infrastructure	28,480,572	27,301,085
Construction in Progress	<u>6,202,862</u>	<u>1,646,923</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$80,451,270</u>	<u>\$73,582,191</u>
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:		
General Fund	\$1,986,605	\$1,936,567
Special Revenue Funds	1,332,638	1,329,908
Grant Funds	34,941	34,941
Capital Projects Fund	56,978,489	50,486,587
Donations	17,311,620	16,987,212
Special Assessments Fund	<u>2,806,977</u>	<u>2,806,976</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$80,451,270</u>	<u>\$73,582,191</u>

CITY OF WILLOUGHBY, OHIO
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2003

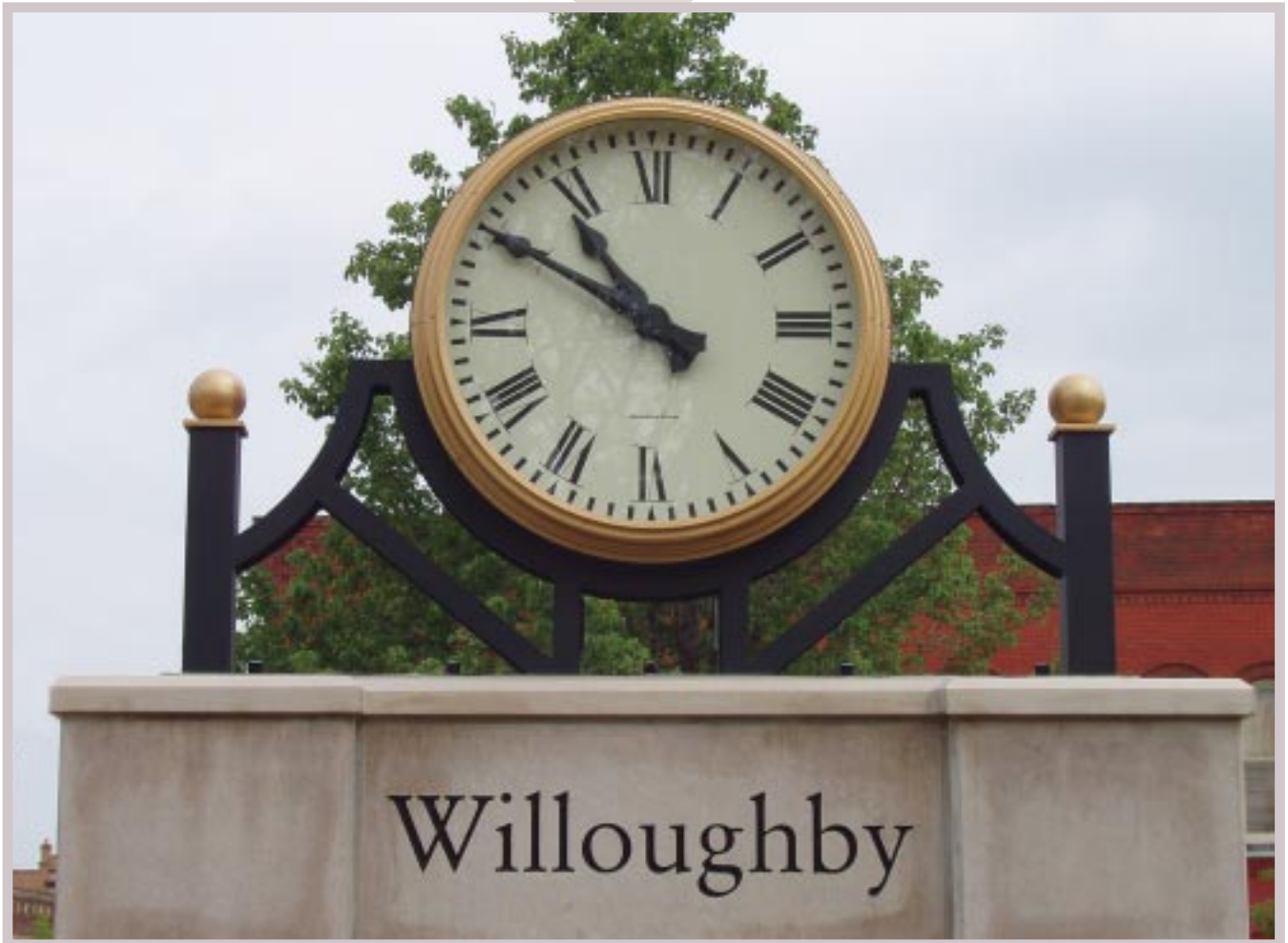
	<u>TOTAL</u>	<u>LAND</u>	<u>BUILDINGS</u>	<u>IMPROVEMENTS</u>	<u>MACHINERY AND EQUIPMENT</u>	<u>INFRASTRUCTURE</u>	<u>CONSTRUCTION IN PROGRESS</u>
GENERAL GOVERNMENT							
Legislative	\$1,437	\$0	\$0	\$0	\$1,437	\$0	\$0
Mayor	46,451	0	0	0	46,451	0	0
Legal	8,381	0	0	0	8,381	0	0
Personnel	4,577	0	0	0	4,577	0	0
Civil Service	3,781	0	0	0	3,781	0	0
Public Works Administration	93,078	3,820	0	0	89,258	0	0
Municipal Court	832,389	0	4,556	123,827	564,384	0	139,622
Vehicle Maintenance	178,577	0	0	0	178,577	0	0
Finance	102,331	0	0	2,510	99,821	0	0
Lands & Buildings	842,552	0	595,211	145,079	102,262	0	0
General Admin. Support	<u>3,809,256</u>	<u>2,053,970</u>	<u>1,471,201</u>	<u>22,177</u>	<u>232,632</u>	<u>0</u>	<u>29,276</u>
TOTAL	<u>5,922,810</u>	<u>2,057,790</u>	<u>2,070,968</u>	<u>293,593</u>	<u>1,331,561</u>	<u>0</u>	<u>168,898</u>
SECURITY OF PERSONS AND PROPERTY							
Police Law Enforcement	4,203,149	22,360	1,823,731	148,537	2,208,521	0	0
Fire Control	<u>9,642,925</u>	<u>170,000</u>	<u>6,455,833</u>	<u>0</u>	<u>3,017,092</u>	<u>0</u>	<u>0</u>
TOTAL	<u>13,846,074</u>	<u>192,360</u>	<u>8,279,564</u>	<u>148,537</u>	<u>5,225,613</u>	<u>0</u>	<u>0</u>
PUBLIC HEALTH AND WELFARE							
Cemetery	<u>359,400</u>	<u>115,495</u>	<u>25,824</u>	<u>44,320</u>	<u>173,761</u>	<u>0</u>	<u>0</u>
TOTAL	<u>359,400</u>	<u>115,495</u>	<u>25,824</u>	<u>44,320</u>	<u>173,761</u>	<u>0</u>	<u>0</u>
COMMUNITY ENVIRONMENT							
Building & Zoning	103,260	0	0	1,671	101,589	0	0
Economic Development	<u>107,553</u>	<u>0</u>	<u>30,143</u>	<u>70,084</u>	<u>7,326</u>	<u>0</u>	<u>0</u>
TOTAL	<u>210,813</u>	<u>0</u>	<u>30,143</u>	<u>71,755</u>	<u>108,915</u>	<u>0</u>	<u>0</u>
LEISURE TIME							
Administration	341,081	66,632	221,989	1,078	51,382	0	0
Recreation Programs	36,709	0	0	0	36,709	0	0
Senior Citizens	222,675	0	15,958	19,828	186,889	0	0
Parks & Playgrounds	3,821,590	315,452	968,631	1,823,590	602,505	74,152	37,260
Swimming Facilities	<u>3,104,399</u>	<u>0</u>	<u>70,800</u>	<u>2,895,454</u>	<u>138,145</u>	<u>0</u>	<u>0</u>
TOTAL	<u>7,526,454</u>	<u>382,084</u>	<u>1,277,378</u>	<u>4,739,950</u>	<u>1,015,630</u>	<u>74,152</u>	<u>37,260</u>
TRANSPORTATION							
Street Maint. & Repair	35,619,433	4,220,621	1,798,386	820,086	2,115,152	20,689,275	5,975,913
Traffic Signs & Signals	<u>1,738,961</u>	<u>4,260</u>	<u>85,802</u>	<u>0</u>	<u>145,838</u>	<u>1,495,740</u>	<u>7,321</u>
TOTAL	<u>37,358,394</u>	<u>4,224,881</u>	<u>1,884,188</u>	<u>820,086</u>	<u>2,260,990</u>	<u>22,185,015</u>	<u>5,983,234</u>
BASIC UTILITY SERVICE							
Storm Water - Collection	15,071,225	20,350	0	8,816,000	0	6,221,405	13,470
Solid Waste - Collection	<u>156,100</u>	<u>12,280</u>	<u>128,620</u>	<u>0</u>	<u>15,200</u>	<u>0</u>	<u>0</u>
TOTAL	<u>15,227,325</u>	<u>32,630</u>	<u>128,620</u>	<u>8,816,000</u>	<u>15,200</u>	<u>6,221,405</u>	<u>13,470</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$80,451,270</u>	<u>\$7,005,240</u>	<u>\$13,696,685</u>	<u>\$14,934,241</u>	<u>\$10,131,670</u>	<u>\$28,480,572</u>	<u>\$6,202,862</u>

CITY OF WILLOUGHBY, OHIO
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2003

	GOVERNMENTAL FUNDS CAPITAL ASSETS 1/1/2003	ADDITIONS	TRANSFERS	DELETIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS 12/31/2003
GENERAL GOVERNMENT					
Legislative	\$1,437	\$0	\$0	\$0	\$1,437
Mayor	44,151	28,360	(26,060)	0	46,451
Legal	6,657	1,724	0	0	8,381
Personnel	4,577	0	0	0	4,577
Civil Service	3,781	0	0	0	3,781
Public Works Administration	134,949	0	(3,228)	(38,643)	93,078
Municipal Court	750,271	83,618	0	(1,500)	832,389
Vehicle Maintenance	178,577	0	0	0	178,577
Finance	107,330	6,190	0	(11,189)	102,331
Lands & Buildings	844,316	0	0	(1,764)	842,552
General Admin. Support	<u>2,686,062</u>	<u>1,141,083</u>	<u>294,502</u>	<u>(312,391)</u>	<u>3,809,256</u>
TOTAL	<u>4,762,108</u>	<u>1,260,975</u>	<u>265,214</u>	<u>(365,487)</u>	<u>5,922,810</u>
SECURITY OF PERSONS AND PROPERTY					
Police Law Enforcement	4,170,852	195,590	(1,132)	(162,161)	4,203,149
Fire Control	<u>9,752,868</u>	<u>269,003</u>	<u>(265,038)</u>	<u>(113,908)</u>	<u>9,642,925</u>
TOTAL	<u>13,923,720</u>	<u>464,593</u>	<u>(266,170)</u>	<u>(276,069)</u>	<u>13,846,074</u>
PUBLIC HEALTH AND WELFARE					
Cemetery	<u>359,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>359,400</u>
TOTAL	<u>359,400</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>359,400</u>
COMMUNITY ENVIRONMENT					
Building & Zoning	103,260	0	0	0	103,260
Economic Development	<u>77,410</u>	<u>30,143</u>	<u>0</u>	<u>0</u>	<u>107,553</u>
TOTAL	<u>180,670</u>	<u>30,143</u>	<u>0</u>	<u>0</u>	<u>210,813</u>
LEISURE TIME					
Administration	347,058	0	(53)	(5,924)	341,081
Recreation Programs	36,709	0	0	0	36,709
Senior Citizens	219,984	1,859	2,505	(1,673)	222,675
Parks & Playgrounds	3,675,823	219,028	(1,496)	(71,765)	3,821,590
Swimming Facilities	<u>3,089,484</u>	<u>22,414</u>	<u>0</u>	<u>(7,499)</u>	<u>3,104,399</u>
TOTAL	<u>7,369,058</u>	<u>243,301</u>	<u>956</u>	<u>(86,861)</u>	<u>7,526,454</u>
TRANSPORTATION					
Street Maint. & Repair	30,164,873	5,665,185	0	(210,625)	35,619,433
Traffic Signs & Signals	<u>1,731,640</u>	<u>7,321</u>	<u>0</u>	<u>0</u>	<u>1,738,961</u>
TOTAL	<u>31,896,513</u>	<u>5,672,506</u>	<u>0</u>	<u>(210,625)</u>	<u>37,358,394</u>
BASIC UTILITY SERVICE					
Storm Water - Collection	14,934,622	136,603	0	0	15,071,225
Solid Waste - Collection	<u>156,100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>156,100</u>
TOTAL	<u>15,090,722</u>	<u>136,603</u>	<u>0</u>	<u>0</u>	<u>15,227,325</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$73,582,191</u>	<u>\$7,808,121</u>	<u>\$0</u>	<u>(\$939,042)</u>	<u>\$80,451,270</u>



The City of
WILLOUGHBY, OHIO



Statistical
INFORMATION

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

<u>YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>SECURITY OF PERSONS & PROPERTY</u>	<u>PUBLIC HEALTH & WELFARE</u>	<u>COMMUNITY ENVIRONMENT</u>	<u>LEISURE TIME ACTIVITIES</u>	<u>TRANSPORTATION</u>	<u>BASIC UTILITY SERVICES</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
1994	\$6,187,765	\$6,374,043	\$208,861	\$518,722	\$788,361	\$1,047,732	\$790,924	\$3,394,682	\$19,311,090
1995	\$5,835,266	\$6,180,566	\$208,814	\$561,518	\$863,977	\$1,112,322	\$841,938	\$2,604,839	\$18,209,240
1996	\$5,836,472	\$6,534,718	\$205,281	\$545,954	\$930,669	\$1,151,561	\$742,993	\$3,834,239	\$19,781,887
1997	\$5,982,844	\$6,908,466	\$233,268	\$653,254	\$1,064,425	\$1,200,164	\$803,152	\$3,316,632	\$20,162,205
1998	\$5,858,354	\$6,959,434	\$248,499	\$624,382	\$1,093,118	\$984,836	\$860,534	\$2,891,394	\$19,520,551
1999	\$6,196,063	\$8,018,149	\$261,344	\$707,381	\$1,165,211	\$1,239,257	\$784,543	\$4,662,325	\$23,034,273
2000	\$7,761,648	\$8,573,790	\$282,611	\$636,717	\$1,301,193	\$1,366,847	\$858,730	\$9,129,477	\$29,911,013
2001	\$5,136,145	\$10,028,770	\$317,099	\$776,451	\$1,614,383	\$1,485,855	\$856,023	\$4,015,432	\$24,230,158
2002 *	\$5,962,383	\$11,538,823	\$360,111	\$906,903	\$2,017,390	\$2,892,787	\$1,541,443	\$ 0	\$25,219,840
2003 *	\$6,037,557	\$12,011,078	\$381,304	\$817,519	\$2,141,809	\$2,992,462	\$1,363,511	\$ 0	\$25,745,240

Includes all Governmental Type Funds.

Does not include Debt Service principal or interest.

* 2002 & 2003 expenditures are full accrual amounts. Current year Capital Outlay of \$7,317,537 has been allocated to the functions. All prior years presented are modified statement amounts.

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

<u>YEAR</u>	<u>MUNICIPAL INCOME TAX</u>	<u>PROPERTY LOCAL TAXES & INTERGOVERNMENTAL</u>	<u>CHARGES FOR SERVICES</u>	<u>SPECIAL ASSESSMENTS</u>	<u>FINES & FORFEITURES LIC. & PERMITS</u>	<u>INTEREST</u>	<u>MISC.</u>	<u>TOTAL</u>
1994	\$8,900,632	\$6,281,050	\$247,275	\$1,211,570	\$1,657,542	\$336,575	\$731,109	\$19,365,753
1995	\$9,830,833	\$5,802,303	\$293,874	\$1,221,769	\$1,714,555	\$540,055	\$677,215	\$20,080,604
1996	\$10,906,548	\$6,038,753	\$283,473	\$1,244,411	\$1,502,235	\$652,758	\$646,031	\$21,274,209
1997	\$11,362,875	\$6,707,915	\$309,218	\$1,363,488	\$1,833,158	\$481,815	\$797,467	\$22,855,936
1998	\$12,655,910	\$7,453,110	\$359,546	\$1,196,634	\$1,746,999	\$958,359	\$1,019,766	\$25,390,324
1999	\$12,680,563	\$8,425,916	\$379,439	\$1,177,676	\$1,725,267	\$1,247,685	\$658,128	\$26,294,674
2000	\$13,246,097	\$8,090,060	\$465,399	\$1,050,957	\$2,022,640	\$1,524,249	\$705,779	\$27,105,181
2001	\$13,354,406	\$7,773,311	\$510,914	\$999,391	\$2,048,737	\$1,169,800	\$339,659	\$26,196,218
2002 *	\$13,287,833	\$7,835,034	\$546,521	\$522,288	\$2,228,379	\$753,337	\$219,719	\$25,393,111
2003 *	\$12,803,099	\$7,382,991	\$653,144	\$527,065	\$2,234,720	\$385,766	\$53,111	\$24,039,896

Includes All Governmental Type Funds.

*2002 & 2003 revenues are full accrual amounts. All prior years are modified accrual amounts.

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

<u>TAX YEAR YEAR PAID</u>	<u>NET TAX LEVY</u>	<u>CURRENT COLLECTIONS</u>	<u>PERCENTAGE OF CURRENT COLLECTION TO NET LEVY</u>	<u>DELINQUENT COLLECTIONS</u>	<u>TOTAL COLLECTIONS</u>	<u>PERCENTAGE OF TOTAL COLLECTIONS TO NET LEVY</u>
1993-1994	\$1,314,999	\$1,294,595	98%	\$26,264	\$1,320,859	100%
1994-1995	\$1,392,165	\$1,368,613	98%	\$29,397	\$1,398,010	100%
1995-1996	\$1,412,445	\$1,366,894	97%	\$28,059	\$1,394,953	99%
1996-1997	\$1,439,406	\$1,404,326	98%	\$36,972	\$1,441,298	100%
1997-1998	\$1,485,266	\$1,454,448	98%	\$19,102	\$1,473,550	99%
1998-1999	\$1,833,757	\$1,796,616	98%	\$36,811	\$1,833,427	100%
1999-2000	\$1,836,700	\$1,822,467	99%	\$33,461	\$1,855,928	101%
2000-2001	\$1,949,795	\$1,884,905	97%	\$34,991	\$1,919,896	98%
2001-2002	\$2,042,246	\$1,940,284	95%	\$61,636	\$2,103,882	103%
2002-2003	\$2,004,503	\$1,941,218	97%	\$44,057	\$1,985,275	99%

Source: Lake County Auditor's Office

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

<u>YEAR PAID</u>	<u>AMOUNT</u> *
1994	\$421,044
1995	\$429,310
1996	\$458,409
1997	\$493,048
1998	\$526,816
1999	\$607,483
2000	\$644,261
2001	\$640,381
2002	\$767,746
2003	\$606,670
UNCOLLECTED AS OF 12-31-03	\$87,348

Source: Lake County Auditor's Office
 * Not including \$10,000 Exempt

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

Assessed Valuation (1)

<u>TAX YEAR</u>	<u>YEAR PAID</u>	<u>REAL PROPERTY</u>	<u>OTHER REAL ESTATE & PUBLIC UTILITY PROPERTY</u>	<u>TANGIBLE PERSONAL PROPERTY</u>	<u>ASSESSED TOTAL</u>
1993	1994	\$167,464,330	\$137,666,100	\$64,003,028	\$369,133,458
1994	1995	\$187,049,360	\$143,162,970	\$62,121,860	\$392,334,190
1995	1996	\$191,170,030	\$145,241,020	\$64,686,327	\$401,097,377
1996	1997	\$195,732,390	\$149,773,760	\$75,274,034	\$420,780,184
1997	1998	\$232,995,960	\$148,235,870	\$80,742,082	\$461,973,912
1998	1999	\$236,618,180	\$156,943,480	\$89,622,109	\$483,183,769
1999	2000	\$239,993,720	\$160,415,160	\$88,382,847	\$488,791,727
2000	2001	\$272,028,680	\$180,290,940	\$94,429,869	\$546,749,489
2001	2002	\$278,452,040	\$181,886,770	\$100,628,958	\$560,967,768
2002	2003	\$282,336,240	\$185,031,020	\$108,073,950	\$575,441,210

The current assessed valuation is computed at approximately the following percentages of estimated true value: real property - 35%, public utilities - 100%, and tangible personal property and equipment - 42%.

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

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

<u>TAX YEAR</u>	<u>YEAR PAID</u>	<u>ESTIMATED TRUE VALUES</u>
1993	1994	\$478,469,514
1994	1995	\$534,426,743
1995	1996	\$546,200,086
1996	1997	\$559,235,400
1997	1998	\$665,702,077
1998	1999	\$676,051,267
1999	2000	\$685,695,657
2000	2001	\$777,224,023
2001	2002	\$795,576,462
2002	2003	\$806,674,165

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

<u>TAX YEAR</u>	<u>YEAR PAID</u>	<u>COUNTY LEVY</u>	<u>SCHOOL LEVY</u>	<u>CITY LEVY</u>	<u>TOTAL LEVY</u>	DEBT SERVICE INCLUDED IN TOTAL LEVY	
						<u>CITY LEVY</u>	<u>TOTAL LEVY</u>
1993	1994	13.90	45.11(1)	6.55	65.56	1.70	2.12
1994	1995	14.00	48.31(1)	6.55	68.86	2.05	2.05
1995	1996	14.00	47.71(1)	6.55	68.26	2.05	2.05
1996	1997	14.00	47.92(1)	6.55	68.47	2.05	2.42
1997	1998	14.10	47.01(1)	6.29	67.40	2.19	2.46
1998	1999	15.60	47.01(1)	7.19	69.80	3.09	3.36
1999	2000	15.70	47.73(2)	7.19	70.62	3.09	3.34
2000	2001	15.70	47.14(2)	6.91	69.75	2.65	2.89
2001	2002	15.70	47.07(2)	6.91	69.68	2.65	2.89
2002	2003	15.70	46.89(2)	6.89	69.48	2.63	2.87

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

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

Source: Lake County Auditor's Office

CITY OF WILLOUGHBY, OHIO
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS

<u>YEAR</u>	<u>AMOUNT</u>
1994	\$ 1,266,044
1995	\$ 1,220,160
1996	\$ 1,251,738
1997	\$ 1,320,306
1998	\$ 1,258,444
1999	\$ 1,208,381
2000	\$ 1,077,154
2001	\$ 1,054,801
2002	\$ 1,000,035
2003	\$ 882,210
Uncollected as of 12/31/2003(1)	\$ 45,280

(1) Includes penalty and interest.

Source: Lake County Auditor's Office

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

<u>TAX YEAR</u>	<u>YEAR PAID</u>	<u>BONDED DEBT (NOTE 1)</u>	<u>NET BONDED DEBT</u>	<u>ASSESSED VALUE (NOTE 3)</u>	<u>POPULATION (NOTE 2)</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</u>	<u>NET BONDED DEBT PER CAPITA</u>
1993	1994	\$10,183,708	\$6,842,457	\$369,133,458	21,271	1.85%	\$322
1994	1995	\$9,845,914	\$6,387,594	\$392,334,190	21,271	1.63%	\$300
1995	1996	\$12,264,119	\$10,894,119	\$401,097,377	21,271	2.72%	\$512
1996	1997	\$11,333,325	\$8,592,565	\$420,780,184	21,734	2.04%	\$395
1997	1998	\$10,396,530	\$8,022,550	\$461,973,912	21,734	1.74%	\$369
1998	1999	\$15,524,735	\$13,517,535	\$483,183,769	21,494	2.80%	\$629
1999	2000	\$14,430,071	\$12,784,719	\$488,791,727	22,621	2.62%	\$565
2000	2001	\$13,390,023	\$12,082,073	\$546,749,489	22,621	2.21%	\$534
2001	2002	\$12,314,301	\$11,343,754	\$560,967,768	22,621	2.02%	\$501
2002	2003	\$17,656,514	\$16,934,651	\$575,441,210	22,621	2.94%	\$749

Note 1. All Bonded Debt of the City of Willoughby is backed by the full faith and credit of the City. However, those issues that have been in the past and currently are supported by Enterprise Activities are not included in the Net General Bonded Debt.

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

Note 3. Page S5 Assessed Valuations and True Estimated Values last ten years.

CITY OF WILLOUGHBY, OHIO
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2003

	<u>2003</u>	<u>2002</u>
Overall Debt Limitation - 10.5% of Assessed Valuation	\$ 60,421,327	\$ 58,901,616
Gross Indebtedness	\$ 32,830,265	\$ 26,498,537
Less: OWDA	\$ (6,485,430)	\$ (5,777,083)
OPWC	\$ (504,837)	\$ (376,455)
Unvoted Special Assessment Note & Bond	\$ (5,171,863)	\$ (5,065,547)
Sewer System Debt	\$ (616,029)	\$ (684,476)
Recreation	\$ (3,065,000)	\$ (3,150,000)
	<u>\$ (15,843,159)</u>	<u>\$ (15,053,561)</u>
Net Debt Within 10.5% Limitations	\$ 16,987,106	\$ 11,444,976
Legal Debt Margin Within 10.5% Limitation*	<u>\$ 43,434,221</u>	<u>\$ 47,456,640</u>
Unvoted Debt Limitation - 5.5% of Assessed Valuation	<u>\$ 31,649,267</u>	<u>\$ 30,853,227</u>
Gross Indebtedness Authorized by Council	\$ 16,934,651	\$ 11,343,754
Less Debt Outside Limitations (Voted)	<u>\$ (5,715,000)</u>	<u>\$ (5,940,000)</u>
Debt Within 5.5% Limitations	<u>\$ 11,219,651</u>	<u>\$ 5,403,754</u>
Legal Debt Margin Within 5.5% Limitation*	<u>\$ 20,429,616</u>	<u>\$ 25,449,473</u>

* Calculated without regard to balance in Debt Service Funds.

CITY OF WILLOUGHBY, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2003
(UNAUDITED)

	<u>ASSESSED VALUATION (1)</u>	<u>NET GENERAL TAX SUPPORTED DEBT (2)</u>	<u>PERCENT OVERLAPPING</u>	<u>AMOUNT APPLICABLE TO CITY OF WILLOUGHBY</u>
Direct:				
City of Willoughby	\$ 575,441,210	\$ <u>16,934,651</u>	100.00%	\$ <u>16,934,651</u>
Overlapping:				
Willoughby-Eastlake City Schools	\$ 1,532,711,153	\$ 2,205,000	37.54%	\$ 827,757
Kirtland Local School District	\$ 12,330,170.00	\$ 1,000,000	4.72%	\$ 47,200
Auburn Joint Vocational S.D.	\$ 12,330,170.00	\$ 1,234,336	0.60%	\$ 7,406
Lake County	\$ 5,569,264,708	\$ <u>15,085,000</u>	10.33%	\$ <u>1,558,280</u>
Total Overlapping		\$ <u>19,524,336</u>		\$ <u>2,440,643</u>
Total		\$ <u>36,458,987</u>		\$ <u>19,375,294</u>

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

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

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

<u>YEAR</u>	<u>DEBT SERVICE PRINCIPAL ON GENERAL OBLIGATIONS DEBT</u>	<u>GENERAL GOVERNMENTAL EXPENDITURES</u>	<u>RATIO</u>
1994	\$435,015	\$19,311,090	2.25%
1995	\$428,474	\$18,209,240	2.35%
1996	\$434,025	\$19,781,887	2.19%
1997	\$538,825	\$20,162,205	2.67%
1998	\$543,825	\$19,520,551	2.79%
1999	\$808,625	\$23,034,273	3.51%
2000	\$728,625	\$29,911,013	2.44%
2001	\$718,320	\$24,230,158	2.96%
2002	\$738,320	\$25,219,840	2.93%
2003	\$759,103	\$25,745,240	2.95%

CITY OF WILLOUGHBY, OHIO
DEMOGRAPHIC STATISTICS
1960-2000

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

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

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

<u>FISCAL YEAR</u>	<u>BANK DEPOSITS AT DECEMBER 31 (1)</u>	<u>BUILDING PERMITS ISSUED (2)</u>	<u>REGISTERED VOTERS NOVEMBER ELECTION (3)</u>
1994	\$20,885,453,000	\$19,317,849	12,463
1995	\$22,458,573,000	\$41,361,045	12,805
1996	\$27,068,211,000	\$25,859,734	13,993
1997	\$53,941,971,000	\$51,307,636	13,969
1998	\$58,904,596,000	\$49,588,697	14,173
1999	\$57,816,942,000	\$43,172,684	14,045
2000	\$61,942,764,000	\$24,978,787	14,210
2001	\$63,893,769,000	\$20,512,243	14,333
2002	\$95,760,917,000	\$33,813,587	14,737
2003	\$97,238,973,000	\$42,498,618	14,277

Sources: 1. Federal Reserve Bank of Cleveland

2. Willoughby Building Department

3. Lake County Board of Elections

CITY OF WILLOUGHBY, OHIO
PRINCIPAL TAXPAYERS
2003

<u>TAXPAYER</u>	<u>DESCRIPTION</u>	<u>REAL PROPERTY TAXABLE VALUATION</u>	<u>% OF TOTAL PROPERTY TAXABLE VALUATION</u>
<u>Real Property</u>			
Tam-A-Rac Estates	Apartments	7,188,360	1.25%
Ohio Presbyterian	Sr. Citizens Ret. Facility	4,346,380	0.76%
Kirtland Country Club	Private Club	4,282,130	0.74%
First Interstate	Real Estate Investors/Developers	3,994,930	0.69%
Sam's Investment Inc.	Motel	3,341,740	0.58%
Friedman Properties LTD	Multi-Family Bldgs.	2,506,690	0.44%
West Point Partners	Shopping Center	2,480,600	0.43%
Pine Ridge Apt. Co. II LTD	Apartment Building	2,411,500	0.42%
GE Quartz Inc.	Industrial	2,373,370	0.41%
Kaiser Foundation	Medical Building	2,353,220	0.41%
<u>Personal Property</u>			
GE Quartz Inc.	Industrial Quartz Plant	17,174,940	2.98%
Nupro	Valves and Pipe Fittings	15,172,590	2.64%
Metal Seals & Products	Screw Machining Products	4,687,650	0.81%
Ekohwerks Co.	Finishing	2,726,880	0.47%
Accurate Metal Machine	Bar Stock Production	2,226,720	0.39%
Steel Technologies Corp.	Steel Warehouse	2,149,000	0.37%
Universal Screw Machine	Machine Shop	1,934,570	0.34%
Willow Hill Industries	Mfg. of Tubular Forgings	1,738,000	0.30%
Leiken Oldsmobile Inc.	Automobile Dealership	1,687,330	0.29%
Stoddard Imported Cars Inc.	Automotive Dealer	1,534,300	0.27%
Bud Industries Inc.	Electrical Enclosures Mfg.	1,344,360	0.23%
BJS Wholesale Club	Wholesale Sales	1,263,650	0.22%
<u>Public Utility (Real and Tangible Personal)</u>			
Cleveland Electric Illuminating	Electric	7,391,850	1.28%
Ohio Bell Telephone	Telephone	6,390,060	1.11%
American Transmission System	Electric	973,190	0.17%
East Ohio Gas	Natural Gas	409,460	0.07%
CSX Transportation	Railroad	335,450	0.06%
Level 3 Communications	Telecommunications	219,840	0.04%
Norfolk & Southern	Railroad	122,500	0.02%
Sprint Communications	Telecommunications	91,910	0.02%
SprintCom Inc	Telecommunications	86,350	0.02%
Ohio Telephone & Telegraph	Telecommunications	71,490	0.01%
Total of Above		\$ 105,011,010	18.24%
Total Property Values		\$ 575,441,210	100.00%

Based on Valuation of Property for Taxes to be collected in 2003.

Source: Lake County Auditor's Office

CITY OF WILLOUGHBY, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2003

Date of Village Incorporation	August 3, 1853
Date of City Charter	June 19, 1951
Form of Government	Mayor-Council
Area	9.9 Square Miles
Miles of Streets	89
Number of Street Lights	2920

Fire Protection:

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

Police Protection:

Number of Stations	1
Number of Police Officers	45

Hospitals:

Lake West Hospital	241 Beds
Laurelwood Hospital	160 Beds

Airport

2 Runways
Asphalt/Concrete
5,000 Feet Each

Sewers:

Sanitary Sewers	93 Miles
Storm Sewers	92 Miles

Recreation and Culture:

Number of Parks	13 with 186 Acres
Swimming Pools	2 Large, 1 Small
Ballfields	21 with 7 Lighted
Golf Course	18 holes, 141 Acres
Tennis Courts	12

Traffic Lights

354

Cemeteries

2 with 50 Acres

CITY OF WILLOUGHBY, OHIO
SALARIES OF PRINCIPAL OFFICIALS
DECEMBER 31, 2003

<u>Title</u>	<u>Annual Salary</u>
Mayor and Safety Director	\$78,045
President of City Council	\$7,200
Council Members	\$6,000
Director of Public Service	\$73,738
Director of Finance	\$77,773
Director of Parks and Recreation	\$68,218
Judge of Municipal Court	\$63,250
Clerk of Court	\$87,339
Chief of Police	\$92,847
Chief of Fire	\$91,567

SURETY BOND COVERAGE
DECEMBER 31, 2003

<u>POSITION</u>	<u>COVERAGE</u>	<u>Amount</u>
Director of Finance	Public Official Bond State Automobile Mutual Insurance Co.	\$40,000
All Employees	Public Employee Dishonesty Blanket Bond CNA Insurance Co. (Wichert Insurance Services Inc.)	\$100,000



History, Family, Fun, Progress

THE CITY OF WILLOUGHBY

Printed on Recycled Paper



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF WILLOUGHBY

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 20, 2004**