



Dave Yost • Auditor of State

**CITY OF WILLOUGHBY
LAKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	1

This page intentionally left blank.



Dave Yost • Auditor of State

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willoughby, Lake County, Ohio, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 26, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

May 26, 2017

THE CITY OF WILLOUGHBY, OHIO

Comprehensive Annual

2016



FINANCIAL REPORT



FOR THE YEAR ENDED DECEMBER 31, 2016

This page intentionally left blank.

2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2016

The City of
Willoughby, Ohio

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

Director of Finance
Raymond J. Rogowski

Deputy Finance Director
Diane C. Bosley, CPA

Staff Accountant
Cher Hoffman

Administrative Assistant
Mia A. Cook

Finance Staff
Nancy Kukoleck
Veronica Novotney
Christine Pedersen
Debbie Schreibman

This page intentionally left blank.

The City of
Willoughby, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page with Staff	i
Table of Contents.....	ii
Letter of Transmittal	v
Organizational Chart.....	ix
List of Principal Officials	x
GFOA Certificate of Achievement	xi

FINANCIAL SECTION

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	5

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position.....	18
Statement of Activities	19

Fund Financial Statements:

Balance Sheet ~ Governmental Funds.....	20
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures, and Changes in Fund Balance ~ Budget (Non-GAAP Basis) and Actual ~ General Fund.....	24
Statement of Net Position ~ Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Net Position ~ Proprietary Funds	26
Statement of Cash Flows ~ Proprietary Funds	27
Statement of Fiduciary Assets and Liabilities ~ Fiduciary Funds	29

<i>Notes to the Basic Financial Statements</i>	30
---	----

This page intentionally left blank.

TABLE OF CONTENTS

Required Supplementary Information:

Schedule of the City’s Proportionate Share of the Net Pension Liability–OPERS.....	80
Schedule of the City’s Proportionate Share of the Net Pension Liability-OP&F.....	81
Schedule of City Contributions-OPERS.....	82
Schedule of City Contributions-OP&F.....	83

Supplemental Information

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

Major Funds

General Fund.....	85
Capital Projects Fund.....	86
General Bond Retirement Fund.....	87
Golf Course Fund.....	88
Sewer Fund.....	89

Combining Statements and Individual Fund Schedules:

Combining Statements ~ Nonmajor Funds

Fund Descriptions.....	90
Combining Balance Sheet ~ Nonmajor Governmental Funds.....	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances ~ Nonmajor Governmental Funds.....	93
Combining Balance Sheet ~ Nonmajor Special Revenue Funds.....	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances ~ Nonmajor Special Revenue Funds.....	96

Nonmajor Funds

Fire Pension Fund.....	98
Police Pension Fund.....	99
Law Enforcement Fund.....	100
Recreation Fund.....	101
Street Construction Maintenance and Repair Fund.....	102
State Highway Fund.....	103
Road and Bridge Fund.....	104
Corporate Maintenance Fund.....	105
Enforcement and Education Fund.....	106
Indigent Drivers Treatment Fund.....	107
Court Computer Fund.....	108
General Special Projects Fund.....	109
Special Projects DUI Fund.....	110
Urban Forest Management Fund.....	111
Victims Assistance Fund.....	112
Police Continuing Professional Training Fund.....	113
Street Lighting Fund.....	114
Special Assessments Fund.....	115
Cemetery Care Fund.....	116
Workers’ Compensation Retro Rating Fund.....	117

This page intentionally left blank.

TABLE OF CONTENTS

Combining Statements ~ Fiduciary Funds	
Fund Descriptions.....	118
Combining Statement of Changes in Assets and Liabilities ~ Agency Funds.....	119

STATISTICAL SECTION

Net Position by Component ~ Last Ten Years.....	S2
Changes in Net Position ~ Last Ten Years.....	S3-S4
Governmental Activities Tax Revenues by Source ~ Last Ten Years.....	S5
Fund Balances of Governmental Funds ~ Last Eight Years.....	S6
Fund Balances of Governmental Funds ~ Prior Two Years.....	S7
Changes in Fund Balances of Governmental Funds ~ Last Ten Years.....	S8
General Governmental Tax Revenues by Source ~ Last Ten Years.....	S9
Income Tax Revenue Base and Collections ~ Last Ten Years.....	S10
Top Ten Income Tax Withholders and Top Fifty Withholders by Classification Current Year and Nine Years Ago.....	S10
Assessed Value and Estimated Actual Value of Taxable Property ~ Last Ten Years.....	S11
Property Tax Rates ~ Direct and Overlapping Governments ~ Last Ten Years.....	S12
Property Tax Levies and Collections ~ Real and Public Utility Only ~ Last Ten Years	S13
Ratio of Outstanding Debt by Type ~ Last Ten Years.....	S14
Ratio of General Bonded Debt Outstanding ~ Last Ten Years.....	S15
Direct and Overlapping General Obligation Bonded Debt.....	S16
Legal Debt Margin Information ~ Last Ten Years	S17
Pledged - Revenue Coverage ~ Last Ten Years.....	S18
Demographic and Economic Statistics ~ Last Ten Years	S19
Income Tax Filers by Income Level ~ Tax Years 2015 and 2007.....	S20
Full Time City Employees by Function/Program ~ Last Ten Years.....	S21
Operating Indicators by Function/Program ~ Last Ten Years.....	S22
Capital Asset Statistics by Function/Program ~ Last Ten Years.....	S23

This page intentionally left blank.



City Of Willoughby

David E. Anderson
Mayor and Safety Director

May 26, 2017

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, 2016 is hereby submitted. State law requires that all public offices shall file a financial report for each fiscal year. The law also requires that the report be submitted within one hundred fifty days of the close of the fiscal year.

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

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

The City's financial statements have been audited by Dave Yost, Auditor of State for the State of Ohio. The goal of the audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2016, are free of material misstatement. The audit involved testing evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluation of the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2016, are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

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

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

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

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

- ◆ police and fire protection
- ◆ parks
- ◆ sanitary sewers
- ◆ 18-hole municipal golf course
- ◆ the construction and maintenance of roads and other infrastructure
- ◆ cultural and recreation activities

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

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

LOCAL ECONOMY

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

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

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

MAJOR INITIATIVES

The City continues work on various sanitary sewer projects and WPCC plant modernization in 2016. The City has also undertaken some follow-up work as a result of a storm sewer study which will begin construction in 2017. Approximately \$1.4 million dollars was spent on road rehabilitation and resurfacing through a tax levy provided by the voters of the City which was renewed for 5 years in 2016.

RELEVANT FINANCIAL POLICIES

Union contracts were negotiated and completed in 2016. The three-year contracts were settled with 2.5% wage increases in each year and an increase in employee share of health insurance costs.

LONG TERM FINANCIAL PLANNING

The City implemented a storm water fee to assist in funding future infrastructure projects. This fee is collected by the Lake County Storm Water Authority as a special assessment on property tax bills. The fee is expected to generate approximately \$700,000 annually after administrative costs, which may be used for financing and direct payment of storm water projects.

The City established a formal self-insurance program for liabilities arising from the City's participation in the State's Workers' Compensation Retrospective Rating Plan that began in 2014. The City, because of previous exposure, expected to see a significant increase in rates and chose to prefund liabilities in 2013. The effect of this prefunding is to smooth costs now and into the future.

In 2015 and 2016, the City went back into the State Fund. The State Fund is changing to a prospective rating and collection system which will allow the City a 50% credit on its rate for those two years.

AWARDS & ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Willoughby for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015. This was the 30th consecutive year that the City of Willoughby has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City of Willoughby published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Raymond J. Rogowski
Finance Director



Diane C. Bosley, CPA
Deputy Finance Director

THE CITY OF WILLOUGHBY, OHIO

Enriched by its History



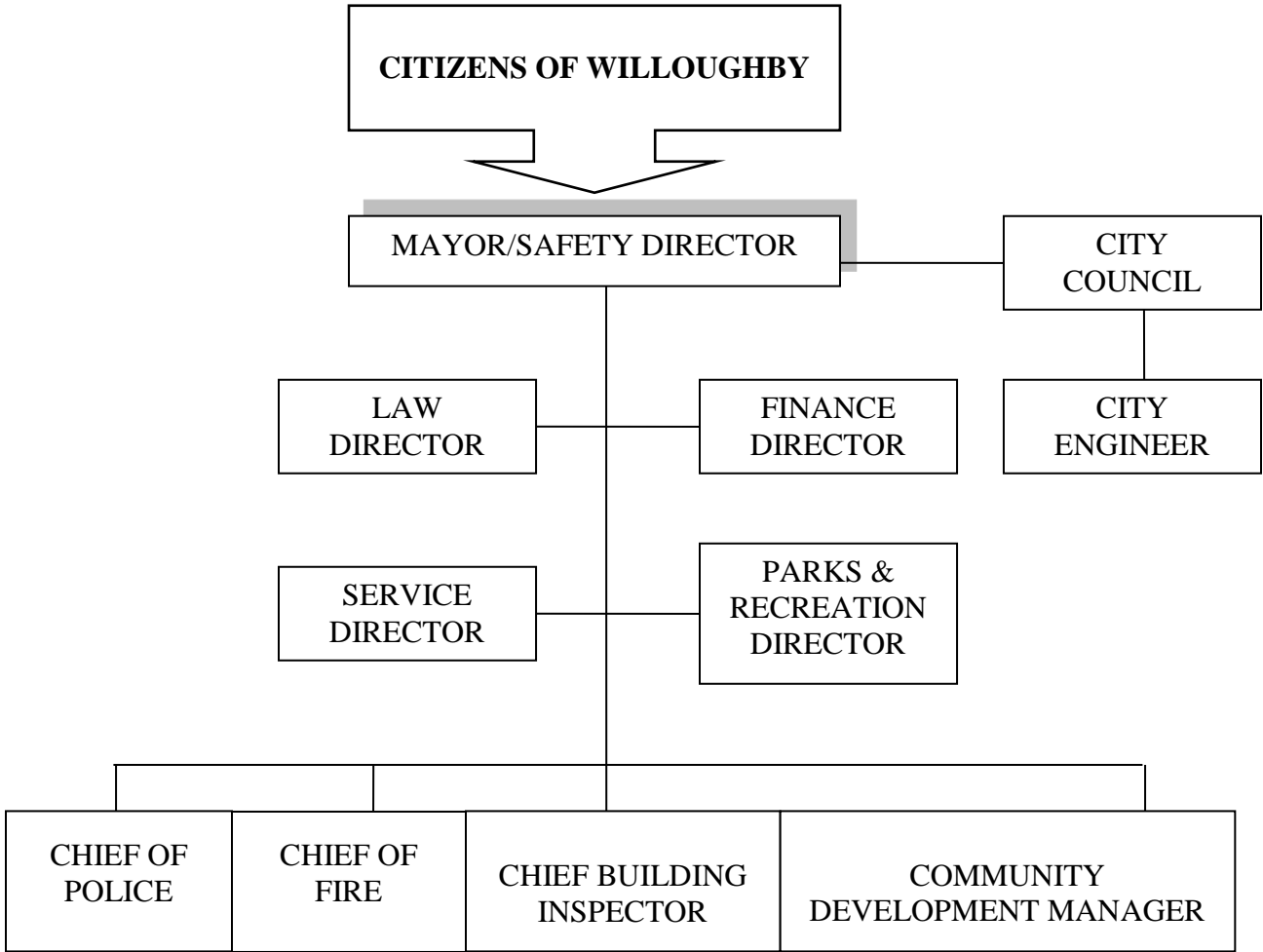
PREPARED FOR ITS FUTURE



This page intentionally left blank.

ORGANIZATIONAL CHART

The City of
Willoughby, Ohio



This page intentionally left blank.

ELECTED & APPOINTED OFFICIALS

The City of
Willoughby, Ohio

Mayor
David E. Anderson

CITY COUNCIL

Ward 5
Jerome P. Ranally / President

Ward 1
Christopher W. Woodin

Ward 3
Robert A. Fiala

Ward 6
Robert J. Harrold

Ward 2
Steve T. Norris

Ward 4
Robert E. Carr

Councilman-At-Large
Jeffrey H. Black

Director of Finance
Raymond J. Rogowski

Director of Public Service
Angelo Tomaselli

Director of Law
John W. Wiles

*Director of
Parks & Recreation*
Judean Banker



Government Finance Officers Association

**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, 2015

Executive Director/CEO

THE CITY OF WILLOUGHBY, OHIO



FINANCIAL INFORMATION





The City of Willoughby™



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willoughby, Lake County, Ohio, (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willoughby, Lake County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

May 26, 2017



The City of Willoughby™

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
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, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the transmittal letter, financial statements and the notes to those financial statements to enhance their understanding of the City's performance.

Financial Highlights

The assets and deferred outflows of resources of the City of Willoughby exceeded liabilities and deferred inflows by \$61,795,523. Assets and deferred outflows of resources in Governmental activities exceeded liabilities and deferred inflows of resources by \$35,832,571 and by \$25,962,952 in Business-Type activities. The total assets and deferred outflows of the City increased by \$6,558,611.

Total liabilities and deferred inflows of resources of the City of Willoughby increased \$7,301,803 as compared to 2015. The total liabilities and deferred inflows of resources of governmental activities increased by \$6,652,984 and the total liabilities and deferred inflows of business type-activities increased by \$648,819.

As a result of the reporting requirements of GASB 68, the City is showing a deficit total net position unrestricted of \$16,211,497. The deficit increased by \$1,041,017 in Governmental activities and increased by \$323,376 in Business-Type activities. More information regarding these reporting changes follows in this analysis.

The overall financial condition of the City reflects a reduction of \$743,192 in comparing the net position of 2016 to 2015. Governmental Activities decreased by \$1,267,364 while Business-Type activities increased by \$524,172.

GASB Statement 68 Reporting Standard

In 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City’s statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan’s change in net pension liability not accounted for as deferred inflows/outflows. The City reports a net pension asset and liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. Due to a revision in Ohio Police and Fire Pension Fund census information provided to its actuary, net pension liability needed to be restated for 2015 in the amount of \$449,717.

Using This Annual Financial Report

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

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

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

The statement of net position presents information on all the City’s non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, nonfinancial

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

factors such as the City's tax base, change in property and income tax laws, and the condition of the capital assets should also be considered.

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

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

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

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

Government-wide financial statements can be found starting on page 18 of this report.

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

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

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

The City maintains 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

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 of governmental funds.

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

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

Proprietary Funds - 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 and Golf Course fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally to the City's various functions. The City has one Internal Service Fund to account for workers' compensation coverage.

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 and Golf Course funds as they are considered major and for the Internal Service Fund.

The basic proprietary fund financial statements can be found starting on page 25 of this report.

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 30 of this report.

Other Information

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

After the notes to the basic financial statements, this report presents required supplementary information concerning the City of Willoughby's proportionate share of net pension liability and required pension contributions. Required supplementary information can be found starting on page 80.

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

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 85 of this report.

Government-wide Financial Analysis

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

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

The City of Willoughby as a Whole

By far, the largest portion of the City's net position, at 11.36% greater value, is its investment in capital assets (e.g. land, infrastructure, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses those capital assets to provide services to its citizens; consequently these assets are not available for future spending. Although the City's investment is reported net of related debt and any deferred outflows/inflows of resources, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. The following table provides a summary of the City's net position for 2016 compared to 2015.

	City of Willoughby's Net Position					
	Governmental Activities		Business-type Activities		Total Government	
	2016	2015-Restated	2016	2015	2016	2015-Restated
Current and other assets	28,985,342	28,293,236	2,567,085	2,765,583	31,552,427	31,058,819
Capital assets	58,052,779	58,551,745	35,894,809	35,184,643	93,947,588	93,736,388
Total Assets	87,038,121	86,844,981	38,461,894	37,950,226	125,500,015	124,795,207
Total Deferred Outflows of Resources	8,681,342	3,488,862	1,016,578	355,255	9,697,920	3,844,117
Current and other liabilities	8,183,760	7,257,005	434,915	262,598	8,618,675	7,519,603
Long term liabilities outstanding	48,009,548	42,653,936	12,997,578	12,571,014	61,007,126	55,224,950
Total Liabilities	56,193,308	49,910,941	13,432,493	12,833,612	69,625,801	62,744,553
Total Deferred Inflows of Resources	3,693,584	3,322,967	83,027	33,089	3,776,611	3,356,056
Net Position:						
Net Investment in						
Capital Assets	42,414,005	41,766,961	26,403,085	25,317,880	68,817,090	67,084,841
Restricted	8,825,243	9,698,634	364,687	602,344	9,189,930	10,300,978
Unrestricted (deficit)	(15,406,677)	(14,365,660)	(804,820)	(481,444)	(16,211,497)	(14,847,104)
Total Net Position	35,832,571	37,099,935	25,962,952	25,438,780	61,795,523	62,538,715

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

An additional portion of the City's net position, \$9,189,930 represents resources that have been restricted on how they may be used. The remaining balance of net position unrestricted may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City reported a deficit for net position unrestricted of \$16,211,497.

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

City of Willoughby's Change in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	5,119,863	4,927,482	6,352,523	6,497,508	11,472,386	11,424,990
Operating Grants & Contributions	196,618	96,446			196,618	96,446
Capital Grants & Contributions	2,149,507	336,200	625,078	309,023	2,774,585	645,223
General Revenues						
Municipal Income Taxes	17,483,183	17,007,870			17,483,183	17,007,870
Property & Other Local Taxes	4,234,340	4,242,110			4,234,340	4,242,110
Grants & Entitlements	2,754,687	2,640,770			2,754,687	2,640,770
Investment Earnings	287,566	329,411	9,347	3,988	296,913	333,399
Miscellaneous	218,199	217,445	21,881	23,540	240,080	240,985
Total Revenues	32,443,963	29,797,734	7,008,829	6,834,059	39,452,792	36,631,793
Expenses						
General Government	7,502,423	7,437,293			7,502,423	7,437,293
Security of Persons & Property	16,929,668	15,543,902			16,929,668	15,543,902
Public Health & Welfare	472,575	410,397			472,575	410,397
Community Environment	960,453	886,979			960,453	886,979
Leisure Time Activities	2,303,814	2,246,715			2,303,814	2,246,715
Transportation	4,568,262	4,552,886			4,568,262	4,552,886
Basic Utility Services	685,382	539,358			685,382	539,358
Interest & Fiscal Charges	288,750	356,904			288,750	356,904
Golf Course			990,974	951,386	990,974	951,386
Sewer			5,493,683	5,401,340	5,493,683	5,401,340
Total Expenses	33,711,327	31,974,434	6,484,657	6,352,726	40,195,984	38,327,160
Change in Net Position	(1,267,364)	(2,176,700)	524,172	481,333	(743,192)	(1,695,367)
Net Position Beginning of Year- Restated	37,099,935	N/A	25,438,780	24,957,447	62,538,715	N/A
Net Position End of Year	35,832,571	37,099,935	25,962,952	25,438,780	61,795,523	62,538,715

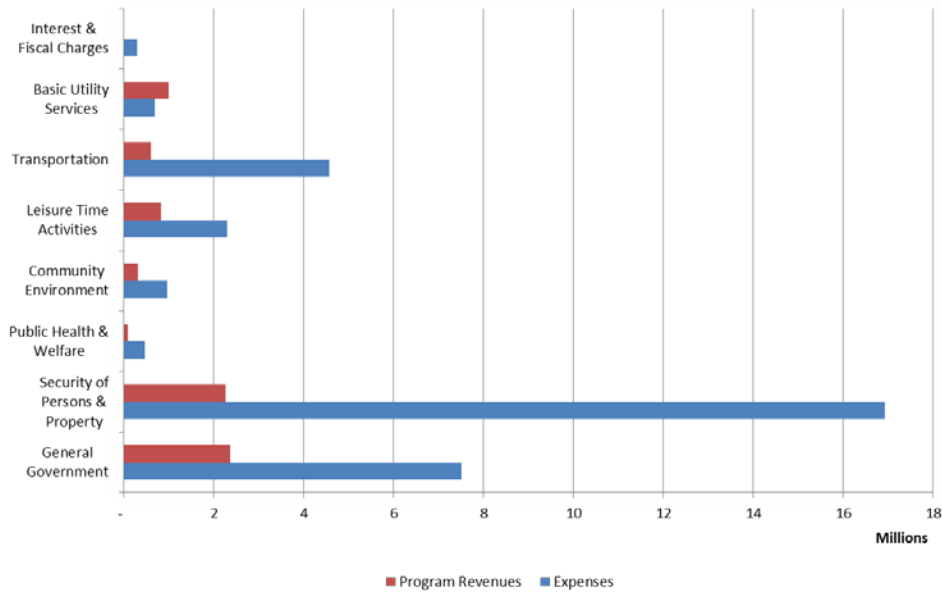
Governmental Activities

Income tax in governmental activities was up 2.8%. Grants and Entitlements increased by 4.3%. Investment earnings decreased by 12.7% in 2016. Capital Grants and Contributions increased by 540% with the receipt of several large equipment grants, storm sewer projects grants and donated infrastructure from new developments within the City in 2016 compared with 2015.

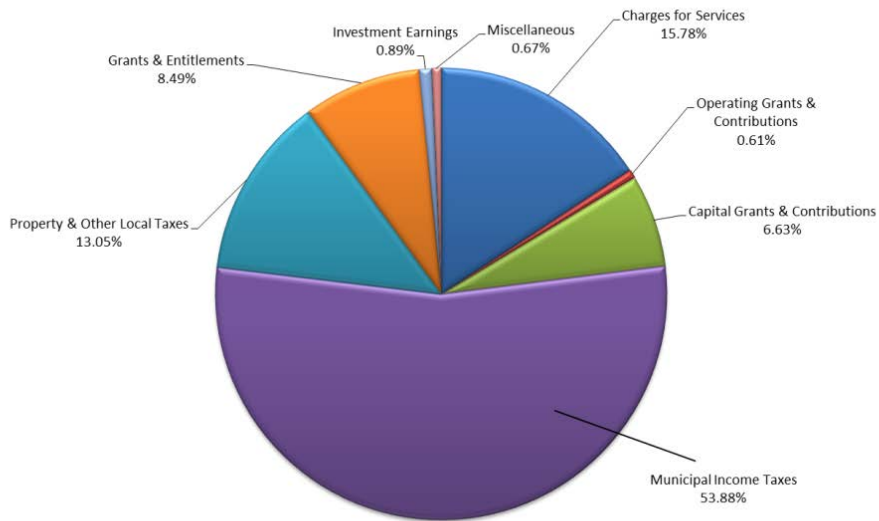
CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

Expenses in governmental activities increased overall by 5.4%. The largest percentage increase was for Basic Utility Services which is attributable to a storm sewer cleaning for \$92,000. Security of persons increased most significantly for pension liability.

Expenses & Program Revenues - Governmental Activities



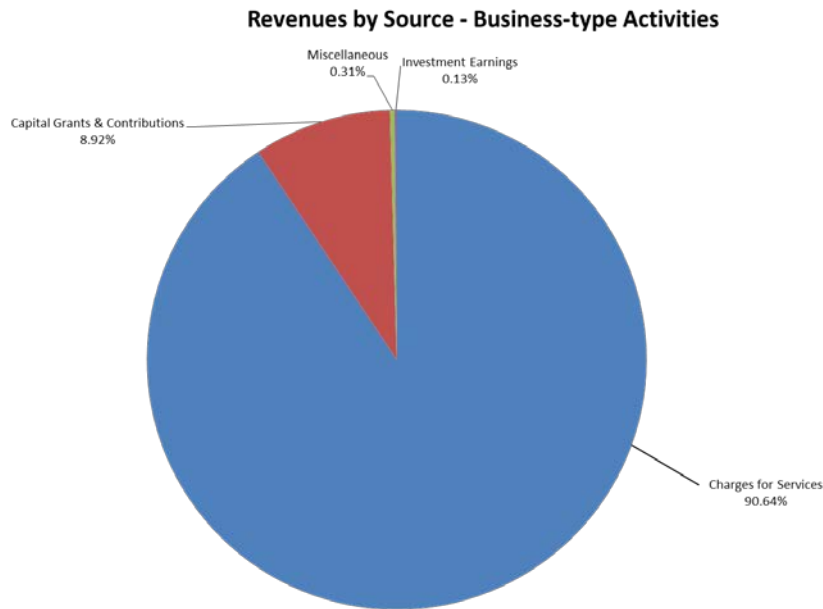
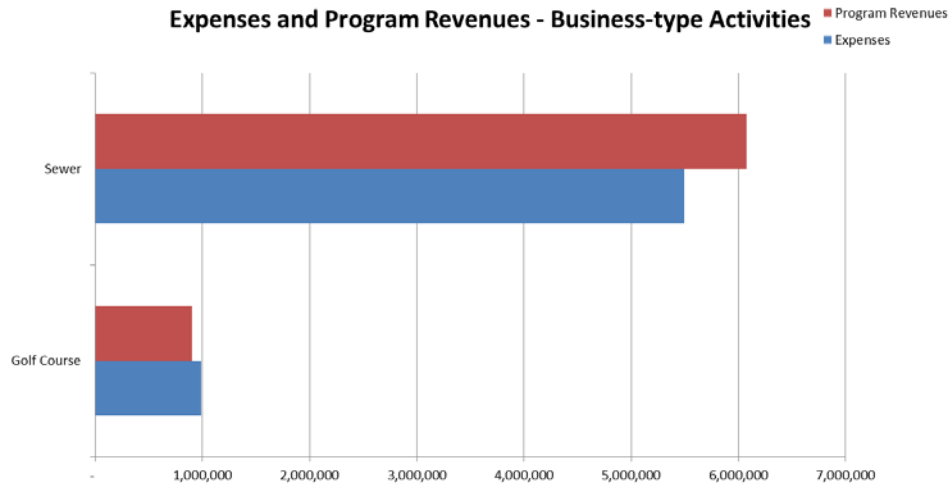
Revenues by Source - Governmental Activities



CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

Business-Type Activities

Business-type activities account for 42% of the City of Willoughby's total net position. The Golf Course saw decreased revenues in 2016 while the Sewer funds saw an increase. Capital Grants and Contributions increased 102% in 2016 with donated improvements and new sanitary sewer projects funding. Business-type expenses increased by 2% overall in 2016 compared to 2015. Golf Course and Sewer expenses increased 4.16% and 1.71% respectively.



CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

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

At the end of the current fiscal year, the City of Willoughby's governmental funds report combined ending fund balances of \$12,525,240. This is \$586,352 lower than in 2015. The General Fund had nearly flat revenue therefore only required operating transfers and a small capital transfer were made in 2016. On the other side, the Capital Fund balance decreased by \$623,763 but was able to increase purchases because of several large equipment grants and a donation. The General Bond Fund Balance increase is mainly attributable to transfers and revenues exceeding the debt payment requirements. Nonspendable fund balance of \$615,089 includes interfund loans, prepaids, inventory, and cemetery investments. Fund balances in the amount of \$3,953,299 are restricted primarily for debt service, roads and infrastructure, municipal court purposes, and drug and alcohol enforcement. Committed fund balance of \$819,232 is for capital improvements, which is a decrease over 2015 and includes storm water management projects. Assigned fund balance of \$1,526,179 includes nearly \$1 million for future severance payments and other operating amounts for all of the program functions of government in the General Fund. Unassigned fund balance of \$5,611,441 represents all of the remaining funds, \$8,447,098 of the General Fund reduced by the deficit unassigned balance (\$2,835,657) of the Capital Projects fund.

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

Unrestricted net position of the Golf Course fund reflects a deficit of (\$1,439,869) compared to (\$1,296,207) in 2015. The amount due to other funds increased to \$1,028,903 with an additional \$115,000 provided for debt payments by the General Bond Fund. Unrestricted net position of the Sewer fund decreased from \$814,763 in 2015 to \$635,049 in 2016.

General Fund Budgetary Highlights -The year saw revenues just over the amount forecasted by \$332,199 and expenditures \$2,124,066 under the amounts requested. Income tax was less than budgeted by \$11,839. The City Administration and Council continue to closely monitor and tighten expenditures by the General fund

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

departments. The City chooses to operate within its original budget framework even though some forecasts may be exceeded on the revenue side and expenditures will be contained.

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2016, was \$93,947,588 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, as well as infrastructure including roads, sidewalks, bridges, traffic signals, street lights, storm sewers, curbs and gutters.

The City's investment in capital assets reflects an increase of 1.9% over the prior year for governmental activities and increased over 3.1% for business-type activities. These changes are calculated before depreciation.

	City of Willoughby's Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	7,583,203	7,583,203	2,673,107	2,673,107	10,256,310	10,256,310
Construction in Progress	5,828,018	5,003,434	820,743	294,479	6,648,761	5,297,913
Buildings	22,469,414	22,380,253	20,207,269	20,222,175	42,676,683	42,602,428
Improvements	14,638,062	14,566,076	43,553,290	42,025,978	58,191,352	56,592,054
Machinery & Equipment	12,603,467	11,870,766	5,210,294	5,067,946	17,813,761	16,938,712
Infrastructure	52,118,043	51,648,005			52,118,043	51,648,005
Total Capital Assets	115,240,207	113,051,737	72,464,703	70,283,685	187,704,910	183,335,422
Accumulated Depreciation	(57,187,428)	(54,499,992)	(36,569,894)	(35,099,042)	(93,757,322)	(89,599,034)
Capital Assets (Net)	58,052,779	58,551,745	35,894,809	35,184,643	93,947,588	93,736,388

Major capital asset events during 2016 were as follows:

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

The City purchased two new Ford Explorers for use in the police department. The service departments received a dump truck and new sewer camera truck.

The fire department purchased a new ambulance and received 42 S.C.B.A. units through an equipment grant.

The City also received contributions of capital as a result of the Arbor Ridge Subdivision.

The City completed the I-90 Sanitary Sewer, Meadowlands Trunk Sewer Lining and refurbishment of the historic flag pole in Wes Point Park.

The City began work on the Quentin Rd Basin and the WPCC Equalization Basin.

Additional information regarding capital assets can be found starting on page 54 of the notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

Outstanding Debt - The City's outstanding debt decreased by \$1,572,820. There was no new borrowing for Governmental Activities. A General Obligation Bond and Special Assessment bonds made final payments in 2016. For Business-type Activities, the City is committed to two additional sewer rehabilitation projects where loans were obtained.

City of Willoughby's Outstanding Debt at December 31						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	10,008,048	11,142,120			10,008,048	11,142,120
Special Assessment Bonds	0	35,000			0	35,000
Enterprise Bonds w/ G.O. Commitment			2,595,000	2,855,000	2,595,000	2,855,000
OWDA & OPWC	6,503	7,737	6,921,585	7,040,768	6,928,088	7,048,505
Capital Notes Payable	5,680,000	5,700,000			5,680,000	5,700,000
Police Pension Liability	93,790	97,121			93,790	97,121
TOTAL	15,788,341	16,981,978	9,516,585	9,895,768	25,304,926	26,877,746

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 \$584,282,820 at the end of 2016. The City has borrowed 41.25% 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 was reduced by \$20,000. The City has an outstanding note of \$5,680,000 for the Riverside Commons Special Assessment. Additional information regarding the City's debt can be found starting on page 70 of the notes to the financial statements.

Economic Factors and Next Year's Budget

The City of Willoughby has remained strong despite a challenging environment in our state and national economy. These economic conditions, uncertainty in escalating health care costs, and cutbacks in intergovernmental revenues impact and influence decision making on financial matters. The Mayor and Council consider many factors when setting the budget each year and preserving our commitment to providing services to our citizens. The priorities include: public safety, investment in infrastructure, efforts to promote economic development and employment growth, and retaining adequate fund balances to ensure both financial flexibility and long term stability. The City keeps these in mind as it monitors revenues and expenditures on a continual basis. The City has adopted and continues to look for measures of cost containment as well as pursuing grants and low cost loans to fund operations and specific capital projects. The City has completed necessary capital improvements and continues to maintain the roads with the help provided by the road and bridge levy. The City will continue to monitor the local, regional and national economies and make business decisions that best provide for the needs of our citizens.

CITY OF WILLOUGHBY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
UNAUDITED

In conclusion, the implementation of GASB Statement No. 68 requires the reader to perform additional calculations to determine the City's Total Net Position at December 31, 2016 without the implementation of GASB Statement No. 68. This is an important exercise, as the State Pension Systems (OPERS & OP&F) collect, hold and distributes pensions to our employees, not the City of Willoughby. Overall with the exclusion of GASB 68, the net position improved in 2016 from 2015. These calculations are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Total Net Position at Dec. 31, 2016 (with GASB 68)	\$ 35,832,571	\$ 25,962,952	\$ 61,795,523
GASB 68 Calculations			
Add: Deferred Inflows related to Pension	459,814	83,027	542,841
Net Pension Liability	31,469,434	2,586,949	34,056,383
Less: Deferred Outflows related to Pension	(8,625,565)	(991,717)	(9,617,282)
Net Pension Asset	<u>(17,647)</u>	<u>(5,086)</u>	<u>(22,733)</u>
Total Net Position at Dec. 31, 2016 (without GASB 68)	<u>\$ 59,118,607</u>	<u>\$ 27,636,125</u>	<u>\$ 86,754,732</u>

Requests for Information

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



The City of Willoughby™

CITY OF WILLOUGHBY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in City Treasury Cash and Investments	\$ 15,427,612	\$ 2,270,344	\$ 17,697,956
Inventory	263,512	41,568	305,080
Accrued Interest Receivable	51,720	9,514	61,234
Accounts Receivable	200,035	174,869	374,904
Prepaid Items	2,985	0	2,985
Intergovernmental Receivable	2,091,891	690,231	2,782,122
Taxes Receivable	9,148,164	0	9,148,164
Loan Receivable	135,000	0	135,000
Internal Balances	1,028,903	(1,028,903)	0
Restricted Assets - Cash Investments	0	404,376	404,376
Net Pension Asset	17,647	5,086	22,733
Special Assessments Receivable	617,873	0	617,873
Nondepreciable Capital Assets	13,411,221	3,493,850	16,905,071
Depreciable Capital Assets, Net	44,641,558	32,400,959	77,042,517
TOTAL ASSETS	87,038,121	38,461,894	125,500,015
DEFERRED OUTFLOWS OF RESOURCES			
Pension	8,625,565	991,717	9,617,282
Deferred Charge on Refunding	55,777	24,861	80,638
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,681,342	1,016,578	9,697,920
LIABILITIES			
Accounts Payable	1,158,998	254,656	1,413,654
Matured Compensated Absences Payable	103,478	0	103,478
Salaries, Wages and Benefits Payable	1,134,400	81,533	1,215,933
Accrued Interest Payable	77,443	98,710	176,153
Intergovernmental Payable	1,655	16	1,671
Notes Payable	5,680,000	0	5,680,000
Claims Payable	24,846	0	24,846
Matured Bonds and Interest Payable	2,940	0	2,940
Long-Term Liabilities:			
Due Within One Year	2,521,327	1,013,765	3,535,092
Due In More Than One Year			
Net Pension Liability	31,469,434	2,586,949	34,056,383
Other Amounts Due in More Than One Year	14,018,787	9,396,864	23,415,651
TOTAL LIABILITIES	56,193,308	13,432,493	69,625,801
DEFERRED INFLOWS OF RESOURCES			
Pension	459,814	83,027	542,841
Property Taxes	3,233,770	0	3,233,770
TOTAL DEFERRED INFLOWS OF RESOURCES	3,693,584	83,027	3,776,611
NET POSITION			
Net Investment in Capital Assets	42,414,005	26,403,085	68,817,090
Restricted for:			
Capital Projects	3,975,206	0	3,975,206
Debt Service	1,429,996	0	1,429,996
Equipment Replacement	0	364,687	364,687
Street Construction Maintenance and Repair	1,239,018	0	1,239,018
Security of Persons	860,345	0	860,345
Municipal Court	810,947	0	810,947
Other Purposes	201,139	0	201,139
Permanent Fund Purpose:			
Cemetery Fund	308,592	0	308,592
Unrestricted	(15,406,677)	(804,820)	(16,211,497)
TOTAL NET POSITION	\$ 35,832,571	\$ 25,962,952	\$ 61,795,523

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ 7,502,423	\$ 2,335,620	\$ 0	\$ 36,048	\$ (5,130,755)		\$ (5,130,755)
Security of Persons and Property	16,929,668	1,694,934	71,618	492,441	(14,670,675)		(14,670,675)
Public Health and Welfare	472,575	82,768	0	0	(389,807)		(389,807)
Community Environment	960,453	309,840	0	0	(650,613)		(650,613)
Leisure Time Activities	2,303,814	696,126	125,000	7,350	(1,475,338)		(1,475,338)
Transportation	4,568,262	500	0	609,320	(3,958,442)		(3,958,442)
Basic Utility Services	685,382	75	0	1,004,348	319,041		319,041
Interest and Fiscal Charges	288,750	0	0	0	(288,750)		(288,750)
TOTAL GOVERNMENTAL ACTIVITIES	33,711,327	5,119,863	196,618	2,149,507	(26,245,339)		(26,245,339)
BUSINESS-TYPE ACTIVITIES							
Golf Course	990,974	903,021	0	0		\$ (87,953)	(87,953)
Sewer	5,493,683	5,449,502	0	625,078		580,897	580,897
TOTAL BUSINESS-TYPE ACTIVITIES	6,484,657	6,352,523	0	625,078		492,944	492,944
TOTAL	\$40,195,984	\$11,472,386	\$196,618	\$2,774,585	(26,245,339)	492,944	(25,752,395)
GENERAL REVENUES							
Property Taxes Levied for:							
					998,194		998,194
					1,428,942		1,428,942
					970,424		970,424
Income Taxes Levied for:							
					17,483,183		17,483,183
Other Taxes							
					173,652		173,652
					232,074		232,074
					228,822		228,822
					202,232		202,232
					2,754,687		2,754,687
					287,566	9,347	296,913
					218,199	21,881	240,080
TOTAL GENERAL REVENUE					24,977,975	31,228	25,009,203
CHANGE IN NET POSITION					(1,267,364)	524,172	(743,192)
NET POSITION BEGINNING OF YEAR-RESTATE					37,099,935	25,438,780	62,538,715
NET POSITION END OF YEAR					\$ 35,832,571	\$ 25,962,952	\$ 61,795,523

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2016

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>GENERAL BOND RETIREMENT</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets:					
Equity in City Treasury Cash and Investments	\$7,733,953	\$4,069,405	\$19,010	\$3,203,637	\$15,026,005
Inventory - Supplies	91,905	0	0	171,607	263,512
Accrued Interest Receivable	37,952	13,768	0	0	51,720
Accounts Receivable	198,986	0	0	1,049	200,035
Prepaid Items	2,985	0	0	0	2,985
Intergovernmental Receivable	943,503	365,143	62,500	720,745	2,091,891
Taxes Receivable	6,699,717	0	993,331	1,455,116	9,148,164
Loan Receivable	0	0	135,000	0	135,000
Due from Other Funds	35,000	5,000	988,903	0	1,028,903
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>617,873</u>	<u>617,873</u>
TOTAL ASSETS	<u>15,744,001</u>	<u>4,453,316</u>	<u>2,198,744</u>	<u>6,170,027</u>	<u>28,566,088</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
	<u>\$15,744,001</u>	<u>\$4,453,316</u>	<u>\$2,198,744</u>	<u>\$6,170,027</u>	<u>\$28,566,088</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$115,459	\$419,598	\$0	\$623,941	\$1,158,998
Matured Compensated Absences Payable	103,478	0	0	0	103,478
Salaries, Wages, and Benefits Payable	1,078,534	0	0	55,866	1,134,400
Intergovernmental Payable	1,514	0	0	141	1,655
Notes Payable	0	5,680,000	0	0	5,680,000
Matured Bonds & Interest Payable	<u>0</u>	<u>0</u>	<u>2,940</u>	<u>0</u>	<u>2,940</u>
TOTAL LIABILITIES	<u>1,298,985</u>	<u>6,099,598</u>	<u>2,940</u>	<u>679,948</u>	<u>8,081,471</u>
Deferred Inflows of Resources:					
Property Taxes	911,684	0	941,386	1,380,700	3,233,770
Unavailable Revenue - Income Tax	2,744,082	0	0	0	2,744,082
Unavailable Revenue - Grants and Entitlements	526,675	0	62,500	488,708	1,077,883
Unavailable Revenue - Special Assessments	0	0	0	617,873	617,873
Unavailable Revenue - Delinquent Property Taxes	48,909	0	51,945	74,416	175,270
Unavailable Revenue - Other	<u>110,499</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>110,499</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,341,849</u>	<u>0</u>	<u>1,055,831</u>	<u>2,561,697</u>	<u>7,959,377</u>
Fund Balances:					
Nonspendable	129,890	5,000	0	480,199	615,089
Restricted	0	365,143	1,139,973	2,448,183	3,953,299
Committed	0	819,232	0	0	819,232
Assigned	1,526,179	0	0	0	1,526,179
Unassigned (Deficit)	<u>8,447,098</u>	<u>(2,835,657)</u>	<u>0</u>	<u>0</u>	<u>5,611,441</u>
TOTAL FUND BALANCES	<u>10,103,167</u>	<u>(1,646,282)</u>	<u>1,139,973</u>	<u>2,928,382</u>	<u>12,525,240</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
	<u>\$15,744,001</u>	<u>\$4,453,316</u>	<u>\$2,198,744</u>	<u>\$6,170,027</u>	<u>\$28,566,088</u>

See accompanying notes to the basic financial statements.

<p>CITY OF WILLOUGHBY, OHIO RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES AS OF DECEMBER 31, 2016</p>
--

TOTAL GOVERNMENTAL FUND BALANCES \$12,525,240

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 58,052,779

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

Municipal Income Taxes	2,744,082
Delinquent Property Taxes	175,270
Grants and Entitlements	1,077,883
Charges for Services	84,985
Special Assessments	617,873
Fines and Forfeitures	25,514

Total 4,725,607

Internal service funds are used by management to charge costs of certain activities such as insurance to individual funds. Assets and liabilities of the Internal Service fund are included in Governmental Activities in the Statement of Net Position. 376,761

Charges on Refunding are being amortized over the life of the bonds in the statement of net position. 55,777

The net pension liability is not due and payable in the current period; therefore, the liability, asset and related deferred inflows/outflows are not reported in governmental funds.

Net Pension Asset	17,647
Deferred Outflows-Pension	8,625,565
Deferred Inflows-Pension	(459,814)
Net Pension Liability	(31,469,434)
Total	(23,286,036)

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

General Obligation Bonds	(10,008,048)
OPWC Loans	(6,503)
Police Pension Liability	(93,790)
Landfill Post Closure Care Liability	(505,475)
Compensated Absences	(5,926,298)
Accrued Interest Payable	(77,443)

Total (16,617,557)

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 35,832,571**

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<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	\$17,181,979	\$0	\$0	\$0	\$17,181,979
Property and Other Local Taxes	1,660,001	115,770	967,774	1,484,942	4,228,487
Intergovernmental	1,432,802	1,177,683	176,090	1,527,427	4,314,002
Charges for Services	1,443,526	0	0	392,945	1,836,471
Special Assessments	0	0	0	598,222	598,222
Fines and Forfeitures	2,026,226	0	0	404,671	2,430,897
Licenses & Permits	215,787	0	0	0	215,787
Interest	212,463	5,414	69,689	0	287,566
Miscellaneous	<u>0</u>	<u>205,044</u>	<u>0</u>	<u>13,155</u>	<u>218,199</u>
TOTAL REVENUES	<u>24,172,784</u>	<u>1,503,911</u>	<u>1,213,553</u>	<u>4,421,362</u>	<u>31,311,610</u>
EXPENDITURES:					
Current:					
General Government	6,490,938	21,304	25,585	287,045	6,824,872
Security of Persons and Property	12,778,630	51,091	0	2,221,233	15,050,954
Public Health and Welfare	473,152	0	0	0	473,152
Community Environment	896,505	22,475	0	24,227	943,207
Leisure Time Activities	869,589	25,643	0	1,026,750	1,921,982
Transportation	0	10,089	0	1,719,235	1,729,324
Basic Utility Services	104,604	92,053	0	0	196,657
Capital Outlay	0	1,957,506	0	1,421,376	3,378,882
Debt Service:					
Principal	0	0	1,106,234	35,000	1,141,234
Interest	<u>0</u>	<u>0</u>	<u>286,867</u>	<u>2,048</u>	<u>288,915</u>
TOTAL EXPENDITURES	<u>21,613,418</u>	<u>2,180,161</u>	<u>1,418,686</u>	<u>6,736,914</u>	<u>31,949,179</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,559,366	(676,250)	(205,133)	(2,315,552)	(637,569)
OTHER FINANCING SOURCES (USES):					
Transfers In	0	52,487	300,000	2,210,000	2,562,487
Transfers Out	<u>(2,262,487)</u>	<u>0</u>	<u>0</u>	<u>(300,000)</u>	<u>(2,562,487)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,262,487)</u>	<u>52,487</u>	<u>300,000</u>	<u>1,910,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	296,879	(623,763)	94,867	(405,552)	(637,569)
FUND BALANCE BEGINNING OF YEAR	9,812,238	(1,022,519)	1,045,106	3,276,767	13,111,592
CHANGE IN INVENTORY	<u>(5,950)</u>	<u>0</u>	<u>0</u>	<u>57,167</u>	<u>51,217</u>
FUND BALANCES END OF YEAR	<u>\$10,103,167</u>	<u>(\$1,646,282)</u>	<u>\$1,139,973</u>	<u>\$2,928,382</u>	<u>\$12,525,240</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, 2016

NET CHANGES IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS \$ (637,569)

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

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

Capital Asset Additions	3,378,882	
Current Year Depreciation	<u>(4,633,108)</u>	
Total		(1,254,226)

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

Donations	775,818	
Disposal-net	<u>(20,557)</u>	
Total		755,261

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

Municipal Income Taxes	301,204	
Delinquent Property Taxes	5,853	
Grants and Entitlements	9,374	
Charges for Services	4,728	
Special Assessments	33,270	
Fines and Forfeitures	<u>2,106</u>	
Total		356,535

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 position.

1,200,450

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

Compensated Absences	(215,746)	
Accrued Interest	(19,611)	
Amortization of Premium	29,072	
Amortization of Deferral on Refunding	(9,296)	
Change in Inventory	<u>51,217</u>	
Total		<u>(164,364)</u>

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

2,318,306

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(3,820,747)

Internal service funds are used by management to account for a retrospective rating workers' compensation program. The net expense of the Internal Service fund is reported in the Governmental Activities.

(21,010)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (1,267,364)**

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Municipal Income Taxes	\$17,211,591	\$17,211,591	\$17,199,752	(\$11,839)
Property and Other Local Taxes	1,653,276	1,653,276	1,691,326	38,050
Intergovernmental	1,214,671	1,214,671	1,436,293	221,622
Charges for Services	1,204,200	1,204,200	1,296,283	92,083
Fines and Forfeitures	2,022,500	2,022,500	2,002,006	(20,494)
Licenses and Permits	242,100	242,100	214,842	(27,258)
Interest Income	150,000	150,000	197,535	47,535
Other	<u>120,000</u>	<u>120,000</u>	<u>112,500</u>	<u>(7,500)</u>
Total Revenues	<u>23,818,338</u>	<u>23,818,338</u>	<u>24,150,537</u>	<u>332,199</u>
EXPENDITURES:				
Legislative- Council	116,549	116,549	111,628	4,921
Judicial- Municipal Court	2,430,893	2,430,893	1,863,318	567,575
Executive-Mayor	<u>21,308,832</u>	<u>21,308,832</u>	<u>19,757,262</u>	<u>1,551,570</u>
Total Expenditures	<u>23,856,274</u>	<u>23,856,274</u>	<u>21,732,208</u>	<u>2,124,066</u>
Excess of Revenues Over (Under) Expenditures	(37,936)	(37,936)	2,418,329	2,456,265
OTHER FINANCING SOURCES (USES):				
Transfers Out	(2,262,487)	(2,262,487)	(2,262,487)	0
Other	<u>0</u>	<u>0</u>	<u>312,344</u>	<u>312,344</u>
Total Other Financing Sources (Uses)	<u>(2,262,487)</u>	<u>(2,262,487)</u>	<u>(1,950,143)</u>	<u>312,344</u>
NET CHANGE IN FUND BALANCE	(2,300,423)	(2,300,423)	468,186	2,768,609
FUND BALANCE BEGINNING OF YEAR	5,810,060	5,810,060	5,810,060	0
Prior Year Encumbrances Appropriated	<u>15,514</u>	<u>15,514</u>	<u>15,514</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$3,525,151</u>	<u>\$3,525,151</u>	<u>\$6,293,760</u>	<u>\$2,768,609</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2016

	<u>BUSINESS-TYPE</u>			<u>GOVERNMENTAL</u>
	<u>ACTIVITIES</u>			<u>ACTIVITIES</u>
	<u>GOLF</u>			<u>INTERNAL</u>
	<u>COURSE</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>SERVICE FUND</u>
ASSETS				
CURRENT ASSETS				
Equity in City Treasury Cash and Investments	\$19,467	\$2,250,877	\$2,270,344	\$401,607
Inventory	4,808	36,760	41,568	0
Accrued Interest Receivable	0	9,514	9,514	0
Accounts Receivable	0	174,869	174,869	0
Intergovernmental Receivable	<u>185</u>	<u>690,046</u>	<u>690,231</u>	<u>0</u>
TOTAL CURRENT ASSETS	<u>24,460</u>	<u>3,162,066</u>	<u>3,186,526</u>	<u>401,607</u>
NONCURRENT ASSETS				
Restricted Assets:				
Cash Investments	0	404,376	404,376	0
Net Pension Asset	837	4,249	5,086	0
Land and Construction in Progress	2,273,366	1,220,484	3,493,850	0
Depreciable Capital Assets, Net	<u>1,693,609</u>	<u>30,707,350</u>	<u>32,400,959</u>	<u>0</u>
TOTAL NONCURRENT ASSETS	<u>3,967,812</u>	<u>32,336,459</u>	<u>36,304,271</u>	<u>0</u>
TOTAL ASSETS	<u>3,992,272</u>	<u>35,498,525</u>	<u>39,490,797</u>	<u>401,607</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	24,861	0	24,861	0
Pension	<u>163,144</u>	<u>828,573</u>	<u>991,717</u>	<u>0</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>188,005</u>	<u>828,573</u>	<u>1,016,578</u>	<u>0</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	1,769	252,887	254,656	0
Salaries, Wages & Benefits Payable	30,335	263,286	293,621	0
Accrued Interest Payable	2,503	96,207	98,710	0
Due to Other Funds	1,028,903	0	1,028,903	0
Intergovernmental Payable	0	16	16	0
Claims Payable	0	0	0	24,846
Bonds Payable	<u>75,000</u>	<u>611,677</u>	<u>686,677</u>	<u>0</u>
TOTAL CURRENT LIABILITIES	<u>1,138,510</u>	<u>1,224,073</u>	<u>2,362,583</u>	<u>24,846</u>
NONCURRENT LIABILITIES				
Salaries, Wages & Benefits Payable	125,573	556,383	681,956	0
Bonds Payable	1,195,000	7,634,908	8,829,908	0
Net Pension Liability	<u>425,569</u>	<u>2,161,380</u>	<u>2,586,949</u>	<u>0</u>
TOTAL NONCURRENT LIABILITIES	<u>1,746,142</u>	<u>10,352,671</u>	<u>12,098,813</u>	<u>0</u>
TOTAL LIABILITIES	<u>2,884,652</u>	<u>11,576,744</u>	<u>14,461,396</u>	<u>24,846</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	<u>13,658</u>	<u>69,369</u>	<u>83,027</u>	<u>0</u>
NET POSITION				
Net Investment in Capital Assets	2,721,836	23,681,249	26,403,085	0
Restricted for:				
Equipment Replacement	0	364,687	364,687	0
Unrestricted (Deficit)	<u>(1,439,869)</u>	<u>635,049</u>	<u>(804,820)</u>	<u>376,761</u>
TOTAL NET POSITION	<u>\$1,281,967</u>	<u>\$24,680,985</u>	<u>\$25,962,952</u>	<u>\$376,761</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>			<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
	<u>GOLF</u> <u>COURSE</u>	<u>SEWER</u>	<u>TOTAL</u>	<u>INTERNAL</u> <u>SERVICE FUND</u>
OPERATING REVENUES:				
Charges for Services	<u>\$903,021</u>	<u>\$5,449,502</u>	<u>\$6,352,523</u>	\$0
Total Operating Revenues	<u>903,021</u>	<u>5,449,502</u>	<u>6,352,523</u>	<u>0</u>
OPERATING EXPENSES:				
Personal Services	502,225	2,587,429	3,089,654	0
Contractual Services	122,810	636,483	759,293	13,005
Materials & Supplies	183,404	135,407	318,811	0
Heat, Light & Power	27,254	263,848	291,102	0
Other Expenses	6,251	15,359	21,610	0
Claims	0	0	0	8,005
Depreciation	<u>144,500</u>	<u>1,584,222</u>	<u>1,728,722</u>	<u>0</u>
Total Operating Expenses	<u>986,444</u>	<u>5,222,748</u>	<u>6,209,192</u>	<u>21,010</u>
Net Income (Loss) from Operations	<u>(83,423)</u>	<u>226,754</u>	<u>143,331</u>	<u>(21,010)</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest - Income	0	9,347	9,347	0
Interest - Expense	(4,530)	(229,555)	(234,085)	0
Other - Income	0	21,881	21,881	<u>0</u>
Other - Expense	<u>0</u>	<u>(41,380)</u>	<u>(41,380)</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>(4,530)</u>	<u>(239,707)</u>	<u>(244,237)</u>	<u>0</u>
Net Income (Loss) Before Contributions	<u>(87,953)</u>	<u>(12,953)</u>	<u>(100,906)</u>	<u>(21,010)</u>
Capital Contributions	<u>0</u>	<u>625,078</u>	<u>625,078</u>	<u>0</u>
CHANGE IN NET POSITION	<u>(87,953)</u>	<u>612,125</u>	<u>524,172</u>	<u>(21,010)</u>
NET POSITION BEGINNING OF YEAR	<u>1,369,920</u>	<u>24,068,860</u>	<u>25,438,780</u>	<u>397,771</u>
NET POSITION END OF YEAR	<u>\$1,281,967</u>	<u>\$24,680,985</u>	<u>\$25,962,952</u>	<u>\$376,761</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, 2016

(continued on following page)

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Golf Course</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:				
Receipts from customers and users	\$796,264	\$4,799,660	\$5,595,924	\$0
Payments to suppliers	(208,477)	(286,649)	(495,126)	(32,879)
Payments to employees	<u>(486,444)</u>	<u>(2,489,955)</u>	<u>(2,976,399)</u>	<u>0</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>101,343</u>	<u>2,023,056</u>	<u>2,124,399</u>	<u>(32,879)</u>
 Cash flows from capital and related financing activities:				
Net proceeds from sale of debt	0	377,897	377,897	0
Acquisition and construction of capital assets	(14,353)	(2,177,320)	(2,191,673)	0
Proceeds from Interfund Loans	115,000	0	115,000	0
Principal reduction on long-term debt	(190,000)	(567,080)	(757,080)	0
Interest paid on long-term debt	(4,144)	(204,006)	(208,150)	0
Contribution of capital from grants	0	159,492	159,492	0
Contributions from customers	<u>0</u>	<u>198,872</u>	<u>198,872</u>	<u>0</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(93,497)</u>	<u>(2,212,145)</u>	<u>(2,305,642)</u>	<u>0</u>
 Cash flows from investing activities:				
Interest on investments	<u>0</u>	<u>7,735</u>	<u>7,735</u>	<u>0</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>0</u>	<u>7,735</u>	<u>7,735</u>	<u>0</u>
 NET INCREASE (DECREASE) IN CASH AND CASH INVESTMENTS	7,846	(181,354)	(173,508)	(32,879)
 CASH AND CASH INVESTMENTS AT BEGINNING OF YEAR	<u>11,621</u>	<u>2,836,607</u>	<u>2,848,228</u>	<u>434,486</u>
 CASH AND CASH INVESTMENTS AT END OF YEAR	<u>\$19,467</u>	<u>\$2,655,253</u>	<u>\$2,674,720</u>	<u>\$401,607</u>

The Sewer Fund includes \$ 404,376 of cash and cash investments in restricted assets.

Noncash Capital and Related Financing Activities

The Sewer Fund had additions from contributions of capital in the amount of \$ 288,595 from development.

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

(continued)

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Golf Course</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal Service Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss)	(\$83,423)	\$226,754	\$143,331	(\$21,010)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	144,500	1,584,222	1,728,722	0
Change in assets and liabilities:				
(Increase) decrease in inventory of supplies	(1,526)	4,260	2,734	0
(Increase) decrease in accounts receivable	0	78,783	78,783	0
(Increase) decrease in due from other funds	3,384	17,868	21,252	0
(Increase) decrease in due from other govts	(185)	(188,054)	(188,239)	0
(Increase) decrease in net pension asset	(482)	(2,446)	(2,928)	0
(Increase) decrease in deferred charges	4,144	0	4,144	0
(Increase) decrease in deferred outflows - pension	(109,474)	(555,993)	(665,467)	0
Increase (decrease) in accounts payable	(1,483)	99,402	97,919	0
Increase (decrease) in accrued salaries, wages, and benefits	15,781	97,474	113,255	0
Increase (decrease) in claims payable	0	0	0	(11,869)
Increase (decrease) in net pension liability	121,892	619,063	740,955	0
Increase (decrease) in deferred inflows - pension	8,215	41,723	49,938	0
TOTAL ADJUSTMENTS	<u>184,766</u>	<u>1,796,302</u>	<u>1,981,068</u>	<u>(11,869)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$101,343</u>	<u>\$2,023,056</u>	<u>\$2,124,399</u>	<u>(\$32,879)</u>

See accompanying notes to the basic financial statements.

CITY OF WILLOUGHBY, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2016

	<u>AGENCY FUNDS</u>
ASSETS	
Equity in City Treasury Cash and Investments	\$1,905,822
Accounts Receivable	<u>337,715</u>
TOTAL ASSETS	<u>\$2,243,537</u>
LIABILITIES	
Accounts Payable	\$1,592,877
Deposits Held and Due to Others	193,512
Intergovernmental Payable	<u>457,148</u>
TOTAL LIABILITIES	<u>\$2,243,537</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, 2016

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 and a golf course that are reported as enterprise funds. None of these services are provided by legally separate organizations; therefore, these operations are included in the primary government. The operation of each of these activities is directly controlled by Council through the budgetary process.

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Government-wide Financial Statements– The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. As a general rule, the activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. An exception to this general rule is that interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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

Fund Financial Statements– Fund financial statements are designed to present financial information of the City at a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

The following are the City's major governmental funds:

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

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

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

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.

Internal Service Funds – 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 is the Workers' Compensation Retro Rating fund. This fund accounts for the accumulation of funds to pay workers' compensation claims.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: *pension trust funds*, *investment trust funds*, *private-purpose trust funds*, and *agency funds*. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, franchise taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 10)

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

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

E. Pensions

For the purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

F. Pooled Cash and Cash Equivalents

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

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

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

During 2016, The City's investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), non-negotiable and negotiable certificates of deposits, United States Agency debt securities, and money market mutual funds. The City's investment in State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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

Following Ohio statutes, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2016 amounted to \$212,463 which includes \$102,001 assigned from other City funds.

G. Receivables

Receivables at December 31, 2016 consist of taxes, amounts due from other governments, accounts (billings for user charged services), loan, special assessments, and accrued interest on investments. All are deemed collectible in full.

H. 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, 2016

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016 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.

J. Capital Assets

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

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

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

Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

K. Interfund Balances

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

L. Compensated Absences

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

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the general fund. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. 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, net pension liability and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

N. Fund Balance

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

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

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council and the Mayor or a Director delegated that authority by City Charter or ordinance, or by state statute. State statute authorizes the Finance Director to assign fund balance for purchase orders; provided such amounts have been lawfully appropriated.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

O. Net Position

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

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

P. 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.

Q. 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 and golf course 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 non-operating.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

R. 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.

S. 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.

T. 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.

U. 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.

V. Budgetary Data

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

control selected by Council is at the fund level. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2016.

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 3: COMPLIANCE AND ACCOUNTABILITY

A. Change in Accounting Principles

Governmental Accounting Standards Board (GASB) Statement Number 72, *Fair Value Measurement and Application* was issued in February 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Governmental Accounting Standards Board (GASB) Statement Number 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* was issued in June 2015. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

Governmental Accounting Standards Board (GASB) Statement Number 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* was issued in June 2015. The objective of this Statement is to identify-in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Governmental Accounting Standards Board (GASB) Statement Number 77, *Tax Abatement Disclosures* was issued in August 2015. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The City has no material tax abatements, therefore the implementation of GASB 77 had no effect on the financial statements.

Governmental Accounting Standards Board (GASB) Statement Number 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* was issued in December 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

Governmental Accounting Standards Board (GASB) Statement Number 79, *Certain External Investment Pools and Pool Participants* was issued in December 2015. This Statement enhances comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

B. Restatement of Net Position

Ohio Police and Fire Pension Fund (OP&F) had to make a revision to the census file provided to its actuary. The revisions are due to the information reported late that impacted the January 1, 2014 census file used to determine the total net pension liability. As a result of the additional information, the December 31, 2014 and January 1, 2014 numbers presented have been restated by OP&F.

The restatement had the following impact on net position as reported December 31, 2015:

	Governmental Activities
Net Position as of December 31, 2015	\$ 37,549,652
Adjustments:	
Net Pension Liability	\$ (449,717)
Restated Net Position December 31, 2015	<u>\$ 37,099,935</u>

C. Fund Deficits

The Golf Course fund had deficit net position-unrestricted of \$1,439,869. The “Due to Other Funds” amount includes \$1,028,903 of advances from the General, General Bond Retirement and Capital Projects funds.

The Capital Projects fund had a deficit fund balance of \$1,646,282 and a deficit unassigned fund balance of \$2,835,657. A Notes Payable liability of \$5,680,000 remains.

The Sewer fund shows a negative budgetary basis fund balance of \$3,609,128. At year end the City entered into two major sewer construction project contracts. The proceeds of the loans that fund these projects will be received on a reimbursement basis. Thus the negative fund balance is a temporary situation.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 4: FUND BALANCE

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

FUND BALANCE	General Fund	Capital Projects	General Bond Retirement	Nonmajor Governmental Funds	Total
<u>Nonspendable</u>					
Interfund loans	\$ 35,000	\$ 5,000	\$ 0	\$ 0	\$ 40,000
Inventory	91,905	0	0	171,607	263,512
Prepays	2,985	0	0	0	2,985
Cemetery	<u>0</u>	<u>0</u>	<u>0</u>	<u>308,592</u>	<u>308,592</u>
Total Nonspendable	129,890	5,000	0	480,199	615,089
<u>Restricted for</u>					
Road and infrastructure	0	0	0	766,266	766,266
Recreation	0	0	0	147,457	147,457
Municipal Court	0	0	0	462,344	462,344
Police and Fire departments	0	0	0	132,459	132,459
Law Enforcement	0	0	0	98,242	98,242
Drug and Alcohol enforcement	0	0	0	377,596	377,596
Sidewalks and Trees	0	0	0	197,180	197,180
Street Lighting	0	0	0	79,458	79,458
Capital grant	0	365,143	0	0	365,143
Debt Service	<u>0</u>	<u>0</u>	<u>1,139,973</u>	<u>187,181</u>	<u>1,327,154</u>
Total Restricted	0	365,143	1,139,973	2,448,183	3,953,299
<u>Committed to</u>					
Capital improvements	<u>0</u>	<u>819,232</u>	<u>0</u>	<u>0</u>	<u>819,232</u>
Total Committed	0	819,232	0	0	819,232
<u>Assigned to</u>					
Compensated Absences	957,426	0	0	0	957,426
General Govt	236,557	0	0	0	236,557
Security of Persons	202,412	0	0	0	202,412
Public Health & Welfare	722	0	0	0	722
Community Environment	49,228	0	0	0	49,228
Leisure Activities	62,854	0	0	0	62,854
Basic Utilities	<u>16,980</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,980</u>
Total Assigned	1,526,179	0	0	0	1,526,179
Unassigned (Deficits)	<u>8,447,098</u>	<u>(2,835,657)</u>	<u>0</u>	<u>0</u>	<u>5,611,441</u>
Total Fund Balances	<u>\$ 10,103,167</u>	<u>\$ (1,646,282)</u>	<u>\$ 1,139,973</u>	<u>\$ 2,928,382</u>	<u>\$ 12,525,240</u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 5: DEPOSITS AND INVESTMENTS

A. Deposits

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

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

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

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

B. Investments

The Finance Director is permitted to invest in any security authorized by the Ohio Revised Code, Section 135.14, or other relevant sections as amended. All investment procedures are conducted as specified in the Ohio Revised Code including, but not limited to, the collateralization of deposits and repurchase agreements. The maximum final maturity of any investment will be five years from the date of purchase. The City's investment practices have consistently protected the portfolio from unnecessary credit risk (safety) and market risks (liquidity) while providing a competitive yield. Currently some eligible investments in the portfolio were purchased with remaining terms of up to five years. Generally, the majority of purchases are still being made in investments with remaining terms of two years or less. Average days to maturity for the City's investments at December 31, 2016 was 641.

Investments are permitted in the following securities:

- United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

- Written repurchase agreements in the securities listed above;
- Bonds and other obligations of the State of Ohio or Ohio local governments;
- Certificates of deposits (collateralized as described below) in eligible institutions or savings or deposit accounts;
- No-load money market funds consisting exclusively of obligations described in paragraph 1 or 2 of this section and repurchase agreements secured as described are made only through eligible institutions mentioned in Section 135.03 of the Ohio Revised Code;
- The State Treasury Asset Reserve Funds (STAR Ohio) as provided in Section 135.45 of the Ohio Revised Code;
- Bankers' acceptances and commercial paper, if training requirements have been met.

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

Cash on Hand

At December 31, 2016, the City had \$6,320 in undeposited cash on hand, which is included on the balance sheet of the City as part of "Equity in City Treasury Cash and Investments".

Deposits

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

At December 31, 2016, the carrying amount of the City's deposits was \$12,747,424 including restricted cash of \$404,376 and the bank balance was \$13,882,399. \$11,607,648 of the City's bank balance was covered by Federal Depository Insurance. \$1,378,122 was uninsured and collateralized with securities held by the pledging financial institutions trust department or agent in the City's name. \$896,629 was uninsured and collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name. Although the securities were held by the pledging institution's trust department and all statutory requirements for the investments of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Investments

The City has a formal investment policy and utilizes a pooled investment concept for all its funds to maximize its investment program. STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The following table identifies the City's recurring fair value measurement as of December 31, 2016. As previously discussed STAR Ohio is reported at its net asset value. All other investments of the City are valued using quoted market prices (Level 1 inputs). As of December 31, 2016, fair value was \$18,129 below the City's net cost for investments.

Investment Type	Moody's Rating	S&P Rating	Fair Value	Investment Maturities		
				Less than 1 Year	1 to 2 Years	Greater than 2 Years
STAR Ohio	Aaa	AAAm	\$ 205,563	\$ 205,563	\$ 0	\$ 0
FHLB	Aaa	AA+	248,755	0	0	248,755
FNMA	Aaa	AA+	746,493	0	0	746,493
FHLMC	Aaa	AA+	5,358,599	249,777	499,890	4,608,932
Repurchase Agreements	Aaa	AA+	695,000	695,000	0	0
			<u>\$ 7,254,410</u>	<u>\$ 1,150,340</u>	<u>\$ 499,890</u>	<u>\$ 5,604,180</u>

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

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

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk: The City Investment Policy places no limit on the amount it may invest in any one issuer. In 2016, the City's total investments are 73.87% in FHLMC, 10.29% in FNMA and 3.43% in FHLB. Other investments not specifically guaranteed by the U.S. Government total 12.41%.

NOTE 6: INTERFUND TRANSFERS AND BALANCES

As of December 31, 2016, interfund transfers were as follows:

<i>Transfer To</i>	<i>Transfer From</i>		<i>Total</i>
	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	
Capital Projects Fund	\$ 52,487	\$ 0	\$ 52,487
General Bond Retirement Fund	0	300,000	300,000
Nonmajor Governmental Funds	<u>2,210,000</u>	<u>0</u>	<u>2,210,000</u>
Total	<u>\$ 2,262,487</u>	<u>\$ 300,000</u>	<u>\$ 2,562,487</u>

The General fund transfers to the Capital Projects and Nonmajor Governmental funds were made to provide additional resources for capital needs and current operations. The transfer from Nonmajor Governmental funds to the General Bond Retirement fund was for debt payment.

As of December 31, 2016, interfund balances were as follows:

	Due from Other Funds	Due to Other Funds
<u>Major Funds</u>		
General	\$ 35,000	\$ 0
Capital Projects	5,000	0
General Bond Retirement	988,903	0
Golf Course	<u>0</u>	<u>1,028,903</u>
	<u>\$ 1,028,903</u>	<u>\$ 1,028,903</u>

The City has internal balances of \$1,028,903. This includes advances from the General fund for Golf Course operations. The General Bond Retirement fund balances are for Golf Course debt payments and the Capital Projects fund balances are for an equipment purchase of the Golf Enterprise fund. The Golf Course advances of \$1,028,903 are not expected to be repaid within one year.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 7: BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual for the General fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

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

Net Change in Fund Balance	
GAAP Basis	\$ 296,879
Net Adjustment for Revenue Accruals	(333,938)
Fair Value Adjustment for Investments	11,335
Net Adjustment for Expenditure Accruals	580,843
Encumbrances	(420,385)
Current Expenditures Against Prior Year Encumbrances	333,452
Budget Basis	<u>\$ 468,186</u>

NOTE 8: RECEIVABLES

Receivables at December 31, 2016 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, and accounts (billings for user charged services).

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017 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. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$8.49 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

Real Property	\$568,829,490
Public Utility Tangible	\$15,453,330
Total	\$584,282,820

Real property taxes are payable annually or semiannually. The due date for the 2016 levy was February 15, 2017, for all or one half of the taxes due. The second half due date is July 19, 2017.

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, 2016 and for which there is an enforceable legal claim. In General, Police Pension, Fire Pension, Recreation, Road and Bridge, and General Bond Retirement funds, the entire receivable has been offset by deferred inflows since the current taxes were not levied to finance 2016 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is a deferred inflow.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

B. Municipal Income Taxes

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

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

C. Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	
Property & Other Local Taxes	\$ 13,345
Gasoline & Motor Vehicle Tax	490,107
Local Government	575,772
Charges for Service	70,297
Homestead and Rollback	182,186
Grants	429,478
Capital Reimbursement	12,190
Fines	318,516
Total Governmental	<u>2,091,891</u>
Business-Type Activities:	
Charges for Service	412,442
Grants	2,636
OWDA and OPWC	<u>275,153</u>
Total Business-Type	<u>690,231</u>
Total Intergovernmental Receivables	<u>\$ 2,782,122</u>

D. Loan Receivable

The City is reporting a long-term loan receivable related to the Airport Improvement bonds (See Note 16). During 2014, the City entered into an agreement with the Lake County Port and Economic Development Authority for the transfer of ownership of the Willoughby Lost Nation Municipal Airport. As part of this agreement the Lake County Port and Economic Development Authority is obligated to make annual debt payments to reimburse the City for the Airport Improvement bonds. At December 31, 2016, the remaining balance being reported in the City's financial statements is \$135,000.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9: CAPITAL ASSETS

A summary of changes in capital assets during 2016 follows:

	Balance 01/01/16	Additions	Deletions	Balance 12/31/16
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$7,583,203	\$0	\$0	\$7,583,203
Construction in Progress	5,003,434	975,012	(\$150,428)	5,828,018
<i>Total Capital Assets Not Being Depreciated</i>	<u>12,586,637</u>	<u>975,012</u>	<u>(150,428)</u>	<u>13,411,221</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	22,380,253	213,930	(124,769)	22,469,414
Improvements	14,566,076	90,096	(18,110)	14,638,062
Machinery and Equipment	11,870,766	1,000,933	(268,232)	12,603,467
Infrastructure:				
Roads	35,916,807	1,653,988	(1,555,118)	36,015,677
Sidewalks	1,152,961	10,065	0	1,163,026
Curbs & Gutters	985,795	0	0	985,795
Storm Sewers	11,262,702	324,838	0	11,587,540
Street Lights	41,948	0	0	41,948
Traffic Signals	1,754,581	36,265	0	1,790,846
Bridges	533,211	0	0	533,211
<i>Total Capital Assets Being Depreciated</i>	<u>100,465,100</u>	<u>3,330,115</u>	<u>(1,966,229)</u>	<u>101,828,986</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(9,710,220)	(577,482)	118,531	(10,169,171)
Improvements	(9,904,550)	(445,118)	17,204	(10,332,464)
Machinery and Equipment	(8,263,715)	(721,358)	254,819	(8,730,254)
Infrastructure:				
Roads	(18,580,455)	(2,501,386)	1,555,118	(19,526,723)
Sidewalks	(827,133)	(39,655)	0	(866,788)
Curbs & Gutters	(726,375)	(34,589)	0	(760,964)
Storm Sewers	(4,842,285)	(282,313)	0	(5,124,598)
Street Lights	(39,852)	0	0	(39,852)
Traffic Signals	(1,439,805)	(21,243)	0	(1,461,048)
Bridges	(165,602)	(9,964)	0	(175,566)
<i>Total Accumulated Depreciation</i>	<u>(54,499,992)</u>	<u>(4,633,108)</u>	<u>1,945,672</u>	<u>(57,187,428)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>45,965,108</u>	<u>(1,302,993)</u>	<u>(20,557)</u>	<u>44,641,558</u>
Total Government Activities Capital Assets, Net	<u><u>\$58,551,745</u></u>	<u><u>(\$327,981)</u></u>	<u><u>(\$170,985)</u></u>	<u><u>\$58,052,779</u></u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9: CAPITAL ASSETS (CONTINUED)

	Balance 01/01/16	Additions	Deletions	Balance 12/31/16
Business-Type Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$2,673,107	\$0	\$0	\$2,673,107
Construction in Progress	294,479	731,744	(205,480)	820,743
<i>Total Capital Assets Not Being Depreciated</i>	<u>2,967,586</u>	<u>731,744</u>	<u>(205,480)</u>	<u>3,493,850</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	20,222,175	17,094	(32,000)	20,207,269
Improvements	42,025,978	1,556,391	(29,079)	43,553,290
Machinery and Equipment	5,067,946	381,132	(238,784)	5,210,294
<i>Total Capital Assets Being Depreciated</i>	<u>67,316,099</u>	<u>1,954,617</u>	<u>(299,863)</u>	<u>68,970,853</u>
<i>Less Accumulated Depreciation</i>				
Buildings	(13,125,417)	(455,233)	30,400	(13,550,250)
Improvements	(18,545,346)	(1,084,027)	22,068	(19,607,305)
Machinery and Equipment	(3,428,279)	(189,462)	205,402	(3,412,339)
<i>Total Accumulated Depreciation</i>	<u>(35,099,042)</u>	<u>(1,728,722)</u>	<u>257,870</u>	<u>(36,569,894)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>32,217,057</u>	<u>225,895</u>	<u>(41,993)</u>	<u>32,400,959</u>
Total Business-Type Capital Assets, Net	<u><u>\$35,184,643</u></u>	<u><u>\$957,639</u></u>	<u><u>(\$247,473)</u></u>	<u><u>\$35,894,809</u></u>
Depreciation expense was charged to governmental functions as follows:				
General Government				\$405,087
Security of Persons and Property				616,891
Public Health and Welfare				11,655
Community Environment				7,805
Leisure Time Activities				288,838
Transportation				2,814,107
Basic Utility Service				488,725
Total				<u>\$4,633,108</u>
Depreciation expense was charged to business-type activities as follows:				
Golf				\$144,500
Sewer				1,584,222
Total				<u>\$1,728,722</u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 10: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability/(asset) reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

GROUP A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	GROUP B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	GROUP C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>STATE & LOCAL</u>
2016 Statutory Maximum Contribution Rates	
EMPLOYER	14%
EMPLOYEE	10%
2016 Actual Contribution Rates	
EMPLOYER:	
Pension	12%
Post-employment Health Care Benefits	2%
TOTAL EMPLOYER	<u>14%</u>
TOTAL EMPLOYEE	<u>10%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contributions were \$1,024,227 for 2016.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City's full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	POLICE	FIRE
2016 Statutory Maximum Contribution Rates		
EMPLOYER:	19.50 %	24.00 %
EMPLOYEE:	12.25 %	12.25 %
2016 Actual Contribution Rates		
EMPLOYER:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
TOTAL EMPLOYER	19.50 %	24.00 %
TOTAL EMPLOYEE	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,523,199 for 2016.

In addition to current contributions, the City pays installments on a specific liability incurred when the State of Ohio established the statewide pension system Police and Fire in 1967. As of December 31, 2016, the specific liability of the City was \$94,782 payable in semi-annual payments through the year 2035.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Proportionate Share of the Net Pension Liability/(Asset)	\$11,564,366	(\$22,733)	\$10,689,018	\$ 11,802,999	\$34,033,650
Proportion of the Net Pension Liability/Asset	0.066764%	0.046720%	0.166157%	0.183474%	
Pension Expense	\$1,624,895	\$11,988	\$1,245,177	\$1,355,356	\$4,237,416

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F Police	OP&F Fire	Total
<u>Deferred Outflows of Resources</u>				
Net difference between projected and actual earnings on pension plan investments	\$3,409,018	\$1,739,763	\$1,921,075	\$7,069,856
City contributions subsequent to the measurement date	1,024,227	721,279	801,920	2,547,426
Total Deferred Outflows of Resources	<u>\$4,433,245</u>	<u>\$2,461,042</u>	<u>\$2,722,995</u>	<u>\$9,617,282</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$233,819	\$30,014	\$33,142	\$296,975
Changes in proportion and differences between City contributions and proportionate share of contributions	137,335	3,639	104,892	245,866
Total Deferred Inflows of Resources	<u>\$371,154</u>	<u>\$33,653</u>	<u>\$138,034</u>	<u>\$542,841</u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

\$2,547,426 was reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F Police	OP&F Fire	Total
Year Ending December 31:				
2017	\$683,211	\$451,643	\$479,276	\$1,614,130
2018	737,564	451,643	479,276	1,668,483
2019	855,664	451,645	479,276	1,786,585
2020	769,506	358,896	376,863	1,505,265
2021	(1,982)	(6,484)	(26,596)	(35,062)
Thereafter	(6,099)	(1,233)	(5,054)	(12,386)
Total	<u>\$3,037,864</u>	<u>\$1,706,110</u>	<u>\$1,783,041</u>	<u>\$6,527,015</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75%
Future Salary Increases, including inflation	4.25% -10.05% including wage inflation
COLA or Ad Hoc COLA	3% simple
Investment Rate of Return	8%
Actuarial Cost Method	Individual Entry Age

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

City's proportionate share of the net pension liability/(asset)	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Traditional Pension Plan	\$18,424,861	\$11,564,366	\$5,777,757
Combined Plan	(\$467)	(\$22,733)	(\$40,646)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2014 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	
* levered 2x		

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 29,663,957	\$ 22,492,017	\$ 16,416,677

NOTE 11: POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (OPERS)

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

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all healthcare assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties can obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 1-800-222-PERS (7377) or (614) 222-5601.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, local government employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units. Active members do not fund health care.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

For 2016, the employer contributions allocated to the health care plan for members of the Traditional Plan and the Combined Plan was 2%. As recommended by OPERS' actuary, contributions will decrease to 1% beginning January 1, 2017 for both plans. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The total employer contribution rate is the statutorily required contribution rates for OPERS. The City's actual contributions for the years 2016, 2015 and 2014 which were used to fund post-employment benefits were \$175,193, \$173,306 and \$173,444 respectively. The City's portion is calculated by multiplying actual employer contributions by the employer contribution rate determined to be 0.1428 for 2016.

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

Plan Description - The City of Willoughby contributes to the Ohio Police & Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. Healthcare benefits provided by OP&F include medical coverage, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of the covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts: One for health care benefits under IRS Code Section 115 trust and the other for Medicare Part B reimbursements administered under the Internal Revenue Code 401(h) account.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Both are within the defined benefit pension plan under the authority granted to the OP&F Board of Trustees by the Ohio Revised Code. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account for retiree health care benefits. For the year 2016, the employer contribution allocated to the healthcare plan was 0.50% of covered payroll for January through December. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F board of trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City of Willoughby's contributions to OP&F for the years ending December 31, 2016, 2015 and 2014 were \$736,190, \$730,968, and \$710,780 for police and \$814,033, \$804,199, and \$795,414 for firefighters, respectively. The portion of the City's contributions that was used to pay post-employment benefits for 2016, 2015 and 2014 was \$19,157, \$19,021, and \$18,517 for police and \$17,120, \$16,881, and \$16,727 for firefighters, respectively. These amounts are calculated by multiplying actual employer contributions by the following factors: 0.026 for police and 0.021 for fire on contributions made for all three years.

NOTE 12: OTHER EMPLOYEE BENEFITS – COMPENSATED ABSENCES

A. Accumulated Unpaid Vacation

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

B. Accumulated Unpaid Sick Leave

All full-time employees earn sick leave at a rate of 1.25 days for each completed full month of service. Sick leave is accumulated without limit. Upon retirement, an employee is entitled to receive payment for accumulated sick leave. The amount paid is based upon length of service with the maximum amount of accumulated sick leave being 960 hours. Employees with 15 years of service receive an additional amount of 20 percent for sick leave hours accumulated in excess of 960 hours for most City employees and 1,195.2 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 1,195.2 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 1,195.2 for firefighters.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

C. Accumulated Unpaid Compensatory Time

Firefighters may accrue compensatory time to a maximum of 96 hours and police officers may accrue to a maximum of 180 hours. Communications clerks and operators may accrue a maximum of 120 hours of compensatory time. Service workers may accrue a maximum of 40 hours of compensatory time.

NOTE 13: CONTRACTUAL COMMITMENTS

At December 31, 2016, the City's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining on Contract
· Purchase of 2017 Freightliner Ambulance	\$ 244,511	\$ 0	\$ 244,511
· Osborne Park Walking Trail & Parking Improvements	\$ 263,213	\$ 63,422	\$ 199,791
· Quentin Rd Equalization Basin	\$ 3,747,000	\$ 0	\$ 3,747,000
· Willoughby/Eastlake Equalization Basin	<u>\$ 2,138,185</u>	<u>\$ 24,500</u>	<u>\$ 2,113,685</u>
Total	\$ 6,392,909	\$ 87,922	\$ 6,304,987

NOTE 14: CONTINGENCIES, CLAIMS AND JUDGMENTS

A. Litigation

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

B. Special Assessment/Enterprise Bonds

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

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

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 15: OTHER COMMITMENTS

Water/Sewer Billing Agreement

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

NOTE 16: LONG-TERM OBLIGATIONS

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

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Governmental Activities:</u>				
<u>General Obligation Bonds Voted</u>				
Fire Station Refunding	2010	2024	2.0%-4.0%	\$ 4,160,000
<u>General Obligation Bonds Unvoted</u>				
Various Purpose Bond Refunding	2010	2016	1.5%-4.0%	1,075,000
Municipal Building Improvement Refunding	2012	2023	2.0%-4.0%	4,600,000
City Hall Improvement	2012	2032	1.0%-2.625%	3,200,000
Airport Improvement	2012	2032	1.0%-2.625%	155,000
Golf Course Improvement #2	2012	2032	1.0%-2.625%	1,710,000
<u>OPWC</u>				
Karen Isle Watermains	2001	2020	Interest Free	9,003
Brown Avenue Watermains	2001	2022	Interest Free	15,675
<u>Special Assessment Bonds</u>				
Biltmore Place	1995	2016	5.66%	464,000
<u>Other General Long - Term Liabilities</u>				
Police Pension Liability	1968	2035	4.25%	148,460
Landfill Postclosure Care	1994	2024		1,227,640

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Long-Term Obligations (cont)

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Enterprise Fund G.O. Debt Sewer Bonds</u>				
Sewer 2012	2012	2032	1.0%-2.625%	\$ 1,600,000
<u>OPWC</u>				
Waldamere-Glenwood Sanitary Sewer	1997	2017	Interest Free	200,000
Vine Street Area Sanitary Sewer	2001	2022	Interest Free	223,351
Center-Wood Sanitary Sewer	2003	2024	Interest Free	78,505
Lakeshore Blvd	2007	2028	Interest Free	115,102
River Road Sanitary Sewer	2010	2030	Interest Free	57,574
Kirtland Road Sanitary Sewer	2011	2031	Interest Free	150,000
Madison Skiff Sanitary Sewer	2012	2033	Interest Free	126,128
Mooreland St Clair	2015	2036	Interest Free	150,000
<u>OWDA</u>				
Waldamere-Glenwood Sanitary Sewer	1997	2017	4.04%-3.0%	305,320
Downtown Sanitary Sewer	2001	2020	3.91%-3.0%	1,372,534
Highland-Maple-Wood Sanitary Sewer	2002	2022	3.99-3.53%-3.0%	1,734,234
Center-Wood Sanitary Sewer	2003	2023	3.65%-3.0%	974,020
Van Gorder Sewer Lining	2003	2023	4.78%-4.0%	88,505
Lakeshore Blvd	2007	2027	3.34%-3.0	544,207
River Road Sanitary Sewer	2008	2029	3.3%-3.0	1,945,317
Vine and Trunk Sanitary Sewer	2010	2030	3.25%-3.0%	327,067
Kirtland Road Sanitary Sewer	2011	2031	4.45%-4.0%	559,572
Madison Skiff Sanitary Sewer	2012	2033	3.35%	984,927
Mooreland St Clair	2015	2036	2.75%	1,127,323
WPCC Basin Rehab	2016	2037	1.47%	108,450
WPCC Quentin Basin	2016	2038	1.55%	269,447
<u>Golf Bonds</u>				
Golf Course Improvement Refunding	2012	2019	1.0%-2.0%	835,000
Golf Course Improvement Refunding	2012	2022	1.0%-2.0%	1,165,000

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Long-Term Obligations (cont)

Changes in long-term obligations of the City during 2016 were as follows:

	Restated Balance 1/1/2016	Increases	Decreases	Balance 12/31/16	Amounts Due Within One Year
Governmental Activities:					
<u>General Obligation Bonds Voted</u>					
Fire Station Refunding	\$ 2,870,000	\$ 0	\$ 280,000	\$ 2,590,000	\$ 285,000
Unamortized Premium	26,271	0	2,919	23,352	0
<i>Subtotal - General Obligation Bonds Voted</i>	<u>2,896,271</u>	<u>0</u>	<u>282,919</u>	<u>2,613,352</u>	<u>285,000</u>
<u>General Obligation Bonds Unvoted</u>					
Various Purpose Bond Refunding	190,000	0	190,000	0	0
Municipal Building Improvement Refunding	3,375,000	0	410,000	2,965,000	420,000
Unamortized Premium	162,024	0	20,253	141,771	0
City Hall Improvement	2,790,000	0	145,000	2,645,000	150,000
Airport Improvement	140,000	0	5,000	135,000	5,000
Golf Course Improvement #2	1,490,000	0	75,000	1,415,000	75,000
Unamortized Premium	98,825	0	5,900	92,925	0
<i>Subtotal - General Obligation Bonds Unvoted</i>	<u>8,245,849</u>	<u>0</u>	<u>851,153</u>	<u>7,394,696</u>	<u>650,000</u>
<u>OPWC</u>					
Karen Isle Watermains	2,251	0	450	1,801	450
Brown Avenue Watermains	5,486	0	784	4,702	784
<i>Subtotal - OPWC</i>	<u>7,737</u>	<u>0</u>	<u>1,234</u>	<u>6,503</u>	<u>1,234</u>
Total Governmental Activities					
General Obligation Bonds and Loans	<u>11,149,857</u>	<u>0</u>	<u>1,135,306</u>	<u>10,014,551</u>	<u>936,234</u>
<u>Special Assessment Bonds</u>					
Biltmore Place	35,000	0	35,000	0	0
<i>Subtotal - Special Assessment Bonds</i>	<u>35,000</u>	<u>0</u>	<u>35,000</u>	<u>0</u>	<u>0</u>
<u>Other General Long Term Liabilities</u>					
Police Pension Liability	97,121	0	3,331	93,790	3,474
Landfill Postclosure Care	561,360	0	55,885	505,475	57,435
Compensated Absences	5,710,552	1,269,965	1,054,219	5,926,298	1,524,184
<i>Subtotal - Other General Long-Term Liabilities</i>	<u>6,369,033</u>	<u>1,269,965</u>	<u>1,113,435</u>	<u>6,525,563</u>	<u>1,585,093</u>
<u>Net Pension Liability</u>					
OPERS	6,406,102	3,348,065	776,750	8,977,417	0
OP&F	18,693,944	5,297,895	1,499,822	22,492,017	0
<i>Subtotal - Net Pension Liability</i>	<u>25,100,046</u>	<u>8,645,960</u>	<u>2,276,572</u>	<u>31,469,434</u>	<u>0</u>
Subtotal Governmental Activities	<u>\$ 42,653,936</u>	<u>\$ 9,915,925</u>	<u>\$ 4,560,313</u>	<u>\$ 48,009,548</u>	<u>\$ 2,521,327</u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Long-Term Obligations (cont)

	Balance 01/01/16	Increases	Decreases	Balance 12/31/16	Amounts Due Within One Year
Business-Type Activities:					
<u>Enterprise Fund General Obligation</u>					
<u>Debt - Sewer Bonds</u>					
Sewer 2012	\$ 1,395,000	\$ 0	\$ 70,000	\$ 1,325,000	\$ 70,000
<u>OPWC</u>					
Waldamere-Glenwood Sanitary Sewer	15,000	0	10,000	5,000	5,000
Vine Street Area Sanitary Sewer	72,687	0	10,383	62,304	10,382
Center-Wood Sanitary Sewer	35,328	0	3,926	31,402	3,925
Lakeshore Blvd	74,816	0	5,755	69,061	5,755
River Road Sanitary Sewer	41,740	0	2,879	38,861	2,879
Kirtland Road Sanitary Sewer	123,750	0	7,500	116,250	7,500
Madison Skiff Sanitary Sewer	116,669	0	6,306	110,363	6,306
Mooreland St. Clair	150,000	0	7,500	142,500	7,500
<u>QWDA</u>					
Waldamere-Glenwood Sanitary Sewer	32,290	0	21,309	10,981	10,981
Downtown Sanitary Sewer	448,197	0	82,835	365,362	86,105
Highland-Maple-Wood Sanitary Sewer	767,401	0	97,123	670,278	101,020
Center-Wood Sanitary Sewer	475,298	0	52,168	423,130	54,089
Van Gorder Sewer Lining	45,569	0	4,800	40,769	5,032
Lakeshore Blvd	355,862	0	25,851	330,011	26,721
River Road Sanitary Sewer	1,488,672	0	85,212	1,403,460	88,047
Vine and Trunk Sanitary Sewer	252,091	0	5,070	247,021	11,391
Kirtland Road Sanitary Sewer	493,549	0	20,809	472,740	21,745
Madison Skiff Sanitary Sewer	924,526	0	30,175	894,351	39,802
Mooreland St. Clair	1,127,323	0	17,479	1,109,844	47,497
WPCC Basin Rehab	0	108,450	0	108,450	0
WPCC Quentin Basin	0	269,447	0	269,447	0
Subtotal - Sewer Bonds and Loans	<u>8,435,768</u>	<u>377,897</u>	<u>567,080</u>	<u>8,246,585</u>	<u>611,677</u>
<u>Golf Bonds</u>					
Golf Course Improvement Refunding	490,000	0	120,000	370,000	120,000
Golf Course Improvement Refunding	970,000	0	70,000	900,000	70,000
Subtotal - Golf Bonds	<u>1,460,000</u>	<u>0</u>	<u>190,000</u>	<u>1,270,000</u>	<u>190,000</u>
Total Bonds Payable	<u>9,895,768</u>	<u>377,897</u>	<u>757,080</u>	<u>9,516,585</u>	<u>801,677</u>
<u>Other Liabilities</u>					
Compensated Absences	<u>829,252</u>	<u>176,550</u>	<u>111,758</u>	<u>894,044</u>	<u>212,088</u>
<u>Net Pension Liability- OPERS</u>					
Sewer	1,542,317	806,071	187,008	2,161,380	0
Golf	303,677	158,713	36,821	425,569	0
Subtotal -Net Pension Liability-OPERS	<u>1,845,994</u>	<u>964,784</u>	<u>223,829</u>	<u>2,586,949</u>	<u>0</u>
Subtotal Business-Type Activities	<u>12,571,014</u>	<u>1,519,231</u>	<u>1,092,667</u>	<u>12,997,578</u>	<u>1,013,765</u>
Total Long-Term Liabilities	<u>\$ 55,224,950</u>	<u>\$ 11,435,156</u>	<u>\$ 5,652,980</u>	<u>\$ 61,007,126</u>	<u>\$ 3,535,092</u>

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from both voted and un-voted 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.

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

General Obligation Bonds				
Year Ending	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
December 31	Principal	Interest	Principal	Interest
2017	\$ 935,000	\$ 227,729	\$ 260,000	\$ 51,618
2018	950,000	205,678	260,000	49,019
2019	980,000	180,879	270,000	43,818
2020	995,000	160,769	300,000	38,419
2021	1,030,000	139,294	305,000	32,418
2022-2026	3,125,000	379,193	650,000	96,294
2027-2031	1,410,000	146,895	455,000	46,220
2032	325,000	8,137	95,000	2,494
Total	\$ 9,750,000	\$ 1,448,574	\$ 2,595,000	\$ 360,300

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.

Current special assessment debt was paid in full at December 31, 2016.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Other Long-Term Obligations – Compensated absences will be paid from the fund in which the employee’s salary is paid. The General fund pays the most significant amounts. Enterprise funds pay for all of their employee costs including retirements. Police Pension liability is paid from the Police Pension fund. See Note 19 for further detail on landfill liability. The City’s legal debt margin at December 31, 2016 was \$61,349,696. Annual debt service requirements to maturity for other debt are as follows:

Year Ending December 31	Other Debt				
	<u>Governmental Activities</u>			<u>Business-type Activities</u>	
	Police Pension Liability		O.P.W.C.	O.W.D.A. & O.P.W.C.	
	Principal	Interest	Principal	Principal	Interest
2017	\$ 3,474	\$ 3,949	\$ 1,234	\$ 541,677	\$ 185,025
2018	3,622	3,800	1,234	546,293	169,424
2019	3,778	3,644	1,234	564,571	153,923
2020	3,941	3,482	1,233	583,528	137,854
2021	4,110	3,313	784	502,649	121,938
2022-2026	23,355	13,761	784	2,318,071	421,960
2027-2031	28,820	8,297	0	1,419,976	179,121
2032-2035	22,690	1,882	0	444,820	35,221
Total	\$ 93,790	\$ 42,128	\$ 6,503	\$ 6,921,585	\$ 1,404,467

NOTE 17: CONDUIT DEBT

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

TYPE	ON BEHALF OF	ORIGINAL AMOUNT	OUTSTANDING BALANCE	YEAR OF ISSUE
Multi-Family Housing Mortgage Revenue Bonds	Oakhill Village Oakhill Village	\$5,955,000 \$3,395,000	\$5,955,000 \$1,379,000	2002A 2002B
Industrial Development Revenue Bonds	Kennedy Group	\$6,500,000	\$ 645,000	1998
Industrial Development Revenue Refunding Bonds	Ohio Presbyterian Retirement Services	\$8,200,000	\$ 0	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, 2016

NOTE 18: NOTES PAYABLE

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

The following general obligation notes were payable at December 31, 2016:

Notes	Maturity Date	Balance December 31, 2015	Issued	Retired	Balance December 31, 2016
Capital Project Note Payable: 2.0%	May 26, 2017	\$5,700,000	\$5,680,000	\$5,700,000	\$5,680,000
Total Notes Payable		<u>\$5,700,000</u>	<u>\$5,680,000</u>	<u>\$5,700,000</u>	<u>\$5,680,000</u>

NOTE 19: LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The City's landfill placed its final cover in 1995. The \$505,475 reported as Landfill Postclosure Care at December 31, 2016 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.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 20: INSURANCE AND RISK MANAGEMENT

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

A. Commercial Insurance

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

Coverage	Company	Claim Limit	Deductible
General Liability	Selective Insurance	\$1,000,000	\$ 0
Public Officials Liability	Scottsdale Indemnity Company	2,000,000	25,000
Law Enforcement Liability	Scottsdale Indemnity Company	1,000,000	10,000
Commercial Property	Selective Insurance	79,330,081	25,000
Commercial Crime	Selective Insurance	20,000	250
Equipment Breakdown	Cincinnati Insurance	79,330,081	25,000
Automobile Liability	Selective Insurance	1,000,000	0
Automobile Comprehensive	Selective Insurance	Per Schedule	1,000/2,000
Automobile Collision	Selective Insurance	Per Schedule	1,000/2,000
Excess General Liability (Umbrella)	Selective Insurance	10,000,000	0
Fire Errors and Omissions	Selective Insurance	1,000,000	0
Ambulance Malpractice	Selective Insurance	1,000,000	0
Blanket Bond	Selective Insurance	100,000	2,500
Bond-Finance Director	State Automobile Mutual Insurance Company	40,000	0
Cyber Liability	Travelers Insurance Company	2,000,000	10,000

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.

B. Workers' Compensation Retrospective Rating Plan

The City established a formal self-insurance program for liabilities arising from the City's participation in the State's Workers' Compensation Retrospective Rating Plan which began in 2014. This exposure is accounted for in the Workers' Compensation Retro Rating fund, which is responsible for collecting interfund premiums from other City funds and departments, paying claim settlements, paying third-party administration fees and purchasing other specified insurance policies.

CITY OF WILLOUGHBY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

The City had chosen to pre-fund a portion of the future liabilities utilizing a rebate from the State Bureau of Worker's Compensation in 2013.

The Retrospective Rating Plan is an alternative rating plan offered by the Ohio Bureau of Workers' Compensation. In a Retrospective Rating Plan, the City initially pays a fraction of the premium it would pay as an experience rated or base rated employer. As costs for the claims are incurred, the City must reimburse the State Insurance Fund for these claims.

The maximum claim limit for any individual injury is \$200,000. The minimum annual premium is 43% of the experience rated premium threshold of \$498,568 plus administrative and Disabled Workers Relief Fund (DWRF) costs. The maximum annual premium is 200%.

An amount is accrued to establish a reserve for 2014 claims expenditures expected over the next 10 years.

In 2015 and 2016, the City opted to be experience rated for Workers' Compensation. This is as a result of the Bureau of Workers' Compensation changing to a prospective billing rather than a retrospective billing as was done in the past. The Bureau granted a 50% credit on claims costs for 2015 and 2016 to allow for an easier transition to this method of billing. The City reserves the right to go back to retrospective billing or other programs the Bureau may offer in the future.

NOTE 21: JOINT ORGANIZATION

Northeast Ohio Public Energy Council

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of 174 communities who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the ten-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 2016. Financial information can be obtained by contacting NOPEC, 31320 Solon Road, Suite 33, Solon, Ohio 44139.

Required Supplementary Information

CITY OF WILLOUGHBY, OHIO
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Three Years

<u>Traditional Plan</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension Liability	0.066764%	0.068419%	0.068419%
City's Proportionate Share of the Net Pension Liability	\$11,564,366	\$8,252,096	\$8,065,709
City's Covered-Employee Payroll	\$8,309,408	\$8,415,950	\$8,277,877
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	139.17%	98.05%	97.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%
<u>Combined Plan</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's Proportion of the Net Pension (Asset)	0.046720%	0.025052%	0.025052%
City's Proportionate Share of the Net Pension (Asset)	(\$22,733)	(\$9,646)	(\$2,629)
City's Covered-Employee Payroll	\$170,033	\$92,267	\$66,838
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	13.37%	10.45%	3.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.90%	114.83%	104.33%

(1) Information prior to 2013 is not available.

Amounts presented as of the City's measurement date
which is the prior year end.

CITY OF WILLOUGHBY, OHIO
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Three Years

Police	2015	2014 (2)	2013
City's Proportion of the Net Pension Liability	0.1661573%	0.1662427%	0.1662427%
City's Proportionate Share of the Net Pension Liability	\$10,689,018	\$8,824,343	\$8,096,541
City's Covered-Employee Payroll	\$3,765,511	\$3,666,305	\$5,245,880
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	283.87%	240.69%	154.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%
Fire	2015	2014	2013
City's Proportion of the Net Pension Liability	0.1834738%	0.1859341%	0.1859341%
City's Proportionate Share of the Net Pension Liability	\$11,802,999	\$9,869,601	\$9,055,574
City's Covered-Employee Payroll	\$3,361,085	\$3,331,877	\$4,563,722
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	351.17%	296.22%	198.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

(1) Information prior to 2013 is not available.

(2) Restatement of NPL

Amounts presented as of the City's measurement date which is the prior year end.

CITY OF WILLOUGHBY, OHIO
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System
Last Four Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>				
Traditional Plan	\$999,842	\$997,129	\$1,009,914	1,076,124
Combined Plan	\$24,384	\$20,404	\$11,072	8,689
Total Required Contributions	\$1,024,226	\$1,017,533	\$1,020,986	\$1,084,813
Contributions in Relation to the Contractually Required Contribution	(\$1,024,226)	(\$1,017,533)	(\$1,020,986)	(\$1,084,813)
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>City's Covered-Employee Payroll</u>				
Traditional Plan	\$8,332,017	\$8,309,408	\$8,415,950	\$8,277,877
Combined Plan	\$203,200	\$170,033	\$92,267	\$66,838
<u>Contributions as a Percentage of Covered- Employee Payroll</u>				
Traditional Plan	12.00%	12.00%	12.00%	13.00%
Combined Plan	12.00%	12.00%	12.00%	13.00%

[1] – Information prior to 2013 is not available

CITY OF WILLOUGHBY, OHIO
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Contractually Required Contributions</u>										
Police	\$721,279	\$715,447	\$696,598	\$825,177	\$685,085	\$687,087	\$714,847	\$708,182	\$678,367	\$643,599
Fire	<u>\$801,920</u>	<u>\$789,855</u>	<u>\$782,991</u>	<u>\$923,241</u>	<u>\$753,553</u>	<u>\$758,125</u>	<u>\$751,647</u>	<u>\$737,934</u>	<u>\$711,921</u>	<u>\$691,923</u>
Total Required Contributions	\$1,523,199	\$1,505,302	\$1,479,589	\$1,748,418	\$1,438,638	\$1,445,212	\$1,466,494	\$1,446,116	\$1,390,288	\$1,335,522
Contributions in Relation to the Contractually Required Contribution	(\$1,523,199)	(\$1,505,302)	(\$1,479,589)	(\$1,748,418)	(\$1,438,638)	(\$1,445,212)	(\$1,466,494)	(\$1,446,116)	(\$1,390,288)	(\$1,335,522)
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered-Employee Payroll										
Police	\$3,796,205	\$3,765,511	\$3,666,305	\$5,245,880	\$5,373,216	\$5,388,918	\$5,606,643	\$5,554,369	\$5,320,525	\$5,047,835
Fire	\$3,412,426	\$3,361,085	\$3,331,877	\$4,563,722	\$4,368,423	\$4,394,928	\$4,357,374	\$4,277,878	\$4,127,078	\$4,011,148
<u>Contributions as a Percentage of Covered-Employee Payroll</u>										
Police	19.00%	19.00%	19.00%	[1]	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%
Fire	23.50%	23.50%	23.50%	[1]	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%

[1] – The portion of the City's contributions to fund pension obligations from January 1, 2013 thru May 31, 2013, for both police officers and firefighters was 14.81 percent and 19.31 percent, respectively. The portion of the City's contributions to fund pension obligations from June 1, 2013 thru December 31, 2013 for both police officers and firefighters was 16.65 percent and 21.15 percent, respectively.

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

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (Non-GAAP Basis) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES:				
Municipal Income Taxes	\$ 17,211,591	\$ 17,211,591	\$ 17,199,752	\$ (11,839)
Property and Other Local Taxes	1,653,276	1,653,276	1,691,326	38,050
Intergovernmental	1,214,671	1,214,671	1,436,293	221,622
Charges for Services	1,204,200	1,204,200	1,296,283	92,083
Fines and Forfeitures	2,022,500	2,022,500	2,002,006	(20,494)
Licenses and Permits	242,100	242,100	214,842	(27,258)
Interest	150,000	150,000	197,535	47,535
Miscellaneous	120,000	120,000	112,500	(7,500)
Total Revenues	<u>23,818,338</u>	<u>23,818,338</u>	<u>24,150,537</u>	<u>332,199</u>
EXPENDITURES:				
Government:				
Legislative -Council				
Personal Services	108,849	108,849	108,085	764
Services and Supplies	7,700	7,700	3,543	4,157
Total Legislative -Council	<u>116,549</u>	<u>116,549</u>	<u>111,628</u>	<u>4,921</u>
Judicial -Municipal Court				
Personal Services	2,292,393	2,292,393	1,789,164	503,229
Services and Supplies	128,500	128,500	74,154	54,346
Other	10,000	10,000	0	10,000
Total Judicial-Municipal Court	<u>2,430,893</u>	<u>2,430,893</u>	<u>1,863,318</u>	<u>567,575</u>
Executive-Mayor				
Personal Services	16,914,531	16,914,531	16,116,743	797,788
Services and Supplies	4,269,301	4,269,301	3,558,695	710,606
Other	125,000	125,000	81,824	43,176
Total Executive-Mayor	<u>21,308,832</u>	<u>21,308,832</u>	<u>19,757,262</u>	<u>1,551,570</u>
Total Expenditures	<u>23,856,274</u>	<u>23,856,274</u>	<u>21,732,208</u>	<u>2,124,066</u>
Excess of Revenues Over (Under) Expenditures	(37,936)	(37,936)	2,418,329	2,456,265
OTHER FINANCING SOURCES (USES):				
Transfers Out	(2,262,487)	(2,262,487)	(2,262,487)	0
Other	0	0	312,344	312,344
Total Other Financing Sources (Uses)	<u>(2,262,487)</u>	<u>(2,262,487)</u>	<u>(1,950,143)</u>	<u>312,344</u>
NET CHANGE IN FUND BALANCE	(2,300,423)	(2,300,423)	468,186	2,768,609
FUND BALANCE BEGINNING OF YEAR	5,810,060	5,810,060	5,810,060	0
Prior Year Encumbrances Appropriated	<u>15,514</u>	<u>15,514</u>	<u>15,514</u>	<u>0</u>
FUND BALANCE END OF YEAR	\$ 3,525,151	\$ 3,525,151	\$ 6,293,760	\$ 2,768,609

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, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Property and Other Local Taxes	\$110,000	\$110,000	\$116,063	\$6,063
Intergovernmental	0	1,102,415	821,438	(280,977)
Other	0	195,578	213,046	17,468
Total Revenues	<u>110,000</u>	<u>1,407,993</u>	<u>1,150,547</u>	<u>(257,446)</u>
EXPENDITURES:				
Executive-Mayor				
Capital Outlay	2,930,000	2,930,000	1,979,107	950,893
Debt Service				
Principal Retirement	<u>5,700,000</u>	<u>5,700,000</u>	<u>5,700,000</u>	<u>0</u>
Total Expenditures	<u>8,630,000</u>	<u>8,630,000</u>	<u>7,679,107</u>	<u>950,893</u>
Excess of Revenues Over (Under) Expenditures	(8,520,000)	(7,222,007)	(6,528,560)	693,447
OTHER FINANCING SOURCES (USES):				
Notes Issued	5,700,000	5,700,000	5,680,000	(20,000)
Transfers In	<u>52,487</u>	<u>52,487</u>	<u>52,487</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>5,752,487</u>	<u>5,752,487</u>	<u>5,732,487</u>	<u>(20,000)</u>
NET CHANGE IN FUND BALANCE	(2,767,513)	(1,469,520)	(796,073)	673,447
FUND BALANCE BEGINNING OF YEAR	3,580,213	3,580,213	3,580,213	0
Prior Year Encumbrances Appropriated	<u>52,913</u>	<u>52,913</u>	<u>52,913</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$865,613</u>	<u>\$2,163,606</u>	<u>\$2,837,053</u>	<u>\$673,447</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, 2016

	<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	\$1,150,700	\$1,150,700	\$967,774	(\$182,926)
Intergovernmental	168,783	168,783	176,090	7,307
Interest Income	<u>0</u>	<u>0</u>	<u>69,689</u>	<u>69,689</u>
Total Revenues	<u>1,319,483</u>	<u>1,319,483</u>	<u>1,213,553</u>	<u>(105,930)</u>
EXPENDITURES:				
Executive-Mayor				
Personal Services	13,000	13,000	13,000	0
Services and Supplies	19,000	19,000	12,585	6,415
Debt Service				
Principal Retirement	1,101,234	1,216,234	1,216,234	0
Interest	<u>342,929</u>	<u>342,929</u>	<u>286,867</u>	<u>56,062</u>
Total Expenditures	<u>1,476,163</u>	<u>1,591,163</u>	<u>1,528,686</u>	<u>62,477</u>
Excess of Revenues Over (Under) Expenditures	(156,680)	(271,680)	(315,133)	(43,453)
OTHER FINANCING SOURCES (USES):				
Transfer In	<u>150,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(6,680)	28,320	(15,133)	(43,453)
FUND BALANCE BEGINNING OF YEAR	<u>24,677</u>	<u>24,677</u>	<u>24,677</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$17,997</u>	<u>\$52,997</u>	<u>\$9,544</u>	<u>(\$43,453)</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, 2016

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Charges for Services	\$1,022,000	\$1,022,000	\$902,992	(\$119,008)
Other	<u>0</u>	<u>0</u>	<u>2,029</u>	<u>2,029</u>
Total Revenues	<u>1,022,000</u>	<u>1,022,000</u>	<u>905,021</u>	<u>(116,979)</u>
EXPENSES:				
Executive-Mayor				
Leisure Time Activities				
Personal Services	472,637	472,637	462,909	9,728
Services and Supplies	349,475	349,475	345,782	3,693
Capital Outlay	15,000	15,000	14,966	34
Debt Service				
Principal Retirement	<u>190,000</u>	<u>190,000</u>	<u>75,000</u>	<u>115,000</u>
Total Expenses	<u>1,027,112</u>	<u>1,027,112</u>	<u>898,657</u>	<u>128,455</u>
NET CHANGE IN FUND EQUITY	(5,112)	(5,112)	6,364	11,476
FUND EQUITY BEGINNING OF YEAR	<u>9,584</u>	<u>9,584</u>	<u>9,584</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$4,472</u>	<u>\$4,472</u>	<u>\$15,948</u>	<u>\$11,476</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, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Intergovernmental	\$437,556	\$437,556	\$156,856	(\$280,700)
Charges for Services	5,948,000	5,948,000	5,757,058	(190,942)
Interest Income	0	0	7,265	7,265
Other	<u>350,000</u>	<u>450,000</u>	<u>412,434</u>	<u>(37,566)</u>
Total Revenues	<u>6,735,556</u>	<u>6,835,556</u>	<u>6,333,613</u>	<u>(501,943)</u>
EXPENSES:				
Executive-Mayor				
Basic Utility Service				
Personal Services	2,540,229	2,540,229	2,369,740	170,489
Services and Supplies	1,217,725	1,217,725	1,101,757	115,968
Other	350,000	350,000	350,000	0
Capital Outlay	4,249,445	8,246,445	7,723,153	523,292
Debt Service				
Principal Retirement	553,117	561,178	566,048	(4,870)
Interest	<u>207,335</u>	<u>211,335</u>	<u>204,798</u>	<u>6,537</u>
Total Expenses	<u>9,117,851</u>	<u>13,126,912</u>	<u>12,315,496</u>	<u>811,416</u>
Excess of Revenues Over (Under) Expenses	(2,382,295)	(6,291,356)	(5,981,883)	309,473
OTHER FINANCING SOURCES (USES):				
Sale of Debt	<u>2,011,616</u>	<u>6,076,616</u>	<u>130,795</u>	<u>(5,945,821)</u>
Total Other Financing Sources (Uses)	<u>2,011,616</u>	<u>6,076,616</u>	<u>130,795</u>	<u>(5,945,821)</u>
NET CHANGE IN FUND EQUITY	(370,679)	(214,740)	(5,851,088)	(5,636,348)
FUND EQUITY BEGINNING OF YEAR	2,219,005	2,219,005	2,219,005	0
Prior Year Encumbrances Appropriated	<u>22,955</u>	<u>22,955</u>	<u>22,955</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$1,871,281</u>	<u>\$2,027,220</u>	<u>(\$3,609,128)</u>	<u>(\$5,636,348)</u>

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Funds

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Railroad Grade Crossing Fund – to account for fines received and expenditures for crossing improvements. This is a state mandated fund. There has been no activity therefore there are no financial statement presentations in 2016.

NONMAJOR DEBT SERVICE FUND

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

PERMANENT FUND

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

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

CITY OF WILLOUGHBY, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2016

	NONMAJOR SPECIAL REVENUE FUNDS	SPECIAL ASSESSMENTS DEBT SERVICE FUND	CEMETERY CARE PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets:				
Equity in City Treasury Cash and Investments	\$2,707,864	\$187,181	\$308,592	\$3,203,637
Inventory - Supplies	171,607	0	0	171,607
Accounts Receivable	1,049	0	0	1,049
Intergovernmental Receivable	720,745	0	0	720,745
Taxes Receivable	1,455,116	0	0	1,455,116
Special Assessments Receivable	<u>611,043</u>	<u>6,830</u>	<u>0</u>	<u>617,873</u>
Total Assets	<u>5,667,424</u>	<u>194,011</u>	<u>308,592</u>	<u>6,170,027</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
	<u>\$5,667,424</u>	<u>\$194,011</u>	<u>\$308,592</u>	<u>\$6,170,027</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$623,941	\$0	\$0	\$623,941
Salaries, Wages & Benefits Payable	55,866	0	0	55,866
Intergovernmental Payable	<u>141</u>	<u>0</u>	<u>0</u>	<u>141</u>
Total Liabilities	<u>679,948</u>	<u>0</u>	<u>0</u>	<u>679,948</u>
Deferred Inflows of Resources:				
Property Taxes	1,380,700	0	0	1,380,700
Unavailable Revenue- Grants and Entitlements	488,708	0	0	488,708
Unavailable Revenue-Special Assessments	611,043	6,830	0	617,873
Unavailable Revenue- Delinquent Property Taxes	<u>74,416</u>	<u>0</u>	<u>0</u>	<u>74,416</u>
Total Deferred Inflows of Resources	<u>2,554,867</u>	<u>6,830</u>	<u>0</u>	<u>2,561,697</u>
Fund Balances:				
Nonspendable	171,607	0	308,592	480,199
Restricted	<u>2,261,002</u>	<u>187,181</u>	<u>0</u>	<u>2,448,183</u>
Total Fund Balances	<u>2,432,609</u>	<u>187,181</u>	<u>308,592</u>	<u>2,928,382</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
	<u>\$5,667,424</u>	<u>\$194,011</u>	<u>\$308,592</u>	<u>\$6,170,027</u>

CITY OF WILLOUGHBY, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	NONMAJOR SPECIAL REVENUE FUNDS	SPECIAL ASSESSMENTS DEBT SERVICE FUND	CEMETERY CARE PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Property and Other Local Taxes	\$1,484,942	\$0	\$0	\$1,484,942
Intergovernmental	1,527,427	0	0	1,527,427
Charges for Services	380,965	0	11,980	392,945
Special Assessments	556,047	42,175	0	598,222
Fines and Forfeitures	404,671	0	0	404,671
Miscellaneous	<u>13,155</u>	<u>0</u>	<u>0</u>	<u>13,155</u>
Total Revenues	<u>4,367,207</u>	<u>42,175</u>	<u>11,980</u>	<u>4,421,362</u>
EXPENDITURES:				
Current:				
General Government	285,817	1,228	0	287,045
Security of Persons and Property	2,221,233	0	0	2,221,233
Community Environment	24,227	0	0	24,227
Leisure Time Activities	1,026,750	0	0	1,026,750
Transportation	1,719,235	0	0	1,719,235
Capital Outlay	1,421,376	0	0	1,421,376
Debt Service:				
Principal	0	35,000	0	35,000
Interest	<u>0</u>	<u>2,048</u>	<u>0</u>	<u>2,048</u>
Total Expenditures	<u>6,698,638</u>	<u>38,276</u>	<u>0</u>	<u>6,736,914</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,331,431)	3,899	11,980	(2,315,552)
OTHER FINANCING SOURCES (USES):				
Transfers In	2,210,000	0	0	2,210,000
Transfers Out	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>	<u>(300,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,060,000</u>	<u>(150,000)</u>	<u>0</u>	<u>1,910,000</u>
NET CHANGE IN FUND BALANCES	(271,431)	(146,101)	11,980	(405,552)
FUND BALANCES BEGINNING OF YEAR	2,646,873	333,282	296,612	3,276,767
CHANGE IN INVENTORY	<u>57,167</u>	<u>0</u>	<u>0</u>	<u>57,167</u>
FUND BALANCES END OF YEAR	<u>\$2,432,609</u>	<u>\$187,181</u>	<u>\$308,592</u>	<u>\$2,928,382</u>

CITY OF WILLOUGHBY, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2016

	FIRE PENSION	POLICE PENSION	LAW ENFORCEMENT	RECREATION	STREET CONSTRUCTION MAINTENANCE AND REPAIR	STATE HIGHWAY	ROAD & BRIDGE	CORPORATE MAINTENANCE	ENFORCEMENT & EDUCATION
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
Assets:									
Equity in City Treasury Cash and Investments	\$54,388	\$62,362	\$57,544	\$99,954	\$237,064	\$35,067	\$979,492	\$126,591	\$28,890
Inventory - Supplies	0	0	0	0	171,607	0	0	0	0
Accounts Receivable	0	0	0	84	765	0	0	200	0
Intergovernmental Receivable	8,500	8,500	40,698	65,500	457,176	36,708	65,690	0	103
Taxes Receivable	160,513	160,513	0	71,605	0	0	1,062,485	0	0
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>29,052</u>	<u>0</u>
Total Assets	<u>223,401</u>	<u>231,375</u>	<u>98,242</u>	<u>237,143</u>	<u>866,612</u>	<u>71,775</u>	<u>2,107,667</u>	<u>155,843</u>	<u>28,993</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$223,401</u>	<u>\$231,375</u>	<u>\$98,242</u>	<u>\$237,143</u>	<u>\$866,612</u>	<u>\$71,775</u>	<u>\$2,107,667</u>	<u>\$155,843</u>	<u>\$28,993</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts Payable	\$0	\$0	\$0	\$4,910	\$31,405	\$0	\$530,783	\$0	\$0
Salaries, Wages & Benefits Payable	15,692	14,271	0	10,171	14,800	0	0	0	0
Intergovernmental Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>15,692</u>	<u>14,271</u>	<u>0</u>	<u>15,081</u>	<u>46,205</u>	<u>0</u>	<u>530,783</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources:									
Property Taxes	152,268	152,268	0	68,000	0	0	1,008,164	0	0
Unavailable Revenue- Grants and Entitlements	8,500	8,500	0	3,000	384,067	31,141	53,500	0	0
Unavailable Revenue-Special Assessments	0	0	0	0	0	0	0	29,052	0
Unavailable Revenue- Delinquent Property Taxes	<u>8,245</u>	<u>8,245</u>	<u>0</u>	<u>3,605</u>	<u>0</u>	<u>0</u>	<u>54,321</u>	<u>0</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>169,013</u>	<u>169,013</u>	<u>0</u>	<u>74,605</u>	<u>384,067</u>	<u>31,141</u>	<u>1,115,985</u>	<u>29,052</u>	<u>0</u>
Fund Balances:									
Nonspendable	0	0	0	0	171,607	0	0	0	0
Restricted	<u>38,696</u>	<u>48,091</u>	<u>98,242</u>	<u>147,457</u>	<u>264,733</u>	<u>40,634</u>	<u>460,899</u>	<u>126,791</u>	<u>28,993</u>
Total Fund Balances	<u>38,696</u>	<u>48,091</u>	<u>98,242</u>	<u>147,457</u>	<u>436,340</u>	<u>40,634</u>	<u>460,899</u>	<u>126,791</u>	<u>28,993</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$223,401</u>	<u>\$231,375</u>	<u>\$98,242</u>	<u>\$237,143</u>	<u>\$866,612</u>	<u>\$71,775</u>	<u>\$2,107,667</u>	<u>\$155,843</u>	<u>\$28,993</u>



<u>INDIGENT DRIVERS TREATMENT</u>	<u>COURT COMPUTER</u>	<u>GENERAL SPECIAL PROJECTS</u>	<u>SPECIAL PROJECTS DUI</u>	<u>URBAN FOREST MANAGEMENT</u>	<u>VICTIMS ASSISTANCE</u>	<u>POLICE CONTINUING PROFESSIONAL TRAINING</u>	<u>STREET LIGHTING</u>	<u>TOTAL 2016</u>
\$346,942	\$338,361	\$35,359	\$71,672	\$70,389	\$26,780	\$9,091	\$127,918	\$2,707,864
0	0	0	0	0	0	0	0	171,607
0	0	0	0	0	0	0	0	1,049
1,661	12,572	11,408	1,496	0	10,733	0	0	720,745
0	0	0	0	0	0	0	0	1,455,116
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>581,991</u>	<u>611,043</u>
<u>348,603</u>	<u>350,933</u>	<u>46,767</u>	<u>73,168</u>	<u>70,389</u>	<u>37,513</u>	<u>9,091</u>	<u>709,909</u>	<u>5,667,424</u>
<u>\$348,603</u>	<u>\$350,933</u>	<u>\$46,767</u>	<u>\$73,168</u>	<u>\$70,389</u>	<u>\$37,513</u>	<u>\$9,091</u>	<u>\$709,909</u>	<u>\$5,667,424</u>
\$0	\$2,763	\$0	\$5,620	\$0	\$0	\$0	\$48,460	\$623,941
0	0	0	0	0	932	0	0	55,866
<u>0</u>	<u>141</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>141</u>
<u>0</u>	<u>2,904</u>	<u>0</u>	<u>5,620</u>	<u>0</u>	<u>932</u>	<u>0</u>	<u>48,460</u>	<u>679,948</u>
0	0	0	0	0	0	0	0	1,380,700
0	0	0	0	0	0	0	0	488,708
0	0	0	0	0	0	0	581,991	611,043
<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>74,416</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>581,991</u>	<u>2,554,867</u>
0	0	0	0	0	0	0	0	171,607
<u>348,603</u>	<u>348,029</u>	<u>46,767</u>	<u>67,548</u>	<u>70,389</u>	<u>36,581</u>	<u>9,091</u>	<u>79,458</u>	<u>2,261,002</u>
<u>348,603</u>	<u>348,029</u>	<u>46,767</u>	<u>67,548</u>	<u>70,389</u>	<u>36,581</u>	<u>9,091</u>	<u>79,458</u>	<u>2,432,609</u>
<u>\$348,603</u>	<u>\$350,933</u>	<u>\$46,767</u>	<u>\$73,168</u>	<u>\$70,389</u>	<u>\$37,513</u>	<u>\$9,091</u>	<u>\$709,909</u>	<u>\$5,667,424</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, 2016

	<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>ROAD &</u>	<u>CORPORATE</u>	<u>ENFORCEMENT</u>
					<u>MAINTENANCE</u>	<u>HIGHWAY</u>	<u>BRIDGE</u>	<u>MAINTENANCE</u>	<u>& EDUCATION</u>
					<u>AND REPAIR</u>				
REVENUES:									
Property and Other Local Taxes	\$157,799	\$157,799	\$0	\$70,928	\$57,882	\$0	\$1,040,534	\$0	\$0
Intergovernmental	17,496	17,496	0	130,073	926,069	75,087	272,867	0	0
Charges for Services	0	0	0	377,265	500	0	0	0	0
Special Assessments	0	0	0	0	0	0	0	51,781	0
Fines and Forfeitures	0	0	41,465	0	0	0	0	0	2,866
Miscellaneous	<u>0</u>	<u>0</u>	<u>6,524</u>	<u>0</u>	<u>6,631</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>175,295</u>	<u>175,295</u>	<u>47,989</u>	<u>578,266</u>	<u>991,082</u>	<u>75,087</u>	<u>1,313,401</u>	<u>51,781</u>	<u>2,866</u>
EXPENDITURES:									
Current:									
General Government	2,052	2,052	0	0	0	0	13,523	263	0
Security of Persons and Property	818,982	747,683	0	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0	0	24,227	0
Leisure Time Activities	0	0	0	1,026,750	0	0	0	0	0
Transportation	0	0	0	0	1,579,289	139,946	0	0	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,379,814</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>821,034</u>	<u>749,735</u>	<u>0</u>	<u>1,026,750</u>	<u>1,579,289</u>	<u>139,946</u>	<u>1,393,337</u>	<u>24,490</u>	<u>0</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(645,739)	(574,440)	47,989	(448,484)	(588,207)	(64,859)	(79,936)	27,291	2,866
OTHER FINANCING SOURCES (USES):									
Transfers In	625,000	565,000	0	400,000	550,000	55,000	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>625,000</u>	<u>565,000</u>	<u>0</u>	<u>400,000</u>	<u>550,000</u>	<u>55,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(20,739)	(9,440)	47,989	(48,484)	(38,207)	(9,859)	(79,936)	27,291	2,866
FUND BALANCES BEGINNING OF YEAR	59,435	57,531	50,253	195,941	417,380	50,493	540,835	99,500	26,127
CHANGE IN INVENTORY	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>57,167</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES END OF YEAR	<u>\$38,696</u>	<u>\$48,091</u>	<u>\$98,242</u>	<u>\$147,457</u>	<u>\$436,340</u>	<u>\$40,634</u>	<u>\$460,899</u>	<u>\$126,791</u>	<u>\$28,993</u>



<u>INDIGENT DRIVERS TREATMENT</u>	<u>COURT COMPUTER</u>	<u>GENERAL SPECIAL PROJECTS</u>	<u>SPECIAL PROJECTS DUI</u>	<u>URBAN FOREST MANAGEMENT</u>	<u>VICTIMS ASSISTANCE</u>	<u>POLICE CONTINUING PROFESSIONAL TRAINING</u>	<u>STREET LIGHTING</u>	<u>TOTAL 2016</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,484,942
0	36,048	0	0	0	48,051	4,240	0	1,527,427
0	0	0	0	3,200	0	0	0	380,965
0	0	0	0	0	0	0	504,266	556,047
25,290	163,300	147,015	24,735	0	0	0	0	404,671
<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>13,155</u>
<u>25,290</u>	<u>199,348</u>	<u>147,015</u>	<u>24,735</u>	<u>3,200</u>	<u>48,051</u>	<u>4,240</u>	<u>504,266</u>	<u>4,367,207</u>
23,895	166,059	8,142	53,948	0	0	0	15,883	285,817
0	0	0	0	0	57,180	0	597,388	2,221,233
0	0	0	0	0	0	0	0	24,227
0	0	0	0	0	0	0	0	1,026,750
0	0	0	0	0	0	0	0	1,719,235
0	<u>41,562</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,421,376</u>
<u>23,895</u>	<u>207,621</u>	<u>8,142</u>	<u>53,948</u>	<u>0</u>	<u>57,180</u>	<u>0</u>	<u>613,271</u>	<u>6,698,638</u>
1,395	(8,273)	138,873	(29,213)	3,200	(9,129)	4,240	(109,005)	(2,331,431)
0	0	0	0	0	15,000	0	0	2,210,000
<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>
<u>0</u>	<u>0</u>	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>2,060,000</u>
1,395	(8,273)	(11,127)	(29,213)	3,200	5,871	4,240	(109,005)	(271,431)
347,208	356,302	57,894	96,761	67,189	30,710	4,851	188,463	2,646,873
<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>57,167</u>
<u>\$348,603</u>	<u>\$348,029</u>	<u>\$46,767</u>	<u>\$67,548</u>	<u>\$70,389</u>	<u>\$36,581</u>	<u>\$9,091</u>	<u>\$79,458</u>	<u>\$2,432,609</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, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Property and Other Local Taxes	\$151,780	\$151,780	\$157,799	\$6,019
Intergovernmental	<u>16,594</u>	<u>16,594</u>	<u>17,496</u>	<u>902</u>
Total Revenues	<u>168,374</u>	<u>168,374</u>	<u>175,295</u>	<u>6,921</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Personal Services	852,873	852,873	815,230	37,643
Services and Supplies	<u>3,000</u>	<u>3,000</u>	<u>2,052</u>	<u>948</u>
Total Expenditures	<u>855,873</u>	<u>855,873</u>	<u>817,282</u>	<u>38,591</u>
Excess of Revenues Over (Under) Expenditures	(687,499)	(687,499)	(641,987)	45,512
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(62,499)	(62,499)	(16,987)	45,512
FUND BALANCE BEGINNING OF YEAR	<u>71,375</u>	<u>71,375</u>	<u>71,375</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$8,876</u>	<u>\$8,876</u>	<u>\$54,388</u>	<u>\$45,512</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, 2016

	<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	\$151,780	\$151,780	\$157,799	\$6,019
Intergovernmental	<u>16,594</u>	<u>16,594</u>	<u>17,496</u>	<u>902</u>
Total Revenues	<u>168,374</u>	<u>168,374</u>	<u>175,295</u>	<u>6,921</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Personal Services	789,440	789,440	744,239	45,201
Services and Supplies	<u>3,000</u>	<u>3,000</u>	<u>2,052</u>	<u>948</u>
Total Expenditures	<u>792,440</u>	<u>792,440</u>	<u>746,291</u>	<u>46,149</u>
Excess of Revenues Over (Under) Expenditures	(624,066)	(624,066)	(570,996)	53,070
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>565,000</u>	<u>565,000</u>	<u>565,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>565,000</u>	<u>565,000</u>	<u>565,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(59,066)	(59,066)	(5,996)	53,070
FUND BALANCE BEGINNING OF YEAR	<u>68,358</u>	<u>68,358</u>	<u>68,358</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$9,292</u>	<u>\$9,292</u>	<u>\$62,362</u>	<u>\$53,070</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, 2016

	<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	\$767	\$267
Other	<u>0</u>	<u>0</u>	<u>6,524</u>	<u>6,524</u>
Total Revenues	<u>500</u>	<u>500</u>	<u>7,291</u>	<u>6,791</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Services and Supplies	25,000	25,000	0	25,000
Capital Outlay	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	(49,500)	(49,500)	7,291	56,791
FUND BALANCE BEGINNING OF YEAR	<u>50,253</u>	<u>50,253</u>	<u>50,253</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$753</u>	<u>\$753</u>	<u>\$57,544</u>	<u>\$56,791</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, 2016

	<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	\$66,332	\$66,332	\$70,928	\$4,596
Intergovernmental	104,906	104,906	67,573	(37,333)
Charges for Services	<u>320,000</u>	<u>320,000</u>	<u>377,240</u>	<u>57,240</u>
Total Revenues	<u>491,238</u>	<u>491,238</u>	<u>515,741</u>	<u>24,503</u>
EXPENDITURES:				
Executive-Mayor				
Leisure Time Activities				
Personal Services	736,055	736,055	729,596	6,459
Services and Supplies	316,110	316,110	296,469	19,641
Other	<u>15,000</u>	<u>15,000</u>	<u>3,012</u>	<u>11,988</u>
Total Expenditures	<u>1,067,165</u>	<u>1,067,165</u>	<u>1,029,077</u>	<u>38,088</u>
Excess of Revenues Over (Under) Expenditures	(575,927)	(575,927)	(513,336)	62,591
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(175,927)	(175,927)	(113,336)	62,591
FUND BALANCE BEGINNING OF YEAR	189,837	189,837	189,837	0
Prior Year Encumbrances Appropriated	<u>4,274</u>	<u>4,274</u>	<u>4,274</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$18,184</u>	<u>\$18,184</u>	<u>\$80,775</u>	<u>\$62,591</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, 2016

	<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	\$56,000	\$56,000	\$58,031	\$2,031
Intergovernmental	935,000	935,000	930,792	(4,208)
Charges for Services	750	750	500	(250)
Total Revenues	<u>991,750</u>	<u>991,750</u>	<u>989,323</u>	<u>(2,427)</u>
EXPENDITURES:				
Executive-Mayor				
Transportation				
Personal Services	1,115,842	1,115,842	1,075,731	40,111
Services and Supplies	<u>600,375</u>	<u>600,375</u>	<u>499,309</u>	<u>101,066</u>
Total Expenditures	<u>1,716,217</u>	<u>1,716,217</u>	<u>1,575,040</u>	<u>141,177</u>
Excess of Revenues Over (Under) Expenditures	(724,467)	(724,467)	(585,717)	138,750
OTHER FINANCING SOURCES (USES):				
Transfers In	550,000	550,000	550,000	0
Other	<u>1,000</u>	<u>1,000</u>	<u>6,631</u>	<u>5,631</u>
Total Other Financing Sources (Uses)	<u>551,000</u>	<u>551,000</u>	<u>556,631</u>	<u>5,631</u>
NET CHANGE IN FUND BALANCE	(173,467)	(173,467)	(29,086)	144,381
FUND BALANCE BEGINNING OF YEAR	200,599	200,599	200,599	0
Prior Year Encumbrances Appropriated	<u>547</u>	<u>547</u>	<u>547</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$27,679</u>	<u>\$27,679</u>	<u>\$172,060</u>	<u>\$144,381</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, 2016

	<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	\$75,500	\$75,500	\$75,470	(\$30)
Total Revenues	<u>75,500</u>	<u>75,500</u>	<u>75,470</u>	<u>(30)</u>
EXPENDITURES:				
Executive-Mayor Transportation				
Services and Supplies	<u>162,000</u>	<u>162,000</u>	<u>160,000</u>	<u>2,000</u>
Total Expenditures	<u>162,000</u>	<u>162,000</u>	<u>160,000</u>	<u>2,000</u>
Excess of Revenues Over (Under) Expenditures	(86,500)	(86,500)	(84,530)	1,970
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(31,500)	(31,500)	(29,530)	1,970
FUND BALANCE BEGINNING OF YEAR	<u>42,413</u>	<u>42,413</u>	<u>42,413</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$10,913</u>	<u>\$10,913</u>	<u>\$12,883</u>	<u>\$1,970</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Property and Other Local Taxes	\$1,000,477	\$1,000,477	\$1,040,534	\$40,057
Intergovernmental	<u>292,080</u>	<u>292,080</u>	<u>260,677</u>	<u>(31,403)</u>
Total Revenues	<u>1,292,557</u>	<u>1,292,557</u>	<u>1,301,211</u>	<u>8,654</u>
EXPENDITURES:				
Executive-Mayor				
Transportation				
Services and Supplies	20,000	20,000	13,524	6,476
Capital Outlay	<u>1,655,400</u>	<u>1,655,400</u>	<u>1,405,751</u>	<u>249,649</u>
Total Expenditures	<u>1,675,400</u>	<u>1,675,400</u>	<u>1,419,275</u>	<u>256,125</u>
NET CHANGE IN FUND BALANCE	(382,843)	(382,843)	(118,064)	264,779
FUND BALANCE BEGINNING OF YEAR	523,182	523,182	523,182	0
Prior Year Encumbrances Appropriated	<u>5,394</u>	<u>5,394</u>	<u>5,394</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$145,733</u>	<u>\$145,733</u>	<u>\$410,512</u>	<u>\$264,779</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, 2016

	<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>\$41,500</u>	<u>\$41,500</u>	<u>\$52,681</u>	<u>\$11,181</u>
Total Revenues	<u>41,500</u>	<u>41,500</u>	<u>52,681</u>	<u>11,181</u>
EXPENDITURES:				
Executive-Mayor				
Community Environment				
Services and Supplies	<u>78,000</u>	<u>78,000</u>	<u>47,810</u>	<u>30,190</u>
Total Expenditures	<u>78,000</u>	<u>78,000</u>	<u>47,810</u>	<u>30,190</u>
NET CHANGE IN FUND BALANCE	(36,500)	(36,500)	4,871	41,371
FUND BALANCE BEGINNING OF YEAR	<u>82,997</u>	<u>82,997</u>	<u>82,997</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$46,497</u>	<u>\$46,497</u>	<u>\$87,868</u>	<u>\$41,371</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, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	<u>\$2,500</u>	<u>\$2,500</u>	<u>\$2,763</u>	<u>\$263</u>
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>2,763</u>	<u>263</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Capital Outlay	<u>26,000</u>	<u>26,000</u>	<u>0</u>	<u>26,000</u>
Total Expenditures	<u>26,000</u>	<u>26,000</u>	<u>0</u>	<u>26,000</u>
NET CHANGE IN FUND BALANCE	(23,500)	(23,500)	2,763	26,263
FUND BALANCE BEGINNING OF YEAR	<u>26,127</u>	<u>26,127</u>	<u>26,127</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$2,627</u>	<u>\$2,627</u>	<u>\$28,890</u>	<u>\$26,263</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, 2016

	<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>\$38,000</u>	<u>\$38,000</u>	<u>\$25,157</u>	<u>(\$12,843)</u>
Total Revenues	<u>38,000</u>	<u>38,000</u>	<u>25,157</u>	<u>(12,843)</u>
EXPENDITURES:				
Judicial -Municipal Court				
General Government				
Services and Supplies	<u>150,000</u>	<u>150,000</u>	<u>25,000</u>	<u>125,000</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>25,000</u>	<u>125,000</u>
NET CHANGE IN FUND BALANCE	(112,000)	(112,000)	157	112,157
FUND BALANCE BEGINNING OF YEAR	<u>268,523</u>	<u>268,523</u>	<u>268,523</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$156,523</u>	<u>\$156,523</u>	<u>\$268,680</u>	<u>\$112,157</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, 2016

	<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	\$180,000	\$180,000	\$162,636	(\$17,364)
Intergovernmental	<u>0</u>	<u>0</u>	<u>36,048</u>	<u>36,048</u>
Total Revenues	<u>180,000</u>	<u>180,000</u>	<u>198,684</u>	<u>18,684</u>
EXPENDITURES:				
Judicial -Municipal Court				
General Government				
Personal Services	70,000	70,000	66,803	3,197
Services and Supplies	140,000	140,000	101,263	38,737
Capital Outlay	<u>70,000</u>	<u>70,000</u>	<u>41,562</u>	<u>28,438</u>
Total Expenditures	<u>280,000</u>	<u>280,000</u>	<u>209,628</u>	<u>70,372</u>
NET CHANGE IN FUND BALANCE	(100,000)	(100,000)	(10,944)	89,056
FUND BALANCE BEGINNING OF YEAR	<u>309,174</u>	<u>309,174</u>	<u>309,174</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$209,174</u>	<u>\$209,174</u>	<u>\$298,230</u>	<u>\$89,056</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
GENERAL SPECIAL PROJECTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<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	\$165,000	\$165,000	\$146,669	(\$18,331)
Total Revenues	<u>165,000</u>	<u>165,000</u>	<u>146,669</u>	<u>(18,331)</u>
EXPENDITURES:				
Judicial -Municipal Court				
General Government				
Services and Supplies	<u>25,000</u>	<u>25,000</u>	<u>6,808</u>	<u>18,192</u>
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>6,808</u>	<u>18,192</u>
Excess of Revenues Over (Under) Expenditures	140,000	140,000	139,861	(139)
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(10,000)	(10,000)	(10,139)	(139)
FUND BALANCE BEGINNING OF YEAR	<u>44,898</u>	<u>44,898</u>	<u>44,898</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$34,898</u>	<u>\$34,898</u>	<u>\$34,759</u>	<u>(\$139)</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
SPECIAL PROJECTS DUI FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE <u>(NEGATIVE)</u>
REVENUES:				
Fines and Forfeitures	\$26,000	\$26,000	\$23,638	(\$2,362)
Total Revenues	<u>26,000</u>	<u>26,000</u>	<u>23,638</u>	<u>(2,362)</u>
EXPENDITURES:				
Judicial -Municipal Court				
General Government				
Services and Supplies	80,000	80,000	45,000	35,000
Total Expenditures	<u>80,000</u>	<u>80,000</u>	<u>45,000</u>	<u>35,000</u>
NET CHANGE IN FUND BALANCE	(54,000)	(54,000)	(21,362)	32,638
FUND BALANCE BEGINNING OF YEAR	84,991	84,991	84,991	0
FUND BALANCE END OF YEAR	<u>\$30,991</u>	<u>\$30,991</u>	<u>\$63,629</u>	<u>\$32,638</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, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Charges for Services	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$3,200</u>	<u>(\$6,800)</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>3,200</u>	<u>(6,800)</u>
EXPENDITURES:				
Executive-Mayor				
Community Environment				
Services and Supplies	<u>25,000</u>	<u>25,000</u>	<u>7,843</u>	<u>17,157</u>
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>7,843</u>	<u>17,157</u>
NET CHANGE IN FUND BALANCE	(15,000)	(15,000)	(4,643)	10,357
FUND BALANCE BEGINNING OF YEAR	<u>65,248</u>	<u>65,248</u>	<u>65,248</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$50,248</u>	<u>\$50,248</u>	<u>\$60,605</u>	<u>\$10,357</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, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Intergovernmental	<u>\$41,000</u>	<u>\$41,000</u>	<u>\$40,852</u>	(\$148)
Total Revenues	<u>41,000</u>	<u>41,000</u>	<u>40,852</u>	<u>(148)</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Personal Services	54,000	54,000	53,138	862
Services and Supplies	1,800	1,800	807	993
Capital Outlay	<u>3,550</u>	<u>3,550</u>	<u>3,112</u>	<u>438</u>
Total Expenditures	<u>59,350</u>	<u>59,350</u>	<u>57,057</u>	<u>2,293</u>
Excess of Revenues Over				
(Under) Expenditures	(18,350)	(18,350)	(16,205)	2,145
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(3,350)	(3,350)	(1,205)	2,145
FUND BALANCE BEGINNING OF YEAR	<u>27,985</u>	<u>27,985</u>	<u>27,985</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$24,635</u>	<u>\$24,635</u>	<u>\$26,780</u>	<u>\$2,145</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
POLICE CONTINUING PROFESSIONAL TRAINING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<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>\$4,240</u>	<u>\$4,240</u>	<u>\$4,240</u>	<u>\$0</u>
Total Revenues	<u>4,240</u>	<u>4,240</u>	<u>4,240</u>	<u>0</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Services and Supplies	<u>4,281</u>	<u>4,281</u>	<u>0</u>	<u>4,281</u>
Total Expenditures	<u>4,281</u>	<u>4,281</u>	<u>0</u>	<u>4,281</u>
NET CHANGE IN FUND BALANCE	(41)	(41)	4,240	4,281
FUND BALANCE BEGINNING OF YEAR	<u>4,281</u>	<u>4,281</u>	<u>4,281</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$4,240</u>	<u>\$4,240</u>	<u>\$8,521</u>	<u>\$4,281</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, 2016

	<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>\$472,026</u>	<u>\$472,026</u>	<u>\$504,266</u>	<u>\$32,240</u>
Total Revenues	<u>472,026</u>	<u>472,026</u>	<u>504,266</u>	<u>32,240</u>
EXPENDITURES:				
Executive-Mayor				
Security of Persons and Property				
Services and Supplies	<u>670,000</u>	<u>670,000</u>	<u>614,423</u>	<u>55,577</u>
Total Expenditures	<u>670,000</u>	<u>670,000</u>	<u>614,423</u>	<u>55,577</u>
NET CHANGE IN FUND BALANCE	(197,974)	(197,974)	(110,157)	87,817
FUND BALANCE BEGINNING OF YEAR	<u>238,075</u>	<u>238,075</u>	<u>238,075</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$40,101</u>	<u>\$40,101</u>	<u>\$127,918</u>	<u>\$87,817</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET(Non-GAAP Basis) AND ACTUAL
SPECIAL ASSESSMENTS FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Special Assessments	<u>\$35,000</u>	<u>\$35,000</u>	<u>\$42,175</u>	<u>\$7,175</u>
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>42,175</u>	<u>7,175</u>
EXPENDITURES:				
Executive-Mayor				
General Government				
Services and Supplies	10,000	10,000	1,228	8,772
Debt Service				
Principal Retirement	35,000	35,000	35,000	0
Interest	<u>2,048</u>	<u>2,048</u>	<u>2,048</u>	<u>0</u>
Total Expenditures	<u>47,048</u>	<u>47,048</u>	<u>38,276</u>	<u>8,772</u>
Excess of Revenues Over (Under) Expenditures	(12,048)	(12,048)	3,899	15,947
OTHER FINANCING SOURCES (USES):				
Transfer Out	<u>0</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCE	(12,048)	(162,048)	(146,101)	15,947
FUND BALANCE BEGINNING OF YEAR	<u>333,282</u>	<u>333,282</u>	<u>333,282</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$321,234</u>	<u>\$171,234</u>	<u>\$187,181</u>	<u>\$15,947</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, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES:				
Miscellaneous	<u>\$0</u>	<u>\$0</u>	<u>\$11,980</u>	<u>\$11,980</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>11,980</u>	<u>11,980</u>
FUND BALANCE BEGINNING OF YEAR	<u>296,612</u>	<u>296,612</u>	<u>296,612</u>	<u>0</u>
FUND BALANCE END OF YEAR	<u>\$296,612</u>	<u>\$296,612</u>	<u>\$308,592</u>	<u>\$11,980</u>

CITY OF WILLOUGHBY, OHIO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN FUND EQUITY - BUDGET (Non-GAAP Basis) AND ACTUAL
WORKERS' COMPENSATION RETRO RATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES:				
Charges for Services	<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>
EXPENSES:				
Claims	325,000	325,000	19,874	305,126
Contract Services	<u>25,000</u>	<u>25,000</u>	<u>13,005</u>	<u>11,995</u>
Total Expenses	<u>350,000</u>	<u>350,000</u>	<u>32,879</u>	<u>317,121</u>
NET CHANGE IN FUND EQUITY	(350,000)	(350,000)	(32,879)	317,121
FUND EQUITY BEGINNING OF YEAR	<u>434,486</u>	<u>434,486</u>	<u>434,486</u>	<u>0</u>
FUND EQUITY END OF YEAR	<u>\$84,486</u>	<u>\$84,486</u>	<u>\$401,607</u>	<u>\$317,121</u>

Combining Statements – Fiduciary Funds

FIDUCIARY FUNDS

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

AGENCY FUNDS

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

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

CITY OF WILLOUGHBY, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>BALANCE</u> <u>1/1/2016</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12/31/2016</u>
DEPOSITS & INSPECTIONS				
ASSETS				
Equity in City Treasury Cash and Investments	\$1,751,557	\$672,071	\$898,618	\$1,525,010
TOTAL ASSETS	<u>\$1,751,557</u>	<u>\$672,071</u>	<u>\$898,618</u>	<u>\$1,525,010</u>
LIABILITIES				
Accounts Payable	\$1,751,157	\$669,401	\$895,859	\$1,524,699
Intergovernmental Payable	<u>400</u>	<u>2,670</u>	<u>2,759</u>	<u>311</u>
TOTAL LIABILITIES	<u>\$1,751,557</u>	<u>\$672,071</u>	<u>\$898,618</u>	<u>\$1,525,010</u>
MUNICIPAL COURT				
ASSETS				
Equity in City Treasury Cash and Investments	\$371,961	\$5,102,831	\$5,093,980	\$380,812
Accounts Receivable	<u>291,717</u>	<u>337,715</u>	<u>291,717</u>	<u>337,715</u>
TOTAL ASSETS	<u>\$663,678</u>	<u>\$5,440,546</u>	<u>\$5,385,697</u>	<u>\$718,527</u>
LIABILITIES				
Accounts Payable	\$66,731	\$1,595,779	\$1,594,332	\$68,178
Deposits Held and Due to Others	180,149	2,467,360	2,453,997	193,512
Intergovernmental Payable	<u>416,798</u>	<u>1,377,407</u>	<u>1,337,368</u>	<u>456,837</u>
TOTAL LIABILITIES	<u>\$663,678</u>	<u>\$5,440,546</u>	<u>\$5,385,697</u>	<u>\$718,527</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Equity in City Treasury Cash and Investments	\$2,123,518	\$5,774,902	\$5,992,598	\$1,905,822
Accounts Receivable	<u>291,717</u>	<u>337,715</u>	<u>291,717</u>	<u>337,715</u>
TOTAL ASSETS	<u>\$2,415,235</u>	<u>\$6,112,617</u>	<u>\$6,284,315</u>	<u>\$2,243,537</u>
LIABILITIES				
Accounts Payable	\$1,817,888	\$2,265,180	\$2,490,191	\$1,592,877
Deposits Held and Due to Others	180,149	2,467,360	2,453,997	193,512
Intergovernmental Payable	<u>417,198</u>	<u>1,380,077</u>	<u>1,340,127</u>	<u>457,148</u>
TOTAL LIABILITIES	<u>\$2,415,235</u>	<u>\$6,112,617</u>	<u>\$6,284,315</u>	<u>\$2,243,537</u>



The City of Willoughby™

THE CITY OF WILLOUGHBY, OHIO



STATISTICAL INFORMATION



Statistical Section

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

<u>Contents</u>	<u>Page #</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2-S8
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the City's most significant local revenue sources, the municipal income tax and the property tax.	S9-S13
<i>Debt Capacity</i>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S14-S18
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	S19-S20
<i>Operating Information</i>	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	S21-S23

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015 (1)	2016
GOVERNMENTAL ACTIVITIES										
Net Investment in Capital Assets	\$ 41,994,662	\$ 41,374,191	\$ 38,089,025	\$ 48,774,106	\$ 47,342,597	\$ 44,429,348	\$ 43,410,155	\$ 43,002,813	\$ 41,766,961	\$ 42,414,005
Restricted For:										
Capital Projects	3,352,145	3,102,440	6,534,992	3,307,452	3,694,234	3,795,721	4,517,468	4,551,447	4,641,758	3,975,206
Debt Service	3,694,588	3,895,510	4,134,518	4,244,518	4,383,732	5,020,933	4,742,562	1,627,384	1,469,369	1,429,996
Street Construction Maintenance and Repair	1,047,185	1,087,511	1,552,301	1,736,308	1,736,308	1,885,412	1,811,957	1,528,946	1,281,108	1,340,773
Security of Persons	1,396,588	1,292,600	1,180,908	1,126,261	1,221,784	1,093,389	1,002,049	905,693	866,983	860,345
Municipal Court	613,361	550,538	618,406	669,598	671,589	730,153	832,528	867,856	858,165	810,947
Other Purposes	13,215	54,720	103,524	104,333	84,501	161,107	211,471	286,996	224,974	201,139
Permanent Fund Purpose	204,772	213,032	226,792	237,632	249,392	262,752	272,412	285,172	296,612	308,592
Unrestricted (Deficit)	8,719,637	10,358,419	7,900,875	6,869,305	7,662,510	8,602,908	9,307,605	(13,082,117)	(14,365,660)	(15,406,677)
Total Governmental Activities Net Position	61,036,153	61,928,961	60,341,341	67,069,513	67,195,751	65,908,268	65,825,196	39,726,352	37,099,935	35,832,571
BUSINESS-TYPE ACTIVITIES:										
Net Investment in Capital Assets	35,229,071	33,115,680	32,774,856	32,076,339	32,503,232	33,796,268	33,308,740	25,339,422	25,317,880	26,403,085
Restricted For:										
Equipment Replacement	292,038	298,591	378,651	299,521	292,434	336,365	344,404	288,260	602,344	364,687
Unrestricted (Deficit)	(3,357,551)	(2,503,214)	(3,131,664)	(2,921,515)	(3,678,640)	(3,287,335)	(3,302,658)	(670,235)	(481,444)	(804,820)
Total Business-type Activities Net Position	32,163,558	30,911,057	30,021,843	29,454,345	29,117,026	30,845,298	30,350,486	24,957,447	25,438,780	25,962,952
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	77,223,733	74,489,871	70,863,881	80,850,445	79,845,829	78,225,616	76,718,895	68,342,235	67,084,841	68,817,090
Restricted For:										
Capital Projects	3,352,145	3,102,440	6,534,992	3,307,452	3,694,234	3,795,721	4,517,468	4,551,447	4,641,758	3,975,206
Debt Service	3,694,588	3,895,510	4,134,518	4,244,518	4,383,732	5,020,933	4,742,562	1,627,384	1,469,369	1,429,996
Equipment Replacement	292,038	298,591	378,651	299,521	292,434	336,365	344,404	288,260	602,344	364,687
Street Construction Maintenance and Repair	1,047,185	1,087,511	1,552,301	1,736,308	1,885,412	1,811,957	1,528,946	1,281,108	1,340,773	1,239,018
Security of Persons	1,396,588	1,292,600	1,180,908	1,126,261	1,221,784	1,093,389	1,002,049	905,693	866,983	860,345
Municipal Court	613,361	550,538	618,406	669,598	671,589	730,153	832,528	867,856	858,165	810,947
Other Purposes	13,215	54,720	103,524	104,333	84,501	161,107	211,471	286,996	224,974	201,139
Permanent Fund Purpose	204,772	213,032	226,792	237,632	249,392	262,752	272,412	285,172	296,612	308,592
Unrestricted (Deficit)	5,362,086	7,855,205	4,769,211	3,947,790	3,983,870	5,315,573	6,004,947	(13,752,352)	(14,847,104)	(16,211,497)
Total Primary Government Net Position	\$ 93,199,711	\$ 92,840,018	\$ 90,363,184	\$ 96,523,858	\$ 96,312,777	\$ 96,753,566	\$ 96,175,682	\$ 64,683,799	\$ 62,538,715	\$ 61,795,523

(1)- Restated for GASB 68- OP&F

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

(continued on following page)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PROGRAM REVENUES										
Governmental Activities										
Charges for Services:										
General Government	\$ 2,273,281	\$ 2,293,642	\$ 2,557,745	\$ 2,543,003	\$ 2,351,564	\$ 2,446,009	\$ 2,867,693	\$ 2,937,530	\$ 2,402,903	\$ 2,335,620
Security of Persons and Property	1,635,610	1,620,997	1,631,748	1,706,581	1,619,538	1,566,154	1,608,153	1,615,817	1,513,233	1,694,934
Public Health and Welfare	77,460	62,655	89,300	73,428	82,620	88,306	71,609	79,135	80,953	82,768
Community Environment	350,933	327,925	293,319	280,372	292,869	331,712	376,518	344,207	314,546	309,840
Leisure Time Activities	465,415	492,257	498,453	503,131	537,580	561,386	540,582	582,348	614,868	696,126
Transportation	247	375	647	1,795	1,211	1,485	343	1,000	979	500
Basic Utility Services	0	0	0	0	50	45	0	0	0	75
Operating Grants, Contributions and Interest	118,956	233,398	93,517	112,956	593,812	64,819	77,602	89,383	96,446	196,618
Capital Grants and Contributions	110,980	287,167	681,633	8,963,623	119,678	442,498	337,390	1,164,364	336,200	2,149,507
Total Governmental Activities Program Revenues	<u>5,032,882</u>	<u>5,318,416</u>	<u>5,846,362</u>	<u>14,184,889</u>	<u>5,598,922</u>	<u>5,502,414</u>	<u>5,879,890</u>	<u>6,813,784</u>	<u>5,360,128</u>	<u>7,465,988</u>
Business-type Activities:										
Charges for Services:										
Golf Course	783,322	648,189	706,651	700,250	772,561	925,495	849,164	894,787	923,212	903,021
Sewer	4,352,307	3,961,100	4,424,581	4,227,428	4,668,672	4,890,932	4,770,815	4,866,152	5,574,296	5,449,502
Airport	138,123	175,005	136,384	175,369	176,878	176,887	180,116	122,105	0	0
Capital Grants and Contributions	247,053	239,440	453,353	966,346	470,256	272,009	82,940	390,690	309,023	625,078
Total Business-type Activities Program Revenues	<u>5,520,805</u>	<u>5,023,734</u>	<u>5,720,969</u>	<u>6,069,393</u>	<u>6,088,367</u>	<u>6,265,323</u>	<u>5,883,035</u>	<u>6,273,734</u>	<u>6,806,531</u>	<u>6,977,601</u>
Total Primary Government Program Revenues	<u>10,553,687</u>	<u>10,342,150</u>	<u>11,567,331</u>	<u>20,254,282</u>	<u>11,687,289</u>	<u>11,767,737</u>	<u>11,762,925</u>	<u>13,087,518</u>	<u>12,166,659</u>	<u>14,443,589</u>
EXPENSES										
Governmental Activities										
General Government	7,037,479	7,464,343	7,413,446	7,349,232	7,422,339	6,799,745	7,134,225	7,458,826	7,437,293	7,502,423
Security of Persons and Property	13,355,856	14,184,392	14,372,778	14,401,962	14,533,487	14,516,764	14,830,891	14,840,214	15,543,902	16,929,668
Public Health and Welfare	474,422	475,828	503,104	503,663	445,762	400,280	406,384	400,411	410,397	472,575
Community Environment	1,028,496	985,934	964,906	945,027	892,978	843,269	897,265	1,065,716	886,979	960,453
Leisure Time Activities	2,162,931	2,319,489	2,274,300	2,265,276	2,129,458	2,005,597	2,061,913	2,179,241	2,246,715	2,303,814
Transportation	3,316,323	3,526,993	3,360,716	3,331,613	3,875,203	3,529,728	4,180,207	4,213,609	4,552,886	4,568,262
Basic Utility Services	1,517,825	1,648,956	1,699,706	1,666,146	1,747,166	1,121,995	547,308	458,768	539,358	685,382
Interest and Fiscal Charges	879,804	842,569	705,001	522,732	491,465	626,291	441,687	391,880	356,904	288,750
Total Governmental Activities Expenses	<u>29,773,136</u>	<u>31,448,504</u>	<u>31,293,957</u>	<u>30,985,651</u>	<u>31,537,858</u>	<u>29,843,669</u>	<u>30,499,880</u>	<u>31,008,665</u>	<u>31,974,434</u>	<u>33,711,327</u>
Business-type Activities:										
Golf Course	923,882	992,417	1,016,247	998,249	997,471	965,662	888,341	916,507	951,386	990,974
Sewer	4,898,045	5,086,763	5,156,297	5,324,757	5,245,572	5,026,112	5,276,637	5,327,839	5,401,340	5,493,683
Airport	540,352	558,209	504,073	469,108	265,534	274,298	225,491	205,311	0	0
Total Business-type Activities Expenses	<u>6,362,279</u>	<u>6,637,389</u>	<u>6,676,617</u>	<u>6,792,114</u>	<u>6,508,577</u>	<u>6,266,072</u>	<u>6,390,469</u>	<u>6,449,657</u>	<u>6,352,726</u>	<u>6,484,657</u>
Total Primary Government Expenses	<u>36,135,415</u>	<u>38,085,893</u>	<u>37,970,574</u>	<u>37,777,765</u>	<u>38,046,435</u>	<u>36,109,741</u>	<u>36,890,349</u>	<u>37,458,322</u>	<u>38,327,160</u>	<u>40,195,984</u>
NET (EXPENSE)/REVENUE										
Governmental Activities										
Governmental Activities	(24,740,254)	(26,130,088)	(25,447,595)	(16,800,762)	(25,938,936)	(24,341,255)	(24,619,990)	(24,194,881)	(26,614,306)	(26,245,339)
Business-Type Activities:										
Business-type Activities	(841,474)	(1,613,655)	(955,648)	(722,721)	(420,210)	(749)	(507,434)	(175,923)	453,805	492,944
Total Primary Government	<u>\$ (25,581,728)</u>	<u>\$ (27,743,743)</u>	<u>\$ (26,403,243)</u>	<u>\$ (17,523,483)</u>	<u>\$ (26,359,146)</u>	<u>\$ (24,342,004)</u>	<u>\$ (25,127,424)</u>	<u>\$ (24,370,804)</u>	<u>\$ (26,160,501)</u>	<u>\$ (25,752,395)</u>

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

(continued)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes	\$ 4,151,098	\$ 3,711,922	\$ 3,745,550	\$ 3,598,753	\$ 3,719,056	\$ 3,480,738	\$ 3,214,958	\$ 3,327,083	\$ 3,350,028	\$ 3,397,560
Income Taxes	15,570,705	16,591,292	14,318,774	14,209,122	15,419,498	16,859,759	17,200,573	16,853,951	17,007,870	17,483,183
Other Taxes	830,504	832,435	758,622	779,056	857,741	860,379	853,949	834,896	892,082	836,780
Unrestricted Grants, Entitlements and Contributions	4,797,309	5,342,717	4,659,956	4,795,991	5,936,611	3,427,327	3,079,431	2,547,469	2,640,770	2,754,687
Gain on Sale of Capital Assets	5,093	91,103	882	23,434	0	0	10,587	0	211,820	0
Investment Earnings	990,190	733,253	433,778	236,115	194,153	124,318	166,562	142,037	329,411	287,566
Miscellaneous	2,418	15,174	4,577	31,463	13,115	15,938	10,858	2,367	5,625	218,199
Transfers	(68,000)	(295,000)	(62,164)	(145,000)	(75,000)	(1,714,687)	0	(4,472,462)	0	0
Total Governmental Activities	<u>26,279,317</u>	<u>27,022,896</u>	<u>23,859,975</u>	<u>23,528,934</u>	<u>26,065,174</u>	<u>23,053,772</u>	<u>24,536,918</u>	<u>19,235,341</u>	<u>24,437,606</u>	<u>24,977,975</u>
Business-type Activities:										
Income Taxes	200,000	0	0	0	0	0	0	0	0	0
Gain on Sale of Capital Assets	2,039	2,021	100	7,022	0	0	1,144	2,170	0	0
Investment Earnings	53,393	51,342	4,170	1,378	2,537	2,799	322	91	3,988	9,347
Miscellaneous	973	12,791	0	1,823	5,354	11,535	11,156	6,954	23,540	21,881
Special Item	0	0	0	0	0	0	0	(8,123,476)	0	0
Transfers	68,000	295,000	62,164	145,000	75,000	1,714,687	0	4,472,462	0	0
Total Business-type Activities	<u>324,405</u>	<u>361,154</u>	<u>66,434</u>	<u>155,223</u>	<u>82,891</u>	<u>1,729,021</u>	<u>12,622</u>	<u>(3,641,799)</u>	<u>27,528</u>	<u>31,228</u>
Total Primary Government	<u>26,603,722</u>	<u>27,384,050</u>	<u>23,926,409</u>	<u>23,684,157</u>	<u>26,148,065</u>	<u>24,782,793</u>	<u>24,549,540</u>	<u>15,593,542</u>	<u>24,465,134</u>	<u>25,009,203</u>
CHANGE IN NET POSITION										
Governmental Activities	1,539,063	892,808	(1,587,620)	6,728,172	126,238	(1,287,483)	(83,072)	(4,959,540)	(2,176,700)	(1,267,364)
Business-type Activities	(517,069)	(1,252,501)	(889,214)	(567,498)	(337,319)	1,728,272	(494,812)	(3,817,722)	481,333	524,172
Total Primary Government	<u>\$ 1,021,994</u>	<u>\$ (359,693)</u>	<u>\$ (2,476,834)</u>	<u>\$ 6,160,674</u>	<u>\$ (211,081)</u>	<u>\$ 440,789</u>	<u>\$ (577,884)</u>	<u>\$ (8,777,262)</u>	<u>\$ (1,695,367)</u>	<u>\$ (743,192)</u>

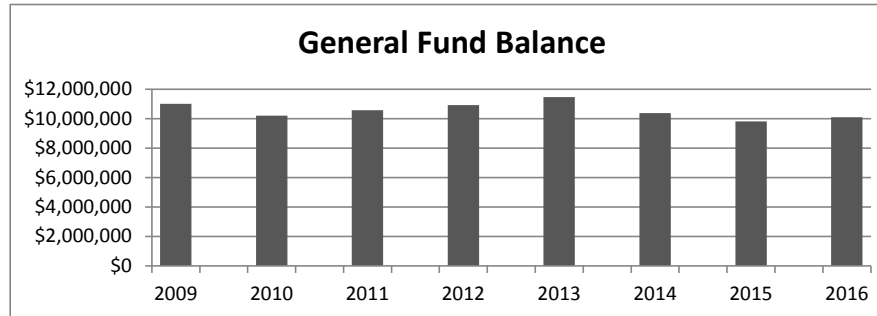
CITY OF WILLOUGHBY, OHIO
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN YEARS
(Accrual Basis of Accounting)

Year	Municipal Income Taxes	Property and Other Local Taxes	Total
2007	\$15,570,705	\$4,981,602	\$20,552,307
2008	\$16,591,292	\$4,544,357	\$21,135,649
2009	\$14,318,774	\$4,504,172	\$18,822,946
2010	\$14,209,122	\$4,377,809	\$18,586,931
2011	\$15,419,498	\$4,576,797	\$19,996,295
2012	\$16,859,759	\$4,341,117	\$21,200,876
2013	\$17,200,573	\$4,068,907	\$21,269,480
2014	\$16,853,951	\$4,161,979	\$21,015,930
2015	\$17,007,870	\$4,242,110	\$21,249,980
2016	\$17,483,183	\$4,234,340	\$21,717,523

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

	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL FUND								
Nonspendable	\$ 1,485,563	\$ 1,483,214	\$ 1,470,320	\$ 1,480,683	\$ 1,472,475	\$ 136,415	\$ 135,888	\$ 129,890
Assigned	1,613,657	1,675,905	2,018,544	2,082,503	1,994,144	1,930,782	1,839,296	1,526,179
Unassigned	<u>7,917,052</u>	<u>7,034,921</u>	<u>7,081,821</u>	<u>7,362,945</u>	<u>7,992,549</u>	<u>8,306,407</u>	<u>7,837,054</u>	<u>8,447,098</u>
Total General Fund	<u>11,016,272</u>	<u>10,194,040</u>	<u>10,570,685</u>	<u>10,926,131</u>	<u>11,459,168</u>	<u>10,373,604</u>	<u>9,812,238</u>	<u>10,103,167</u>
CAPITAL PROJECTS FUND								
Nonspendable	28,176	28,176	28,176	28,176	28,176	5,000	5,000	5,000
Restricted	0	11,644	15,079	8,225	8,420	21,675	9,191	365,143
Committed	2,944,407	324,715	314,038	371,992	458,231	486,502	1,078,833	819,232
Unassigned(Deficit)	<u>(5,275,636)</u>	<u>(5,947,617)</u>	<u>(5,335,101)</u>	<u>(2,215,480)</u>	<u>(1,566,991)</u>	<u>(1,632,996)</u>	<u>(2,115,543)</u>	<u>(2,835,657)</u>
Total Capital Projects Fund	<u>(2,303,053)</u>	<u>(5,583,082)</u>	<u>(4,977,808)</u>	<u>(1,807,087)</u>	<u>(1,072,164)</u>	<u>(1,119,819)</u>	<u>(1,022,519)</u>	<u>(1,646,282)</u>
GENERAL BOND RETIREMENT FUND								
Restricted	<u>3,666,858</u>	<u>3,768,169</u>	<u>3,877,475</u>	<u>4,563,414</u>	<u>4,292,735</u>	<u>1,196,008</u>	<u>1,045,106</u>	<u>1,139,973</u>
Total General Bond Retirement Fund	<u>3,666,858</u>	<u>3,768,169</u>	<u>3,877,475</u>	<u>4,563,414</u>	<u>4,292,735</u>	<u>1,196,008</u>	<u>1,045,106</u>	<u>1,139,973</u>
ALL OTHER GOVERNMENTAL FUNDS								
Nonspendable	334,578	340,440	361,719	461,962	343,076	372,692	411,052	480,199
Restricted	<u>3,048,951</u>	<u>3,223,620</u>	<u>3,273,396</u>	<u>3,124,478</u>	<u>3,064,926</u>	<u>2,830,772</u>	<u>2,865,715</u>	<u>2,448,183</u>
Total All Other Governmental Funds	<u>3,383,529</u>	<u>3,564,060</u>	<u>3,635,115</u>	<u>3,586,440</u>	<u>3,408,002</u>	<u>3,203,464</u>	<u>3,276,767</u>	<u>2,928,382</u>
Total Governmental Funds	<u>\$ 15,763,606</u>	<u>\$ 11,943,187</u>	<u>\$ 13,105,467</u>	<u>\$ 17,268,898</u>	<u>\$ 18,087,741</u>	<u>\$ 13,653,257</u>	<u>\$ 13,111,592</u>	<u>\$ 12,525,240</u>

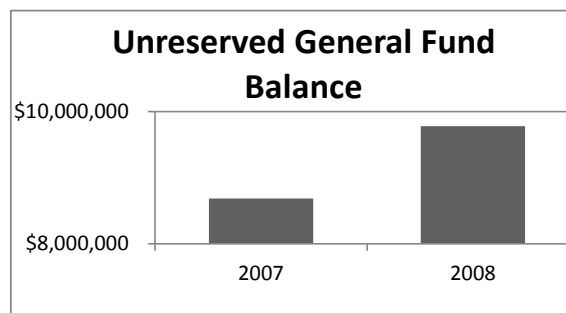
Note: The City implemented GASB 54 in 2010.



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

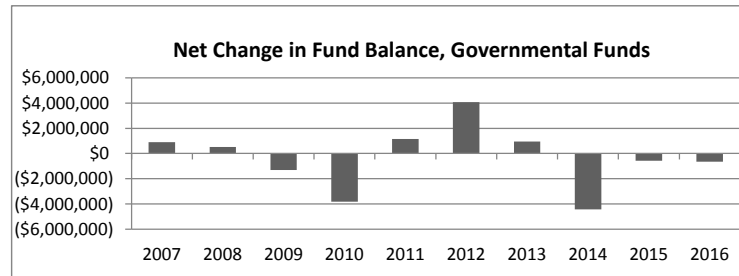
	<u>2007</u>	<u>2008</u>
GENERAL FUND		
Reserved for Encumbrances	\$ 882,759	\$ 470,007
Reserved for Inventory	87,616	101,902
Reserved for Prepaid Items	3,583	2,589
Reserved for Long-Term Loan - Airport	1,326,019	1,325,214
Unreserved	<u>8,683,355</u>	<u>9,781,785</u>
Total General Fund	<u>10,983,332</u>	<u>11,681,497</u>
CAPITAL PROJECTS FUND		
Reserved for Encumbrances	801,982	1,164,191
Reserved for Long-Term Loan - Airport	23,176	23,176
Unreserved	<u>(2,454,931)</u>	<u>(3,240,599)</u>
Total Capital Projects Fund	<u>(1,629,773)</u>	<u>(2,053,232)</u>
GENERAL BOND RETIREMENT FUND		
Reserved for Encumbrances	9,466	9,466
Reserved for Debt Service	361,950	401,984
Reserved for Long-Term Loan - Airport	<u>2,828,962</u>	<u>2,986,722</u>
Total General Bond Retirement Fund	<u>3,200,378</u>	<u>3,398,172</u>
ALL OTHER GOVERNMENTAL FUNDS		
Reserved for Encumbrances	420,940	232,134
Reserved for Inventory	53,969	99,698
Reserved for Debt Service	314,284	318,555
Unreserved, Reported in Non-major:		
Special Revenue Funds	2,923,745	3,162,378
Permanent Funds	<u>204,772</u>	<u>213,032</u>
Total All Other Governmental Funds	<u>3,917,710</u>	<u>4,025,797</u>
 Total Governmental Funds	 <u>\$ 16,471,647</u>	 <u>\$ 17,052,234</u>

Note: The City implemented GASB 54 in 2010.



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Municipal Income Taxes	\$ 15,409,976	\$ 15,483,415	\$ 14,434,185	\$ 14,635,589	\$ 15,125,338	\$ 16,115,830	\$ 17,014,038	\$ 16,999,234	\$ 17,066,704	\$ 17,181,979
Property and Other Local Taxes	5,006,504	4,514,963	4,490,013	4,353,307	4,449,742	4,483,935	4,139,550	4,203,716	4,262,112	4,228,487
Intergovernmental	4,909,115	5,816,651	5,609,863	5,205,655	6,402,454	3,911,392	3,763,916	3,085,595	2,922,979	4,314,002
Charges for Services	1,419,620	1,453,966	1,663,000	1,594,327	1,665,892	1,685,770	1,687,575	1,716,354	1,709,529	1,836,471
Special Assessments	626,565	653,084	655,811	656,448	644,076	651,217	654,416	588,781	626,054	598,222
Fines and Forfeitures	2,479,794	2,392,415	2,610,283	2,601,731	2,398,512	2,461,843	2,612,863	2,641,781	2,435,825	2,430,897
Licenses & Permits	265,348	259,563	242,715	230,587	235,241	249,476	252,721	227,991	276,323	215,787
Interest Income	990,190	733,253	433,778	236,115	194,153	124,318	166,562	142,037	211,820	287,566
Miscellaneous	8,304	15,174	4,577	31,463	259,277	23,005	2,669	2,367	5,625	218,199
Total Revenues	<u>31,115,416</u>	<u>31,322,484</u>	<u>30,144,225</u>	<u>29,545,222</u>	<u>31,374,685</u>	<u>29,706,786</u>	<u>30,294,310</u>	<u>29,607,856</u>	<u>29,516,971</u>	<u>31,311,610</u>
EXPENDITURES:										
General Government	6,673,545	7,120,266	7,036,369	7,122,688	7,088,810	6,445,748	6,782,463	6,732,698	6,865,789	6,824,872
Security of Persons and Property	12,543,192	13,075,937	13,402,548	13,529,358	13,810,804	14,120,745	14,189,824	14,278,036	14,666,021	15,050,954
Public Health and Welfare	452,928	470,008	470,782	484,620	478,626	390,500	392,920	387,280	397,013	473,152
Community Environment	1,004,475	963,604	969,309	924,697	904,169	820,394	879,567	1,094,601	901,068	943,207
Leisure Time Activities	1,782,007	1,932,142	1,877,192	1,900,596	1,766,657	1,806,323	1,764,362	1,871,385	1,903,359	1,921,982
Transportation	1,651,544	1,897,053	1,768,755	1,739,192	1,478,892	1,236,377	1,432,221	1,564,053	1,727,753	1,729,324
Basic Utility Services	1,097,610	1,229,993	1,278,807	1,249,364	1,283,005	718,336	137,709	48,438	80,343	196,657
Capital Outlay	3,195,284	2,284,020	3,035,356	4,838,874	1,902,397	2,637,979	2,324,908	2,215,365	2,375,170	3,378,882
Debt Service:										
Principal	867,787	822,786	842,787	867,169	928,404	582,784	1,041,234	1,111,234	1,126,234	1,141,234
Interest	879,325	819,742	734,873	625,591	494,331	303,736	453,434	420,640	372,184	288,915
Bond Issuance Costs	0	0	0	111,425	0	229,294	0	0	0	0
Total Expenditures	<u>30,147,697</u>	<u>30,615,551</u>	<u>31,416,778</u>	<u>33,393,574</u>	<u>30,136,095</u>	<u>29,292,216</u>	<u>29,398,642</u>	<u>29,723,730</u>	<u>30,414,934</u>	<u>31,949,179</u>
Excess of Revenues Over (Under) Expenditures	<u>967,719</u>	<u>706,933</u>	<u>(1,272,553)</u>	<u>(3,848,352)</u>	<u>1,238,590</u>	<u>414,570</u>	<u>895,668</u>	<u>(115,874)</u>	<u>(897,963)</u>	<u>(637,569)</u>
OTHER FINANCING SOURCES (USES)										
Transfers In	2,229,479	2,643,521	3,021,404	2,309,060	3,525,000	3,005,923	3,750,000	3,141,746	3,494,507	2,562,487
Transfers Out	(2,297,479)	(2,938,521)	(3,083,568)	(2,454,060)	(3,600,000)	(4,720,610)	(3,750,000)	(7,464,208)	(3,494,507)	(2,562,487)
General Obligation Refunding Bonds Issued	0	0	0	5,235,000	0	9,510,000	0	0	0	0
General Obligation Refunding Bonds Premium	0	0	0	41,600	0	354,353	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	(5,135,556)	0	(4,594,158)	0	0	0	0
Sale of Capital Assets	5,093	108,639	16,570	41,000	390	96,260	59,020	0	329,411	0
Total Other Financing Sources (Uses)	<u>(62,907)</u>	<u>(186,361)</u>	<u>(45,594)</u>	<u>37,044</u>	<u>(74,610)</u>	<u>3,651,768</u>	<u>59,020</u>	<u>(4,322,462)</u>	<u>329,411</u>	<u>0</u>
Net Change in Fund Balances	<u>\$ 904,812</u>	<u>\$ 520,572</u>	<u>\$ (1,318,147)</u>	<u>\$ (3,811,308)</u>	<u>\$ 1,163,980</u>	<u>\$ 4,066,338</u>	<u>\$ 954,688</u>	<u>\$ (4,438,336)</u>	<u>\$ (568,552)</u>	<u>\$ (637,569)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.48%	5.80%	5.56%	5.23%	5.04%	3.33%	5.52%	5.57%	5.34%	5.01%



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

Year	Municipal Income Taxes	Property & Other Local Taxes	Total
2007	\$15,409,976	\$5,006,504	\$20,416,480
2008	\$15,483,415	\$4,514,963	\$19,998,378
2009	\$14,434,185	\$4,490,013	\$18,924,198
2010	\$14,635,589	\$4,353,307	\$18,988,896
2011	\$15,125,338	\$4,449,742	\$19,575,080
2012	\$16,115,830	\$4,483,935	\$20,599,765
2013	\$17,014,038	\$4,139,550	\$21,153,588
2014	\$16,999,234	\$4,203,716	\$21,202,950
2015	\$17,066,704	\$4,262,112	\$21,328,816
2016	\$17,181,979	\$4,228,427	\$21,410,406

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

Tax Year	Total Tax Collected	Tax from Withholding	Tax from Net Profit	Tax from Individuals	Tax -Other	Tax Rate
2007	\$15,920,284	\$11,861,141	\$2,384,348	\$1,523,109	\$151,686	2.00%
2008	\$15,756,553	\$11,751,548	\$2,342,508	\$1,476,486	\$186,011	2.00%
2009	\$14,776,593	\$11,511,699	\$1,807,130	\$1,312,980	\$144,784	2.00%
2010	\$14,319,919	\$11,285,595	\$1,522,976	\$1,331,516	\$179,832	2.00%
2011	\$15,002,181	\$11,546,649	\$1,920,198	\$1,330,095	\$205,239	2.00%
2012	\$15,867,629	\$12,058,152	\$2,311,907	\$1,321,524	\$176,046	2.00%
2013	\$17,295,394	\$12,425,332	\$3,245,672	\$1,438,824	\$185,566	2.00%
2014	\$16,962,780	\$12,581,948	\$2,742,728	\$1,429,657	\$208,447	2.00%
2015	\$16,874,109	\$12,620,567	\$2,600,829	\$1,408,597	\$244,116	2.00%
2016	\$17,199,752	\$12,730,500	\$2,692,623	\$1,479,920	\$296,709	2.00%

Source: 2008-2016 Regional Income Tax Agency, Central Collection Agency Prior to 2008

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

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

2016		2007	
Rank	Name	Rank	Name
1	Lake Health (Lake Hospital System)	1	Lake Hospital System
2	Willoughby-Eastlake City Schools	2	Willoughby-Eastlake City Schools
3	City of Willoughby	3	General Electric Co
4	Ohio Presbyterian Ret Services	4	City of Willoughby
5	HHC Ohio Inc	5	Horizon Mental Health Management Inc
6	Marous Brothers Construction Inc	6	Ohio Presbyterian-Breckenridge
7	Bescast Inc	7	Bescast
8	Signature Health Inc	8	Marous Brothers Construction Inc
9	Bevcorp LLC	9	C T Consultants
10	Prime Health Inc	10	Fluid Line Products Inc

Classification	2016	2007
Government	\$ 909,625	\$ 836,856
Commercial, Mfg, & Other	\$ 5,239,045	\$ 4,349,658
	\$ 6,148,670	\$ 5,186,514

Source: 2016 Regional Income Tax Agency, Central Collection Agency prior to 2008

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

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

Tax Year/ Collection Year	Assessed Value				Total Taxable Assessed Value	Total Direct Tax Rate	Total Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Other Real Estate & Public Utility Property	Tangible Personal Property	Less: Tax Exempt Real Property				
2006/2007	\$472,614,400	\$231,761,770	\$47,091,463	\$68,324,350	\$683,143,283	8.56	\$2,042,618,094	33.44%
2007/2008	\$480,905,550	\$228,888,060	\$31,602,915	\$65,059,180	\$676,337,345	8.54	\$2,041,574,056	33.13%
2008/2009	\$491,962,870	\$233,402,350	\$1,307,867	\$64,153,050	\$662,520,037	8.54	\$1,854,875,103	35.72%
2009/2010	\$434,590,450	\$236,954,880	\$653,933	\$44,340,540	\$627,858,723	8.58	\$1,745,553,694	35.97%
2010/2011	\$439,810,910	\$258,856,460	\$0	\$45,615,920	\$653,051,450	8.55	\$1,800,437,623	36.27%
2011/2012	\$443,433,660	\$257,373,260	\$0	\$45,615,920	\$655,191,000	8.53	\$1,805,144,796	36.30%
2012/2013	\$413,212,990	\$215,650,450	\$0	\$58,743,170	\$570,120,270	8.53	\$1,603,118,813	35.56%
2013/2014	\$413,637,780	\$213,727,490	\$0	\$54,654,120	\$572,711,150	8.51	\$1,608,149,828	35.61%
2014/2015	\$415,877,300	\$216,045,970	\$0	\$55,035,870	\$576,887,400	8.49	\$1,618,067,240	35.65%
2015/2016	\$426,980,486	\$212,729,990	\$0	\$55,427,656	\$584,282,820	8.49	\$1,638,026,496	35.67%

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

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

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

Tax Year/ Collection Year	City of Willoughby Direct Rates							Overlapping Rates		Total Direct & Overlapping Rates
	General Fund	Debt Service Fund	Police Pension Fund	Fire Pension Fund	Recreation Fund	Road & Bridge Fund	Total City Millage	Lake County	Willoughby/ Eastlake, Kirtland School Districts	
2006/2007	3.48	1.98	0.30	0.30	0.50	2.00	8.56	15.70	49.82 (1)	74.08
2007/2008	3.49	1.95	0.30	0.30	0.50	2.00	8.54	15.80	49.94 (1)	74.28
2008/2009	3.49	1.95	0.30	0.30	0.50	2.00	8.54	15.80	50.05 (1)	74.39
2009/2010	3.79	1.69	0.30	0.30	0.50	2.00	8.58	15.80	55.11 (1)	79.49
2010/2011	3.80	1.65	0.30	0.30	0.50	2.00	8.55	15.80	54.85 (1)	79.20
2011/2012	3.80	1.63	0.30	0.30	0.50	2.00	8.53	15.80	55.32 (1)	79.65
2012/2013	3.80	1.63	0.30	0.30	0.50	2.00	8.53	15.30	62.82 (1)	86.65
2013/2014	3.55	1.86	0.30	0.30	0.50	2.00	8.51	15.30	63.54 (1)	87.35
2014/2015	3.55	1.84	0.30	0.30	0.50	2.00	8.49	15.30	63.47 (1)	87.26
2015/2016	3.55	1.84	0.30	0.30	0.50	2.00	8.49	15.70	66.57 (1)	90.76

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

Source: Lake County Auditor's Office

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

Tax Year/ Collection Year	Net Tax Levy	Current Collections	Percentage of Current Collection to Net Levy	Delinquent Collections	Total Collections	Percentage of Total Collections to Net Levy
2006/2007	\$3,572,756	\$3,491,172	97.7%	\$82,552	\$3,573,724	100.0%
2007/2008	\$3,577,702	\$3,410,633	95.3%	\$79,475	\$3,490,108	97.6%
2008/2009	\$3,620,455	\$3,506,106	96.8%	\$143,322	\$3,649,428	100.0%
2009/2010	\$3,551,848	\$3,428,928	96.5%	\$102,650	\$3,531,578	99.4%
2010/2011	\$3,697,109	\$3,476,472	94.0%	\$98,730	\$3,575,202	96.7%
2011/2012	\$3,985,820	\$3,872,582	97.2%	\$86,218	\$3,958,800	99.3%
2012/2013	\$3,640,773	\$3,544,071	97.3%	\$100,345	\$3,644,416	100.0%
2013/2014	\$3,655,638	\$3,528,586	96.5%	\$160,859	\$3,689,445	100.0%
2014/2015	\$3,660,054	\$3,556,600	97.2%	\$129,168	\$3,685,768	100.0%
2015/2016	\$3,706,170	\$3,611,831	97.5%	\$89,614	\$3,701,445	99.9%

Source: Lake County Auditor's Office

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

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

Year	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		Total Primary Government	Total Personal Income	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	OWDA & OPWC	Enterprise Bonds w/G.O. Commitment	OWDA & OPWC				
2007	\$12,762,760	\$275,000	\$17,607	\$3,450,662	\$4,724,594	\$21,230,623	\$535,054,513	3.97%	\$939
2008	\$11,966,207	\$250,000	\$16,374	\$3,031,117	\$6,247,768	\$21,511,466	\$535,054,513	4.02%	\$951
2009	\$11,149,654	\$225,000	\$15,140	\$2,599,534	\$6,215,292	\$20,204,620	\$535,054,513	3.78%	\$893
2010	\$10,308,102	\$200,000	\$14,523	\$2,356,898	\$6,502,612	\$19,382,135	\$673,584,732	2.88%	\$870
2011	\$9,449,500	\$170,000	\$12,673	\$2,148,450	\$6,702,774	\$18,483,397	\$673,584,732	2.74%	\$830
2012	\$14,249,338	\$140,000	\$11,439	\$3,755,000	\$7,269,426	\$25,425,203	\$673,584,732	3.77%	\$1,142
2013	\$13,215,265	\$105,000	\$10,205	\$3,510,000	\$6,792,946	\$23,633,416	\$673,584,732	3.51%	\$1,061
2014	\$12,261,192	\$70,000	\$8,971	\$3,110,000	\$6,235,444	\$21,685,607	\$673,584,732	3.22%	\$974
2015	\$11,142,120	\$35,000	\$7,737	\$2,855,000	\$7,040,768	\$21,080,625	\$673,584,732	3.13%	\$947
2016	\$10,008,048	\$0	\$6,503	\$2,595,000	\$6,921,585	\$19,531,136	\$673,584,732	2.90%	\$877

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

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

Year	General Obligation Bonds(1)	Less: Amount of Assets Restricted for Repayment of Debt	Total	Population	Percent of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
2007	\$13,057,760	\$3,273,982	\$9,783,778	22,621	0.48%	\$433
2008	\$12,116,206	\$3,484,231	\$8,631,975	22,621	0.42%	\$382
2009	\$11,149,654	\$3,738,873	\$7,410,781	22,621	0.40%	\$328
2010	\$10,308,102	\$3,860,372	\$6,447,730	22,268	0.37%	\$290
2011	\$9,449,500	\$4,008,473	\$5,441,027	22,268	0.30%	\$244
2012	\$14,249,338	\$4,656,671	\$9,592,667	22,268	0.53%	\$431
2013	\$13,215,265	\$4,386,078	\$8,829,187	22,268	0.55%	\$396
2014	\$12,261,192	\$1,278,144	\$10,983,048	22,268	0.68%	\$493
2015	\$11,142,120	\$1,123,871	\$10,018,249	22,268	0.62%	\$450
2016	\$10,008,048	\$1,235,985	\$8,772,063	22,268	0.54%	\$394

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

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

CITY OF WILLOUGHBY, OHIO
DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT
DECEMBER 31, 2016
(UNAUDITED)

<u>Jurisdiction</u>	<u>Assessed Valuation (1)</u>	<u>General Obligation Debt Outstanding (1)</u>	<u>Percent Overlapping (2)</u>	<u>Amount Applicable to City of Willoughby</u>
Direct:				
City of Willoughby	\$ 584,282,820			
General Obligation Bonds		\$ 10,008,048	100.00%	\$ 10,008,048
Ohio Public Works Commission Loan		<u>\$ 6,503</u>	100.00%	<u>\$ 6,503</u>
Total Direct Debt		<u>\$ 10,014,551</u>		<u>\$ 10,014,551</u>
Overlapping:				
Willoughby-Eastlake City Schools	\$ 1,547,111,150	\$ 116,410,000	37.77%	\$ 43,963,463
Kirtland Local School District	\$ 322,715,010	\$ 12,339,992	4.18%	\$ 515,812
Auburn Joint Vocational S.D.	\$ 2,314,501,720	\$ 4,245,000	0.36%	\$ 15,282
Lake County	\$ 5,879,215,040	<u>\$ 10,380,000</u>	9.94%	<u>\$ 1,031,772</u>
Total Overlapping		<u>\$ 143,374,992</u>		<u>\$ 45,526,328</u>
Total Direct and Overlapping Debt		<u>\$ 153,389,543</u>		<u>\$ 55,540,879</u>

Sources: (1) Lake County Auditor's Office - general obligation debt .
(2) Percentages are determined by dividing each overlapping government located within the boundaries of the City by the total assessed valuation of the government. The valuations were for the 2016 collection year.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Overall Debt Limitation - 10.5% of Assessed Valuation	\$ 71,730,045	\$ 71,015,421	\$ 69,564,604	\$ 65,925,166	\$ 68,570,402	\$ 68,795,055	\$ 59,862,628	\$ 60,134,671	\$ 60,573,177	\$ 61,349,696
Gross Indebtedness	27,580,623	28,321,465	32,354,620	\$ 31,682,135	\$ 30,575,447	\$ 30,675,865	\$ 28,913,151	\$ 27,069,415	\$ 26,493,505	\$ 24,953,088
Less:										
OWDA	(4,303,686)	(5,839,487)	(5,837,076)	(6,096,887)	(6,261,465)	(6,664,417)	(6,222,611)	(5,708,705)	(6,410,778)	(6,345,844)
OPWC	(438,515)	(424,655)	(393,356)	(420,248)	(453,982)	(616,448)	(580,540)	(535,710)	(637,727)	(582,244)
Special Assessment Bond & BAN	(6,625,000)	(7,060,000)	(12,375,000)	(12,500,000)	(12,300,000)	(5,765,000)	(5,730,000)	(5,770,000)	(5,735,000)	(5,680,000)
Airport Debt						(155,000)	(150,000)	(145,000)	(140,000)	(135,000)
Sewer Debt	(550,662)	(401,117)	(249,534)	(136,898)	(68,450)	(1,600,000)	(1,535,000)	(1,465,000)	(1,395,000)	(1,325,000)
Golf Debt	(2,605,000)	(2,480,000)	(2,350,000)	(2,220,000)	(2,080,000)	(2,000,000)	(1,825,000)	(1,645,000)	(1,460,000)	(1,270,000)
	<u>(14,522,863)</u>	<u>(16,205,259)</u>	<u>(21,204,966)</u>	<u>(21,374,033)</u>	<u>(21,163,897)</u>	<u>(16,800,865)</u>	<u>(16,043,151)</u>	<u>(15,269,415)</u>	<u>(15,778,505)</u>	<u>(15,338,088)</u>
Net Debt Within 10.5% Limitations	13,057,760	12,116,206	11,149,654	10,308,102	9,411,550	13,875,000	12,870,000	11,800,000	10,715,000	9,615,000
Legal Debt Margin Within 10.5% Limitation*	<u>\$ 58,672,285</u>	<u>\$ 58,899,215</u>	<u>\$ 58,414,950</u>	<u>\$ 55,617,064</u>	<u>\$ 59,158,852</u>	<u>\$ 54,920,055</u>	<u>\$ 46,992,628</u>	<u>\$ 48,334,671</u>	<u>\$ 49,858,177</u>	<u>\$ 51,734,696</u>
Total Net Debt Applicable to the 10.5% Limit as a Percentage of the Debt Limit	18.20%	17.06%	16.03%	15.64%	13.73%	20.17%	21.50%	19.62%	17.69%	15.67%
Unvoted Debt Limitation - 5.5% of Assessed Valuation	\$ 37,572,881	\$ 37,198,554	\$ 36,438,602	\$ 34,532,230	\$ 35,917,830	\$ 36,035,505	\$ 31,356,615	\$ 31,499,113	\$ 31,728,807	\$ 32,135,555
Net Debt Within 10.5% Limitations	13,057,760	12,116,206	11,149,654	10,308,102	9,411,550	13,875,000	12,870,000	11,800,000	10,715,000	9,615,000
Less Debt Outside Limitations (Voted)	<u>(4,740,000)</u>	<u>(4,555,000)</u>	<u>(4,360,000)</u>	<u>(4,160,000)</u>	<u>(3,930,000)</u>	<u>(3,670,000)</u>	<u>(3,410,000)</u>	<u>(3,140,000)</u>	<u>(2,870,000)</u>	<u>(2,590,000)</u>
Debt Within 5.5% Limitations	<u>8,317,760</u>	<u>7,561,206</u>	<u>6,789,654</u>	<u>6,148,102</u>	<u>5,481,550</u>	<u>10,205,000</u>	<u>9,460,000</u>	<u>8,660,000</u>	<u>7,845,000</u>	<u>7,025,000</u>
Legal Debt Margin Within 5.5% Limitation*	<u>\$ 29,255,121</u>	<u>\$ 29,637,348</u>	<u>\$ 29,648,948</u>	<u>\$ 28,384,128</u>	<u>\$ 30,436,280</u>	<u>\$ 25,830,505</u>	<u>\$ 21,896,615</u>	<u>\$ 22,839,113</u>	<u>\$ 23,883,807</u>	<u>\$ 25,110,555</u>
Total Debt Applicable to the 5.5% Limit as a Percentage of the Debt Limit	22.14%	20.33%	18.63%	17.80%	15.26%	28.32%	30.17%	27.49%	24.73%	21.86%

LEGAL DEBT MARGIN CALCULATION FOR 2016

Assessed Valuation	\$584,282,820
Overall Debt Limitation - (10.5% of Assessed Valuation)	\$ 61,349,696
Gross Indebtedness	24,953,088
Less :	
OWDA/OPWC	(6,928,088)
Special Assessment Bond & BAN	(5,680,000)
Airport Debt	(135,000)
Sewer Debt	(1,325,000)
Recreation- Golf Debt	(1,270,000)
Net Debt Within 10.5% Limitations-General Obligation Bonds	<u>9,615,000</u>
Legal Debt Margin Within 10.5% Limitation*	<u>\$ 51,734,696</u>
Unvoted Debt Limitation - (5.5% of Assessed Valuation)	\$ 32,135,555
Gross Indebtedness Authorized by Council	9,615,000
Less Debt Outside Limitations- Voted	(2,590,000)
Debt Within 5.5% Limitations	<u>7,025,000</u>
Legal Debt Margin Within 5.5% Limitation*	<u>\$ 25,110,555</u>

* Calculated without regard to balance in Debt Service funds.

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

SPECIAL ASSESSMENT BONDS

<u>YEAR</u>	<u>SPECIAL ASSESSMENT COLLECTIONS</u>	<u>DEBT SERVICE</u>		<u>COVERAGE</u>
		<u>PRINCIPAL</u>	<u>INTEREST</u>	
2007	\$43,612	\$20,000	\$17,257	1.17
2008	\$47,068	\$25,000	\$16,088	1.15
2009	\$42,793	\$25,000	\$14,625	1.08
2010	\$44,159	\$25,000	\$13,163	1.16
2011	\$41,216	\$30,000	\$11,700	0.99
2012	\$43,809	\$30,000	\$9,945	1.10
2013	\$44,206	\$35,000	\$8,190	1.02
2014	\$45,079	\$35,000	\$6,142	1.10
2015	\$45,600	\$35,000	\$4,095	1.17
2016	\$42,175	\$35,000	\$2,048	1.14

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

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

Year	Total Population (1)	Total Personal Income (2)	Per Capita Personal Income (1)	Median Household Income (1)	Median Age (1)	Education Attainment: Bachelor's Degree or Higher (1)	School Enrollment (4)	Unemployment Rate (3)	Population in Group Quarters (1)	Total Dwelling Units (1)	Occupied Dwelling Units Households(1)	Persons Per/Owner Households	Owner Occupied Housing Units (%)	Occupied County Population (1)
2007	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,848	4.8%	351	10,700	10,265	2.40	59.8	227,511
2008	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,853	5.3%	351	10,700	10,265	2.40	59.8	227,511
2009	22,621	\$535,054,513	\$23,653	\$43,387	39.1	23.8%	3,968	8.0%	351	10,700	10,265	2.40	59.8	227,511
2010	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,686	7.9%	200	11,387	10,413	2.30	61.1	230,041
2011	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,686	6.8%	200	11,387	10,413	2.30	61.1	230,041
2012	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,621	5.9%	200	11,387	10,413	2.30	61.1	230,041
2013	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,570	6.3%	200	11,387	10,413	2.30	61.1	230,041
2014	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,536	5.5%	200	11,387	10,413	2.30	61.1	230,041
2015	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,445	4.5%	200	11,387	10,413	2.30	61.1	230,041
2016	22,268	\$673,584,732	\$30,249	\$50,611	43.6	28.3%	3,322	4.8%	200	11,387	10,413	2.30	61.1	230,041

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

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

(3) Source: U.S Bureau of Labor Statistics

(4) Source: Willoughby-Eastlake Board of Administration

CITY OF WILLOUGHBY, OHIO
Income Tax Filers by Income Level
TAX YEARS 2015 and 2007

<u>Income Range</u>	2015 (1) (2)			
	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
\$ 100,000 and Over	1,391	16.59%	\$222,401,762	44.61%
75,000-99,999	929	11.08%	80,320,608	16.11%
50,000-74,999	1,460	17.41%	89,797,854	18.01%
25,000-49,999	2,057	24.53%	76,570,518	15.36%
Under 25,000	2,550	30.40%	29,451,477	5.91%
Total	<u>8,387</u>	<u>100.00%</u>	<u>\$498,542,219</u>	<u>100%</u>

<u>Income Range</u>	2007 (1) (2)			
	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
\$ 100,000 and Over	971	10.79%	\$147,382,883	33.18%
75,000-99,999	881	9.79%	75,756,443	17.05%
50,000-74,999	1,562	17.35%	96,491,402	21.72%
25,000-49,999	2,417	26.85%	89,020,536	20.04%
Under 25,000	3,170	35.22%	35,567,210	8.01%
Total	<u>9,001</u>	<u>100.00%</u>	<u>\$444,218,474</u>	<u>100%</u>

Source: Regional Income Tax Agency as of April 26, 2017

- (1) Information for 2016 was not fully available and 2007 was the first year the information was available.
- (2) Taxable Income of residents of the City. Willoughby is a mandatory filing city but offers 100% reciprocity for up to 2% of withholdings paid to another work city.

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

FULL-TIME EMPLOYEES AS OF DECEMBER 31

<u>FUNCTION/PROGRAM</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Governmental</u>										
General Government										
Council	8	8	8	8	7	7	7	7	8	8
Mayor	2	2	2	2	1	1	1	1	1	1
Law	3	3	3	3	2	2	2	2	2	2
Personnel	1	1	1	1	1	1	1	0	1	1
Court	27	26	27	26	24	25	25	24	24	24
Building & Grounds	7	7	7	7	7	7	7	7	7	7
Finance	9	9	9	9	9	9	9	9	9	9
Service	5	5	5	4	4	4	4	4	4	4
Vehicle Maintenance	5	5	5	4	3	3	3	3	3	3
Security of Persons and Property										
Police	59	59	59	59	58	57	57	55	57	57
Fire	41	41	41	41	41	41	41	41	41	41
Public Health and Welfare										
Cemetery	3	3	3	3	2	2	2	2	2	2
Community Environment										
Building	8	8	8	8	7	7	7	8	7	7
Community Development	2	2	2	2	2	2	2	2	1	1
Leisure Time Activities										
Parks	5	5	5	5	4	4	4	4	4	4
Recreation	7	7	7	7	7	7	7	7	7	7
Transportation										
Street	12	12	11	9	8	7	8	9	9	9
Traffic	2	2	2	2	2	2	2	2	2	2
Total Governmental	<u>206</u>	<u>205</u>	<u>205</u>	<u>200</u>	<u>189</u>	<u>188</u>	<u>189</u>	<u>187</u>	<u>189</u>	<u>189</u>
<u>Business-Type</u>										
Sewer										
Sewer	7	7	7	7	7	7	7	7	7	7
WPCC	22	22	21	22	19	18	18	18	17	17
Airport	1	1	1	1	1	1	0	0	0	0
Golf Course	3	3	3	3	3	3	3	4	4	4
Total Business-Type	<u>33</u>	<u>33</u>	<u>32</u>	<u>33</u>	<u>30</u>	<u>29</u>	<u>28</u>	<u>29</u>	<u>28</u>	<u>28</u>
Totals	<u>239</u>	<u>238</u>	<u>237</u>	<u>233</u>	<u>219</u>	<u>217</u>	<u>217</u>	<u>216</u>	<u>217</u>	<u>217</u>

Source: City of Willoughby Finance Dept.

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

<u>OPERATING INDICATORS BY FUNCTION/PROGRAM</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Governmental</u>										
General Government										
Council - Ordinances & Resolutions	155	165	152	164	157	132	139	125	145	135
Personnel - Civil Service Exams (taken)	30	34	126	288	46	240	11	88	91	111
Court - Number of cases	17,811	18,653	17,516	16,610	15,892	14,917	17,110	16,370	15,165	15,060
Finance										
Number of A/P checks processed	7,047	6,785	6,780	6,478	5,973	6,033	6,053	5,934	6,005	6,208
Number of purchase orders issued	963	980	963	903	899	869	899	925	849	904
Security of Persons and Property										
Police										
Total Arrests & other Citations	5,436	5,347	4,901	5,187	4,564	4,036	4,577	6,179	4,654	4,935
Parking Citations	1,567	1,637	2,068	2,686	2,590	2,412	2,346	3,373	2,857	2,584
Fire										
Total Number of Calls	4,555	4,643	4,522	4,744	4,915	4,855	4,915	5,037	5,183	5,236
Public Health and Welfare										
Cemetery (plots sold)	84	52	84	70	53	72	73	80	61	74
Community Environment										
Building										
Building Permits Issued	897	836	715	844	801	833	1,008	755	803	695
Inspections - Residential	4,340	3,417	2,888	3,569	2,807	2,613	2,674	2,427	2,228	2,241
- Industrial	606	853	669	785	591	700	564	646	764	837
Leisure Time Activities										
Parks - Bus Rides	7,343	8,780	8,736	8,624	discontinued					
- Program Participants	301	361	356	374	373	390	471	382	452	546
Pools - Attendance	68,544	70,656	63,634	69,323	65,126	73,130	62,318	40,586	42,123	44,215
Senior Center - Membership	1,346	1,200	1,253	1,271	1,289	1,318	1,518	1,698	1,939	1,861
- Attendance	27,503	27,523	29,581	29,698	34,260	30,322	29,689	30,558	31,146	27,402
<u>Business-Type</u>										
Sewer										
Sewer - Point of Sale Inspections	268	237	192	195	240	241	292	292	319	325
WPCC										
Flow Data MG (millions of gallons)	2,365	2,628	2,370	2,155	3,098	2,285	2,366	2,306	2,235	2,121
Golf Course										
Rounds of golf	38,698	33,853	35,536	33,514	33,525	41,363	36,031	38,225	39,928	38,790

Source: Various Willoughby Departments

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

FUNCTION/PROGRAM	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Capital Assets										
General Government										
Other Departmental Vehicles	43	43	43	45	44	45	40	40	42	41
City Hall Square Footage	25,884	25,884	25,884	25,884	25,884	25,884	25,884	25,884	25,884	25,884
Municipal Court Square Footage	30,950	30,950	30,950	30,950	30,950	30,950	30,950	30,950	30,950	30,950
Security of Persons and Property										
Police										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Number of Vehicles	32	33	34	32	32	32	30	30	30	30
Square Footage of Building	28,924	28,924	28,924	28,924	28,924	28,924	28,924	28,924	28,924	28,924
Fire										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Vehicles	18	18	18	18	18	17	17	17	17	17
Square Footage of Buildings	37,878	37,878	37,878	37,878	37,878	37,878	37,878	37,878	37,878	37,878
Public Health and Welfare										
Cemetery										
Number of Cemeteries	2	2	2	2	2	2	2	2	2	2
Number of Acres	50	50	50	50	50	50	50	50	50	50
Number of Vehicles	2	2	2	2	2	2	2	2	2	2
Community Environment										
Building & Zoning										
Number of Vehicles	5	5	5	5	5	5	5	5	4	4
Leisure Time Activities										
Number of Parks	14	14	14	14	14	14	14	14	14	14
Parks Acreage	186	152	152	152	153	153	153	153	153	153
Number of Swimming Pools	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm	2 large / 1sm
Number of Ballfields	14	15	15	15	15	15	15	15	15	15
	with 7 lighted	with 7 lighted								
Recreation - Senior Center	1	1	1	1	1	1	1	1	1	1
Senior Center Square Footage	31,974	31,974	31,974	31,974	31,974	31,974	31,974	31,974	31,974	31,974
Number of Vehicles	14	15	15	15	14	13	12	11	11	11
Transportation										
Miles of Streets	89	89	89	89	92	92	94	96	96	96
Number of Street Lights	2,920	2,920	2,920	3,067	3,071	3,075	3,093	3,100	3,104	3,104
Number of Traffic Lights	354	354	354	354	354	354	354	354	354	354
Business-Type Capital Assets										
Sewers										
Miles of Sanitary Sewers	93	93	93	93	93	103	104	106	106	106
Miles of Storm Sewers	92	92	92	92	92	102	103	105	105	105
Airport										
Number of Runways	2	2	2	2	2	2	2	0	0	0
Golf Course										
Number of Holes	18	18	18	18	18	18	18	18	18	18
Number of Acres	141	141	141	141	141	141	141	141	141	141
Number of Vehicles	2	3	3	3	3	3	2	2	2	2

Sources: Various Willoughby Departments

THE CITY OF WILLOUGHBY, OHIO



History, Family, Fun, Progress



This page intentionally left blank.



Dave Yost • Auditor of State

CITY OF WILLOUGHBY

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 20, 2017**