

**CITY OF AVON LAKE
LORAIN COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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



Dave Yost • Auditor of State

City Council
City of Avon Lake
150 Avon Belden Road
Avon Lake, OH 44012

We have reviewed the *Independent Auditor's Report* of the City of Avon Lake, Lorain County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 12, 2018

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**CITY OF AVON LAKE
LORAIN COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

To the Members of City Council
City of Avon Lake
Avon Lake, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Lake, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

June 27, 2018

**CITY OF AVON LAKE
LORAIN COUNTY, OHIO
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017**

The prior audit report, as of December 31, 2016, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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Comprehensive Annual Financial Report

For the Year Ended December 31, 2017

CITY OF AVON LAKE, OHIO



Comprehensive Annual Financial Report

**For the Year Ended
December 31, 2017**

Issued by the Finance Department

**Steven J. Presley
Director of Finance**

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INTRODUCTORY SECTION



City of Avon Lake, Ohio
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For the Year Ended December 31, 2017
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Civil Service Commission
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Clerk of Council
930-4121

Council President
930-4120

Engineering Department
930-4101

Finance Department
930-4124

Fire Department
933-8306

Human Resources
933-6141

Law Director
930-4122

Mayor's Office
930-4100

Municipal Court
930-4103

Municipal Utilities
933-6226

Planning Department
930-4101

Police Department
933-4567

Recreation Department
930-4130

Service Department
930-4126

Zoning Department
930-4143

June 27, 2018

Members of City Council and Honorable Citizens of Avon Lake, Ohio

We are pleased to submit the Comprehensive Annual Financial Report of the City of Avon Lake, Ohio for the year ended December 31, 2017.

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires cities to file unaudited general purpose external financial statements with the Auditor of State within 150 days of year end.

Management assumes full responsibility for both the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

James G. Zupka, CPA, Inc., has issued an unmodified ("clean") opinion on the City of Avon Lake, Ohio's financial statements for the year ended December 31, 2017. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Avon Lake is approximately 11.5 square miles and is located in Lorain County in northeastern Ohio, approximately 18 miles west of the City of Cleveland. The City split from Avon Township in 1915 and was formed as a new political division as the Township of Avon Lake shortly thereafter. Avon Lake became a city in 1951 under the laws of the State of Ohio. In 2010, the U.S. Census Bureau reported that Avon Lake has a population of 22,581.

The City of Avon Lake operates and is governed by its Charter, first adopted by the voters on June 5, 1951. The Charter has been and may be amended by the voters from time to time. A nine-member Charter Review Commission reviews the Charter every five years, and most recently did so in 2013. The City is also subject to some general laws applicable to all cities. Under the State of Ohio Constitution, the City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable laws. The Charter provides for a mayor-council form of government.

Legislative authority is vested in a seven-member council. Three members are elected at-large, and four members are elected from wards. The Council fixes compensation of City officials and employee's, enacts ordinances and resolutions relating to City Services, tax levies, appropriations borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President of Council, who is elected by Council for a two-year term. The charter established certain administrative departments and Council may establish additional departments and divisions within departments.

The City of Avon Lake'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 approval of a majority of the members of Council, the Directors of the City's departments. The Mayor also acts as the Director of Public Safety, oversees the enforcement of all laws and ordinances, and executes all contracts, conveyances, evidences of indebtedness, and all other instruments to which the municipality is a party.

The City provides its residents with a full range of municipal services. These services include, among other things, police, fire, emergency medical assistance, recreation and senior programs, building code enforcement, sanitary and storm sewer maintenance, street maintenance and repair, street lighting, traffic signalization, snow/leaf removal, refuse disposal, cemetery services and the maintenance of all City lands, buildings and equipment.

The City of Avon Lake has an elected City Council, Mayor and Board of Municipal Utilities. The Board of Utilities oversees the Cities sanitary/combined sewers and waterlines including a sewage treatment plant and water filtration plant serving several communities with over 250,000 customers.

The City of Avon Lake maintains its legal level of budgetary control at the department level, separated into the categories of Personal Service and Other Expenditures, for all funds. The Finance Director is authorized to allocate appropriations for function and object levels within the same department and category as explained above without prior Council approval, as long as the total appropriation for each department and category does not exceed that of the Council-approved appropriation.

Profile of the City

The City of Avon Lake is served by diversified transportation facilities, including U.S. Highway 90 and Interstate I-71 and I-80 (The Ohio Turnpike). It is served by Norfolk and Southern Railroad for freight rail services, Amtrak for passenger rail services located in nearby Cleveland, and is served by passenger and freight air services at Cleveland Hopkins International Airport, located within 18 miles of the City, and Burke Lakefront Airport located in downtown Cleveland.

Within a 30-minute drive from the City are the locations of the Rock and Roll Hall of Fame, Progressive Field, Quicken Loan Arena, FirstEnergy Stadium, the world-Class Cleveland Orchestra, The Cleveland Museum of Art, The Natural History Museum, The Western Reserve Historical Society, the Cleveland Playhouse and Karamu House, a multi-racial performing arts center and Cleveland Playhouse area Restaurants. These and other facilities in the area offer an extensive variety of cultural and educational programs to the residents of Avon Lake, as well as professional sports including baseball, basketball and football in the Cleveland area and Crushers Stadium housing a semi-professional baseball team in Avon, Ohio.

The City of Avon Lake is a suburb in an affluent metropolitan area and functions as a major commuter hub and suburban regional center. The City of Avon Lake is headquarters for many corporations. Major industries located within the government's boundaries or in close proximity include hospitals, shopping, large retail stores, Ford, PolyOne with its world headquarters and NRG Energy. The school district and The City of Avon Lake also have a significant economic presence. The school system educates over 3,800 students with 525 contracted employees including teachers, professionals, and support staff working to offer quality educational opportunities. It issued 449 W-2 forms in 2016 due to the number of part time workers it employs. The School System has been recognized as Excellent by the Ohio Department of Education for the past 13 years.

The City of Avon Lake owns and manages 14 park areas that total 225.67 acres. Individual parks range in size from 0.05 acres to 79.1 acres, and as a result vary greatly in amenities. Nonetheless, all parks provide a variety of both active and passive recreational opportunities. To the greatest extent, the City's parks can be divided into three categories: Pocket Parks, Neighborhood Parks, and Community Parks.

Avon Lake's Pocket Parks include Wedgewood Park (1.0 acre) and Point Park (0.05 acres). Wedgewood Park is a green space that hosts one of the Recreation Department's Greenbox program, and Point Park features both detailed gardens and a memorial plaque describing the location's connection to the Interurban Railway.

Neighborhood Parks include Belle Park (3.0 acres), Russ Lynch Bicentennial Park (15.2 acres), Inwood Park (5.5 acres), Overlook Park (0.9 acres), Resatar Park (8.4 acres), Sunset Park 4.9 acres) and Ilg Family Park (5.04 acres). All of the Neighborhood Parks possess parking facilities or restrooms and most contain playgrounds. Many contain volleyball and basketball courts, picnic tables, and charcoal grills. Resatar Park has a Walking Trail, and Belle Park connects to an extensive walking/biking trail system contained in the adjacent Kopf Family Reservation, a 162 acre wooded park area managed by the Lorain County Metro Parks. Ilg Family Park is currently undeveloped.

The City of Avon Lake manages five parks considered Community Parks. These are generally the largest parks in the city, and they contain parking and restrooms that accommodates the diverse amenities of these parks, which include athletic fields (baseball, softball, and soccer), picnic areas and pavilions, hiking/biking trails, and drinking fountains. Miller Road Park and Veterans' Memorial Park are situated along the Lake Erie shoreline and contain beach areas and water access facilities (boat launches and fishing piers). Additionally, Veterans' Memorial Park hosts the semi-private Avon Lake Boat Club, the historic Folger Home, and the popular rental facility the Lake House. Miller Road Park contains the Peter Miller House Museum (c. 1830) and an adjoining wildflower garden. Both the Peter Miller House Museum and the Folger Home are listed both locally and nationally as places of historic importance. Walker Road Park contains a large retention basin that serves as a popular fishing pond (catch and release). Bleser Park contains the very large Avon Lake Place Space playground, lighted tennis and basketball courts, as well as the city's award winning seasonal waterpark - Ellen Trivanovich Aquatic Center. Weiss Field contains the unique features of a Dog Park, Horse Arena, Concession Stand, and a Skate Park. Many of the Community Parks host large, and very popular, programs and festivals produced by both the City and outside entities.

Major Initiatives

The City of Avon Lake has several ongoing initiatives to improve roadway conditions and water quality in Lake Erie. The road projects within the city rank all streets in order of priority needs. This ranking is updated yearly and provided the Mayor and Council with estimated budget amounts for current and future year needs. The City annually spends between \$1 million to \$1.8 million on road maintenance and upkeep every year. Supplementing the yearly street program are projects that the City pursues OPWC grant funding and ODOT LTIP funding. The Walker Road and Lear Road intersection project added right turn lanes and new traffic signals with LED lights, emergency pre-emption and emergency batter power. The Lear Road and Krebs Road intersection project was completed in 2017. It added new turn lanes and a new traffic signal to an existing intersection that saw a drastic increase in traffic due to the new interchange. Like the other intersection on Lear Road both projects received partial funding through OPWC and will be a major traffic improvement within our City.

The City continues to work on the sewer separation projects to meet our EPA obligation of 2020 to be fully separated. As part of the City's full compliance with EPA regulations the City has two more separation projects in the works to comply with our 2020 mandate. The Fairfield/Brookfield project is in progress and should take 18 months to complete.

The final major project under the EPA mandate is the Stop 45 sewer separation project which was begun in 2017. The project also includes some water line replacement along with the repaving of all of the streets in the project area. The project will take at least two years to complete.

In addition to these projects, the City continues to pursue grants to fund other needed Capital Projects. One such grant was received in 2014 to study and expand our Multi-Modal Transportation Plan, funded through NOACA, to link Avon Lake with the communities to our east, west and south. The study was completed in 2015. The major component of the plan will create a corridor within Avon Lake to connect to a proposed pathway in Avon that will provide access to the Cleveland Clinic. The Cleveland Clinic is a big supporter of this route and has committed to helping out in many ways since a large number of employees and patients to the facility live in Avon Lake. A funding source for the construction has not yet been found but it is anticipated that non-City resources will pay for the project.

In addition, four cities along the Lake Erie shore received another NOACA Multi-Modal Transportation Grant in 2016 to study the four communities along the south shore of the lake in order to develop a link among the communities in Lorain County. A second objective is to stimulate economic development by maximizing access to Lake Erie.

The city has been working with a historical group now called Heritage Avon Lake to restore an early 1900's house on Lake Erie. The group was awarded a \$150,000 grant in 2014 from the State of Ohio to achieve that goal and the group has been granted another \$75,000 to continue the project. The city has worked with Heritage Avon Lake to repair the basement foundation, replace the windows, add a wrap-around porch, install siding and replace the HVAC of the structure. The City in conjunction with the Avon Lake Boat Club invested \$150,000 in shoring up the banks of the Heider Creek in the area that runs through the Boat Club. This will help preserve the Boat Club area and provide additional storage opportunities.

Economic Development

The city benefits from a solid industrial tax base with several major industries located in the southwest portion of the city as per the city's Comprehensive Master Plan developed many years ago. Several concentrations of small and large industries are located along Moore, Walker and Miller Roads. They include PolyOne Corporation, a Fortune 500 company; Ford Motor Company; a division of Lubrizol and many smaller businesses.

These smaller but important companies include Thogus Enterprises, Mexichem Specialty Resins, Inc., Western Enterprises and Watteredge Industries. The Master Plan has been modified regularly to accommodate changes in the economic climate. The total number of acres in our industrial areas is over 1,400 acres.

Running through the industrial area is Pin Oak Parkway. This industrial park was established in the 1950's with a B.F. Goodrich research facility serving as its anchor. The industrial campus of that facility now houses PolyOne, Lubrizol and Mexichem is located along Walker Road in the western part of the city. All three deal with polymer research or production. Pin Oak Parkway was expanded about 15 years ago and now can be accessed from State Route 83 as well as Moore Road, both of which provide easy access to Interstate 90 a short distance to the south. There are a number of parcels of industrial sites of various sizes available for industrial expansion. The approximate number of acres that make up Pin Oak Parkway is over 430 acres.

One of the oldest industrial residents is NRG, a coal powered power plant that has been in operation since the 1920's. The plant is located on the south shore of Lake Erie with over 2,600 linear feet of shoreline. The plant initially was scheduled to close under a previous owner as more strict environmental air quality regulation were scheduled to go into effect in April of 2015. The coal powered plant was scheduled to be converted to natural gas but changed its direction as it decided to continue to use coal and to implement pollution control technology to fall within the new MATTS (mercury) standards set by the federal government. The plant began operations in June of 2016 using coal and a cleaner technology. The construction of the natural gas pipeline remains in the planning stages for the near future.

The commercial districts are primarily located along Walker Road as it intersects a number of north/south roads. The two biggest shopping areas are Learwood Square Shopping center and Town Center. Learwood Square is located at the intersection of Lear and Walker Roads and has benefitted from the completion of the Nagel (Lear) Road interchange at Interstate 90. Town Center sits at the northwest corner of Route 83 and Walker Road. It is about one and a half miles north of the Route 83 interchange of Interstate 90. It is the home to several medical offices and also a senior living complex that provides both independent living and assisted living along with a rehabilitation facility. Both shopping centers are the locations for restaurants and personal and commercial services. The Avon Lake Shopping Center is located just south of the NRG plant along Lake Road and is the home of the post office, restaurants, The Anchor, and other retail services.

Community Reinvestment Area (CRA) Program

The City has established thirteen (13) Pre-1994 CRAs within and surrounding Avon Lake's Business Parks. Improvements within these CRAs are granted an exemption from real estate property taxes for 100% of the incremental increase in assessed value for a period of up to 15 years based on meeting certain goals in job creation and investment.

Community Improvement Corporation

The city created a Community Improvement Corporation which operates as a 501(c)3 Non-Profit Organization. Their mission is to provide advisory and financial support to the citizens and businesses of Avon Lake who need assistance in locating, expanding or improving their business ventures. Funds for any financial assistance provided will be generated from sources other than tax revenues.

The CIC initiated a grant program for six small firms and it held a business plan competition which required that the applicants attend a series of workshops to help them improve their business practices. An additional small grant program was introduced which would award up to ten businesses up to \$2,500 each to achieve their goals.

Jobs Growth Incentive Plan

City Council approved a five year program that rewards businesses, both new and long standing, with a 25% rebate in the income taxes generated in the current year beyond what was paid the previous calendar year. While revenue to the city will be increasing, the city intends to reward the growth of all businesses that are not located at home with this incentive. The program is in its fifth year and was evaluated at the end of 2017 and extended for another five years.

Because of its location in a region with a varied economic base, unemployment had been relatively stable until the effect of the current recession was felt during the current year. During the past ten years, the unemployment rate rose from an initial low of 3.1 percent (2007) to a decade high of 7.1 percent during the depths of the recession. Although unemployment rates have risen nationwide over the last year, the City of Avon Lake continues to experience unemployment rates consistently lower than national averages. Based on economic forecasts, a leveling off and subsequent decline in unemployment rates are anticipated to continue in calendar year 2018. This is consistent with an increase in income tax revenues for the past three years.

Median household incomes within The City of Avon Lake are significantly higher than for the state as a whole. According to the year 2010 census, the median family income was \$77,060, while the state's was \$46,829. Housing prices in the vicinity of the City of Avon Lake continue to remain strong. At the end of the second quarter of 2015, the median price of a single family home in the vicinity of the City of Avon Lake was \$217,400 with a projected increase in the coming year. The sale of homes and home sale prices began to increase in 2016 and continued through 2017. There are signs that both will continue to rise in 2018.

Long-Term Financial Planning

Moody's Investors Service has rated the City's General Obligation debt at an Aa3 as of April 2017. This is a slight reduction from the previous rating of an Aa2. Substantial improvements in the city's infrastructure focusing on the separation of combined sewer and an expansion of the water and wastewater plants required the issuing of substantial debt caused the rating to drop from Aa2. These EPA mandated changes are being done in order to comply with strict environmental standards. While the debt is General Obligation the majority of the repayment is owed by Avon Lake Region Water.

It is the City's goal to maintain fund balances equal to three months (25 percent) of operations. The Finance Department reviews all transactions on an on-going basis, balances bank accounts daily, and works diligently to manage and monitor revenues and expenditures to ensure that adequate fund balances are maintained.

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Avon Lake for its comprehensive annual financial report for the year ended December 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the fourth year in a row that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish 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 only year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The successful completion of a report of this scope depends upon the dedicated contributions of many employees. The sincere appreciation of those primarily responsible for the completion of this CAFR is extended to all contributors, but especially those employees in the Department of Finance.

Respectfully submitted,



Gregory J. Zilka
Mayor



Steven Presley
Director of Finance

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Avon Lake
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

City of Avon Lake, Ohio

Directory of Officials

December 31, 2017

COUNCIL

At-Large:

Zach Arnold

K.C. Zuber

Martin O'Donnell

Wards:

Robert James (Ward I)

Jennifer Fenderbosch (Ward II)

Eileen Campo (Ward III)

David Kos (Ward IV)

Clerk of Council:

Valerie Rosmarin

OFFICIALS

Gregory J. Zilka

Mayor

Abraham Lieberman

Director of Law

Steven J. Presley

Director of Finance

Thomas Carleton

Building Official

Todd Danielson

Chief Utilities Executive

Gregory J. Zilka

Safety Director

Duane Streator

Police Chief

Christopher Huerner

Fire Chief

Ted Esborn

Director of Economic Development

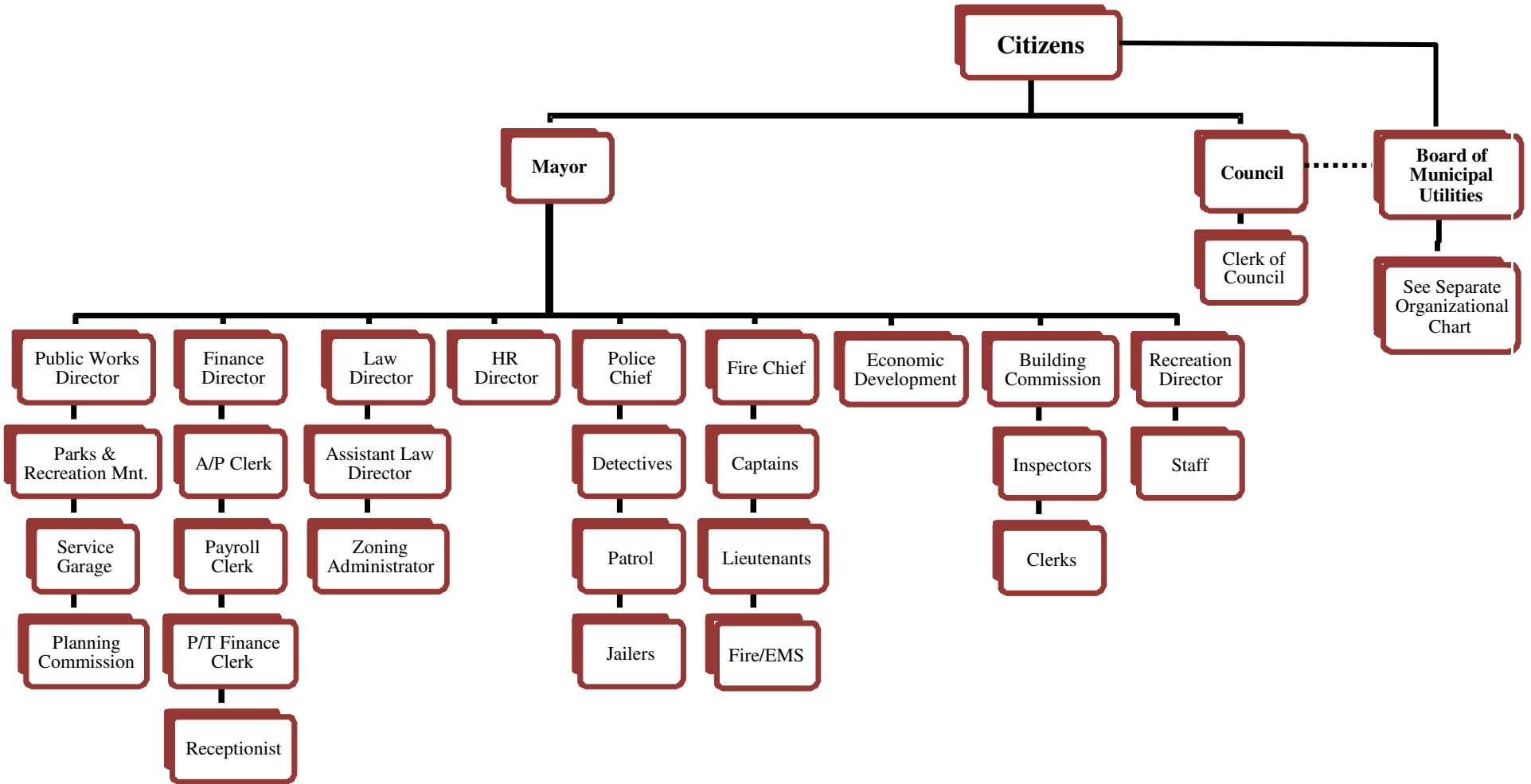
Tim Pinchek

Recreation Director

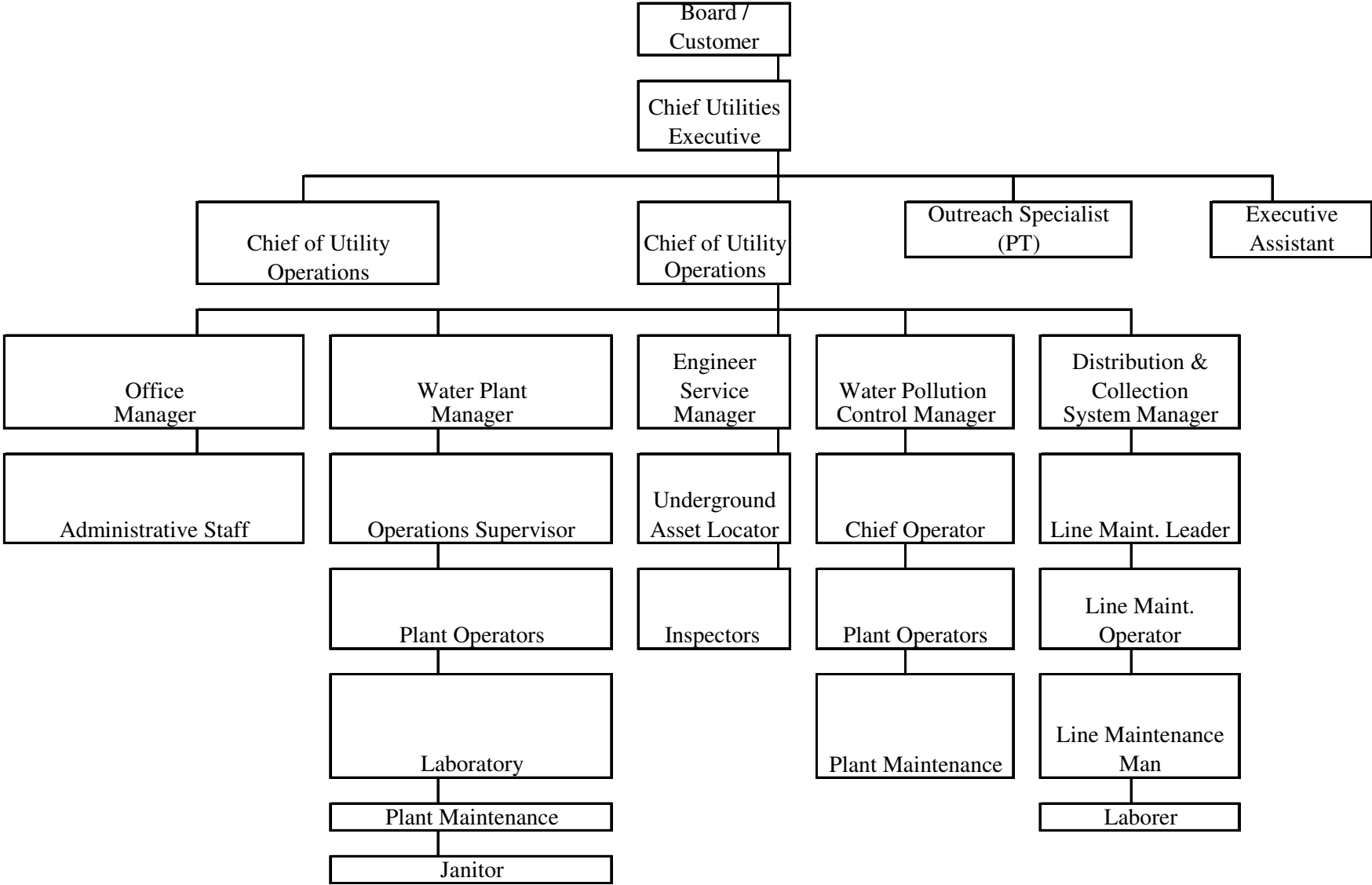
Darrel Bilancini

Judge of Municipal Court

City of Avon Lake, Ohio
Organizational Chart – City
 December 31, 2017



City of Avon Lake, Ohio
Organizational Chart – Avon Lake Regional Water
 December 31, 2017



FINANCIAL SECTION



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

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

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Avon Lake
Avon Lake, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

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 Avon Lake, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2017, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Lake as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with 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 that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



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

June 27, 2018

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City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The discussion and analysis of the City of Avon Lake's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the financial statement and notes to those respective statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- The City's economic condition continued to improve as total revenues increased by \$3,053,740 or 7.37 percent over 2016.
- Total Net Position increased \$1,218,017 in 2017 over 2016.
- In 2017, the City issued \$15,746,000 in bond anticipation notes, which were utilized to retire the 2016 bond anticipation notes and provide resources for new projects.

Overview of the Comprehensive Annual Financial Report (CAFR)

This annual financial report consists of a series of financial statements, notes to the financial statements, and other information. The Statement of Net Position and the Statement of Activities (on pages 19 and 20) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements begin on page 22. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

Government-wide Financial Statements

Our analysis of the City as a whole begins on page 7. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question.

These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's Net Position and changes in them. You can think of the City's Net Position as the difference between assets, what the citizens own, deferred outflows of resources and liabilities, what the citizens owe, and deferred inflows of resources as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's Net Position are one indicator of whether its financial health is improving or deteriorating.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

You will need to consider other non-financial factors, however, such as changes in the City's property tax base, income tax base, and the condition of the City's capital assets (land, roads, building, water and sewer lines, etc.) to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two types of activities:

Governmental Activities: Most of the City's basic services are reported here, including the police, fire, street and highway maintenance, capital improvement, vehicle acquisition, parks and recreation, and general administrative. Municipal income taxes, property taxes, undivided local government, fees, licenses and permits, and state and federal grants finance most of these activities.

Business-Type Activities: The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water and sewer operations are reported here.

Fund Financial Statements

Our analysis of the City's major funds begins on page 14. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (i.e. grants received from Federal and State agencies). The City's three fund types, governmental, proprietary and fiduciary, use different accounting approaches.

Governmental Funds

Most of the City's activities are reported in governmental funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual method of accounting, which measures cash and other financial assets readily convertible to cash.

Proprietary Funds

Proprietary funds are generally used to account for activities for which the City will charge customers and users. Proprietary funds of the City consist of enterprise funds which are used to account for those functions reported as business-type activities in the government-wide financial statements. The City's enterprise funds account for water system operations and sewer system operations. Proprietary funds use the accrual basis of accounting.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City and are not included in the government-wide financial statements since the resources held are not available to support City programs. The City uses only agency funds included under the fiduciary funds category. Agency funds are reported on a full accrual basis, for which only a statement of assets and liabilities is presented.

Notes to the Basic Financial Statements

Notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. These should be read in connection with those financial statements.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Other Information

In addition to the basic financial statements and the accompanying notes, this CAFR also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the required supplementary information, the combining statements are presented along with individual detailed budgetary schedules for all funds.

The City of Avon Lake as a Whole

Analysis of Net Position

The City's total Net Position changed from a year ago, increasing from \$96,668,775 to \$97,886,792

Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the City's governmental and business-type activities.

Table 1- Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 30,036,730	\$ 35,002,472	\$ 14,169,164	\$ 20,681,786	\$ 44,205,894	\$ 55,684,258
Net Pension Asset	13,255	6,743	9,902	7,169	23,157	13,912
Capital assets, net	63,065,677	56,754,398	169,859,248	137,795,585	232,924,925	194,549,983
Total Assets	93,115,662	91,763,613	184,038,314	158,484,540	277,153,976	250,248,153
DEFERRED OUTFLOWS OF RESOURCES						
Deferral on Refunding	447,656	513,391	139,561	151,697	587,217	665,088
Pension	5,935,234	5,407,241	2,202,362	1,987,042	8,137,596	7,394,283
Total Deferred Outflows Of Resources	6,382,890	5,920,632	2,341,923	2,138,739	8,724,813	8,059,371
LIABILITIES						
Current and other liabilities	10,623,037	16,293,658	9,643,856	9,768,374	20,266,893	26,062,032
Long-term liabilities:						
Due within one year	1,657,559	1,926,353	1,990,092	12,998,708	3,647,651	14,925,061
Due in More Than One Year:						
Net Pension Liability	21,871,921	19,894,400	5,694,859	5,120,208	27,566,780	25,014,608
Other Amounts	15,709,899	8,233,855	113,918,248	81,336,041	129,628,147	89,569,896
Total Liabilities	49,862,416	46,348,266	131,247,055	109,223,331	181,109,471	155,571,597
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	5,943,083	5,823,209	-	-	5,943,083	5,823,209
Pension	517,513	140,038	421,930	103,905	939,443	243,943
Total Deferred Intflows Of Resources	6,460,596	5,963,247	421,930	103,905	6,882,526	6,067,152
NET POSITION						
Net Investment in						
Capital Assets	40,258,801	44,792,875	47,157,317	44,246,451	87,416,118	89,039,326
Restricted	11,095,785	8,808,675	-	-	11,095,785	8,808,675
Unrestricted	(8,179,046)	(8,228,818)	7,553,935	7,049,592	(625,111)	(1,179,226)
Total Net Position	\$ 43,175,540	\$ 45,372,732	\$ 54,711,252	\$ 51,296,043	\$ 97,886,792	\$ 96,668,775

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The City has adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises 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 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

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.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

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.

As a result of implementing GASB 68, the City is reporting a net pension liability/asset and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Total assets increased by \$26,905,823 in 2017. Capital assets are used to provide services to the City's citizens; however, they are not available for future spending. Total capital assets (net of depreciation) increased by \$38,374,942. This increase was mainly attributed to several new construction projects beginning in 2017 which were offset by current year depreciation expenses.

Current and other assets decreased \$11,478,364 mainly from an decrease in equity in pooled cash and cash equivalents in the business-type activities and a decrease in internal balances in the governmental activities.

Total liabilities increased by \$25,537,874 in 2017 with current liabilities decreasing \$5,795,139 and long-term liabilities increasing \$31,333,013. The decrease in current liabilities was primarily due to the decrease in notes payable and the increase in long-term liabilities is due to increase in loans payable.

Investments in capital assets (land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure, net of depreciation) less any debt related to acquire those assets that is still outstanding represents the largest portion of net position which decreased \$1,623,208 from 2016 to 2017. Restricted net position increased \$2,287,110 and unrestricted net position increased \$554,115.

Table 2 shows the Changes in Net Position for governmental activities and business-type activities for the year ended December 31, 2017 compared to December 31, 2016.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

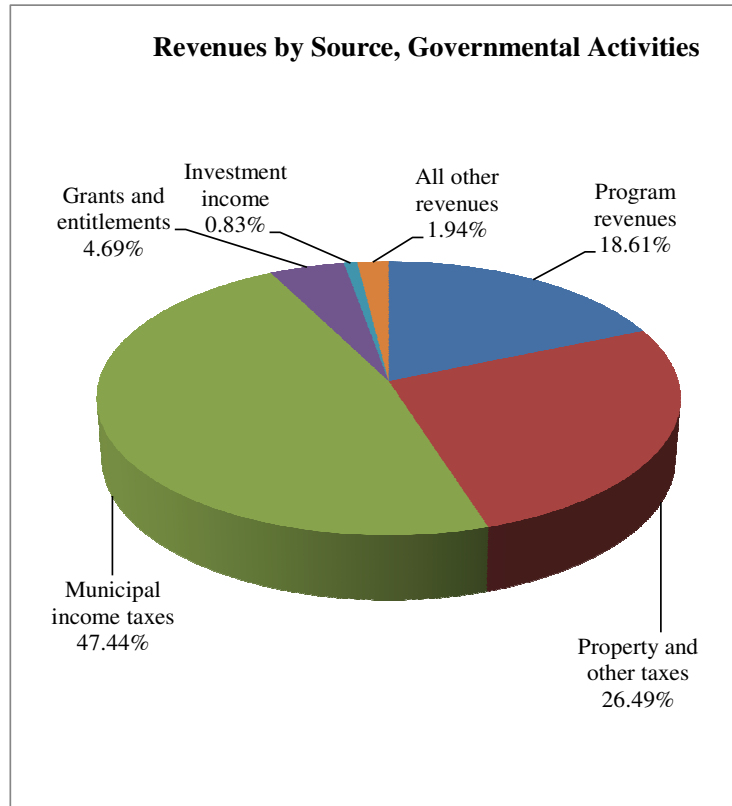
Table 2- Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:						
Charges for services	\$ 2,054,519	\$ 2,532,321	\$ 19,764,613	\$ 18,009,640	\$ 21,819,132	\$ 20,541,961
Operating grants and contributions	1,619,216	1,168,721	282,043	305,784	1,901,259	1,474,505
Capital grants and contributions	762,187	55,400	332,377	133,010	1,094,564	188,410
Total Program Revenues	4,435,922	3,756,442	20,379,033	18,448,434	24,814,955	22,204,876
General Revenues:						
Property and other taxes	6,313,532	6,303,781	-	-	6,313,532	6,303,781
Municipal income taxes	11,305,374	11,667,821	-	-	11,305,374	11,667,821
Grants and entitlements	1,116,923	895,131	-	-	1,116,923	895,131
Investment income	197,265	189,676	3,240	(775)	200,505	188,901
All other revenues	462,940	112,393	251,821	39,407	714,761	151,800
Total General Revenues	19,396,034	19,168,802	255,061	38,632	19,651,095	19,207,434
Total Revenues	23,831,956	22,925,244	20,634,094	18,487,066	44,466,050	41,412,310
EXPENSES						
Program Expenses:						
Security of persons and property	10,372,536	10,039,529	-	-	10,372,536	10,039,529
Public health services	-	5,546	-	-	-	5,546
Leisure time activities	1,776,435	1,302,035	-	-	1,776,435	1,302,035
Community environment	553,662	524,453	-	-	553,662	524,453
Transportation	9,078,916	7,536,427	-	-	9,078,916	7,536,427
General government	3,777,011	3,414,524	-	-	3,777,011	3,414,524
Interest and fiscal charges	470,588	424,664	-	-	470,588	424,664
Water	-	-	10,024,654	10,400,178	10,024,654	10,400,178
Sewer	-	-	7,194,231	7,742,785	7,194,231	7,742,785
Total Expenses	26,029,148	23,247,178	17,218,885	18,142,963	43,248,033	41,390,141
Changes in Net Position	(2,197,192)	(321,934)	3,415,209	344,103	1,218,017	22,169
Net Position - Beginning of Year, restated	45,372,732	45,694,666	51,296,043	50,951,940	96,668,775	96,646,606
Net Position - End of Year	\$ 43,175,540	\$ 45,372,732	\$ 54,711,252	\$ 51,296,043	\$ 97,886,792	\$ 96,668,775

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Governmental Activities

Revenues by source of governmental activities for 2017 were comprised of:



Revenues

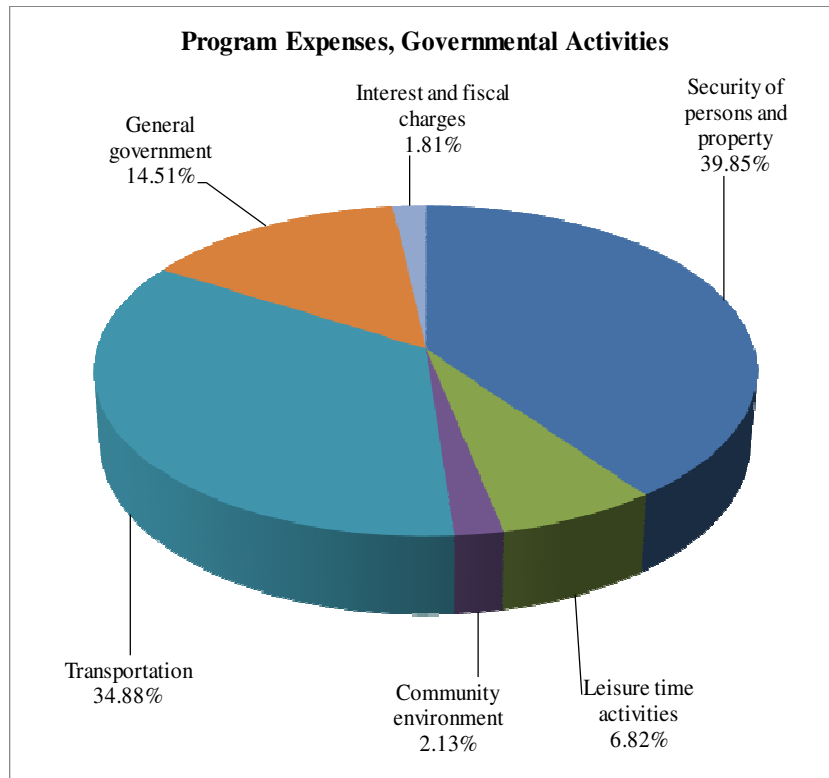
Total revenues increased by \$906,712 or 3.96%. The 1.5 percent municipal income tax is the largest revenue source totaling \$11,305,374 or 47.44%. Municipal income tax decreased by \$362,447 or 3.11%. The municipal income tax revenue is receipted into the Income Tax Transfer Fund and then allocated by Ordinance to other funds on an annual basis. For 2017 the Capital Improvement Fund, General Bond Retirement Fund, and General Fund received \$1,250,000, \$1,500,000, and \$7,495,308, respectively.

The next largest general revenue source is property and other taxes totaling \$6,313,532 or 26.49%. Property and other taxes increased slightly by \$9,751 or 0.15%. Charges for services decreased by \$477,802 or 18.87 percent, operating grants and contributions increased by \$450,495 or 38.55 percent, and capital grants and contributions increased by 706,787. The increase in capital grants and contributions is mainly due to contributions from developers.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Expenses

Program expenses of governmental activities for 2017 were comprised of:



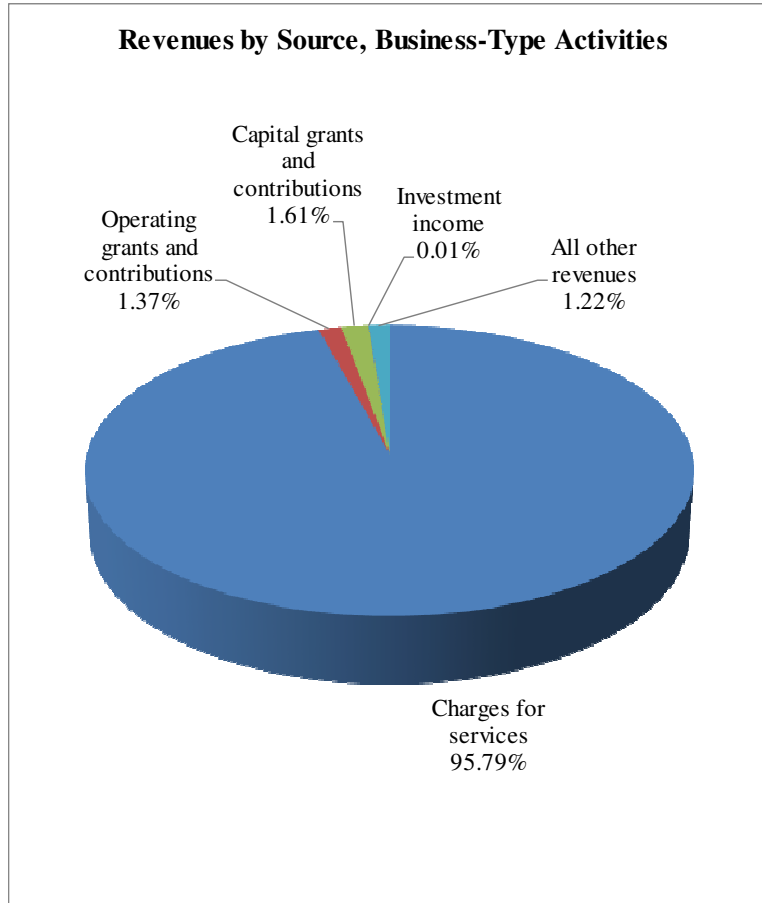
Program expenses amounted to \$26,029,148 in 2017, of which only \$4,435,922 was supported by program revenues. Security of persons and property, which includes police, fire and paramedic services, represented \$10,372,536 or 39.85% of total program expenses. Transportation, which includes street maintenance, snow removal, etc., represents \$9,078,916 or 34.88% of program expenses. General government, which includes legislative and administrative services of council, mayor, law, finance, engineering, building services, and utilities and maintenance of the buildings that house these functions, represents \$3,777,011 or 14.51%. Leisure time activities represented \$1,776,435 or 6.82% of program expenses and includes recreation pool and special programs. Other program expenses consisting of community environment, and interest and fiscal charges amounted to 3.94%. Program expenses increased in 2017 by \$2,781,970 or 11.97% from the 2016 program expenses due to increased cost of Medical Insurance Premiums, increases in compensation rates based on union contracts and additional staffing in the Recreation department.

Business-Type Activities

The City's major business-type activities consist of the water and sewer services. The Water Fund accounts for the treatment and distribution of water to residential customers, commercial users, and certain non-residential customers. The Sewer Fund accounts for sanitary sewer treatment services provided to residential and commercial users.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Revenues by source for business-type activities for 2017 were comprised of:



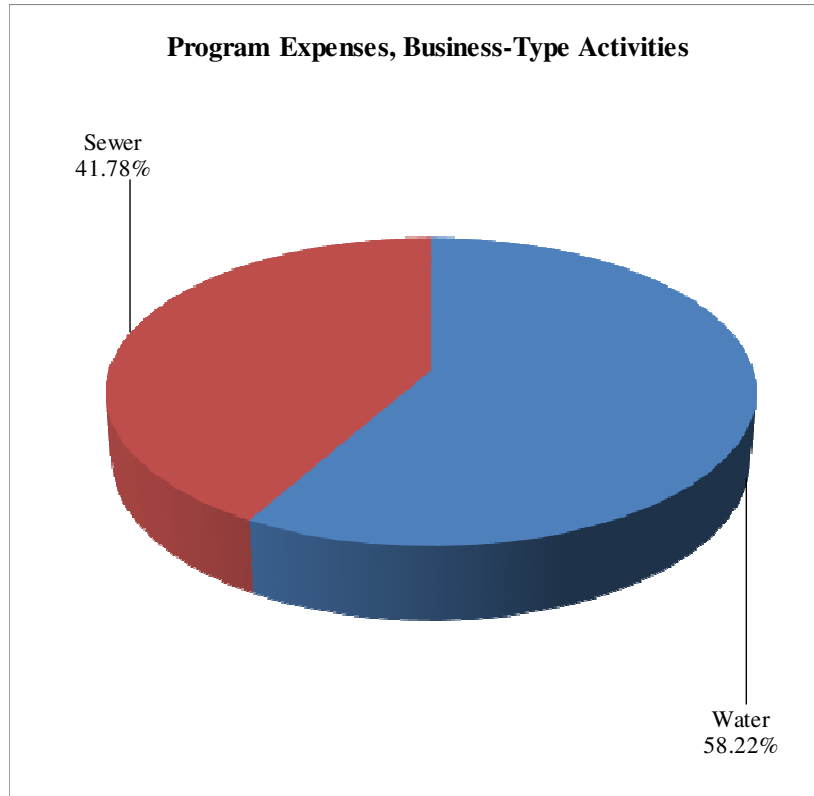
Revenues

Program revenue consisting of charges for services, operating and capital grants and contributions represented 98.76% of total revenues for the business-type activities in 2017. Charges for services for the business-type activities amounted to \$19,764,613 with 67.41% provided by water services and 32.59% from sanitary sewer services.

Water operations generate the fees charged for the sale of water within Avon Lake and several surrounding communities. Those fees are then used to maintain lines for delivery and to treat water for further consumption. Water operating revenues increased \$1,019,111 or 8.22% due to an increase in sales, in addition to an increase in rates charged to users.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Program Expenses for business-type activities for 2017 were comprised of:



Expenses

Water operation expenses amounted to \$10,024,654 or 58.22% and sanitary sewer operation expenses amounted to \$7,194,231 or 41.70% of total program expenses for business-type activities in 2017.

Total expenses for business-type activities decreased by \$924,0787 due mainly to decreases in supply and overtime expenses in 2017.

The City's Funds

Information about the City's major governmental funds begins on page 22. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$23,481,230 and expenditures of \$31,139,402 (not including other financing sources and uses). The General Fund's fund balance decreased by \$526,528. The City closely monitors its revenues and expenditures to maintain a sound fund balance.

General Fund Analysis

The General Fund is the chief operating fund of the City. At the beginning of the current year, total fund balance for the General Fund was \$2,473,585. General Fund expenditures (including transfers out) for the current year were \$15,265,107, with revenues and other financing sources of \$14,738,579 leaving a fund balance of \$1,947,057, and an unassigned balance of \$1,110,473 in the General Fund.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers out). The General Fund's unassigned fund balance represents 7.27% of total General Fund expenditures while total fund balance represents 12.75% of that same amount. The fund balance of the City's General Fund balance decreased by \$526,528 in 2017 when compared to 2016, as a result of an increase in security persons and property and transportation expense, offset by an increase in property and other taxes.

Other Major Funds Analysis

The City's Fairfield/Brookfield Improvement fund experienced an increase in fund balance in the amount of \$1,279,465 as transfer in exceed capital outlay.

The City's Water Fund experienced an increase of \$1,292,230 in its 2017 net position compared to 2016. The main contributor to this is the City's efforts to maintain expense lower than revenues.

The City's Sewer Fund experienced an increase of \$2,122,979 in its 2017 net position compared to 2016. The main contributor to this is the City's efforts to maintain expense lower than revenues.

General Fund Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The most significant budgeted fund is the General Fund. The legal level of budgetary control is at the personnel and other levels within the departments for the general fund and at the personnel and other levels for all other funds. Any budgetary modifications at these levels may only be made by an ordinance of City Council. During 2017, a number of supplemental appropriation measures were authorized by the City Council. Administrative control of the budget is maintained through the establishment of detailed line-item budgets. Transfers are contained in the annual appropriation measure and are permitted once the permanent appropriation measure has been passed by City Council.

Strong emphasis is placed on fund balances. The Finance Director reviews the fund balances on a daily basis. Special attention is paid to the City's most active funds, which are the general, water and sewer funds. All recommendations for a budget change come from the Finance Director to the Finance Committee of Council for review before going to the whole Council for ordinance enactment on the change. The Finance Committee receives a monthly report showing the beginning fund balance for all funds at the beginning of the year, month-to-date and year-to-date revenues and expenditures, and the current fund balance.

Line item reports are reviewed regularly by the Finance Director. The department heads also monitor their appropriations to ensure the entire operation of the City operates within the appropriations.

For the General Fund, original budgeted revenues are \$14,083,913 and final budgeted revenues are \$14,597,948, and actual revenue collections are \$14,873,233. The majority of the increase from original to final is due to property taxes. The majority of the increase in actual revenue over the final budgeted amounts is due to transfers in. Original budgeted expenditures are \$15,115,041 and final budgeted expenditures are \$15,892,132, this increase is mainly due to leisure time activities. Actual general fund expenditures were \$15,647,340 or \$244,792 less than the final budget. The decrease in actual expenditures represents the City's proactive management and legislative action to control costs across the City's departments when practicable.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets, net of depreciation, at December 31, 2017 and 2016 consisted of:

Table 3- Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,293,340	\$ 5,288,340	\$ 1,882,079	\$ 1,786,019	\$ 7,175,419	\$ 7,074,359
Construction in progress	11,854,236	4,324,073	79,049,122	47,626,929	90,903,358	51,951,002
Buildings and improvements	13,702,133	14,228,952	21,301,976	21,767,068	35,004,109	35,996,020
Machinery and equipment	1,127,727	970,111	1,802,785	1,632,802	2,930,512	2,602,913
Vehicles	1,806,308	1,648,518	468,980	486,278	2,275,288	2,134,796
Infrastructure	29,281,933	30,294,404	65,354,306	64,496,489	94,636,239	94,790,893
Total Capital Assets, Net of Depreciation	<u>\$ 63,065,677</u>	<u>\$ 56,754,398</u>	<u>\$ 169,859,248</u>	<u>\$ 137,795,585</u>	<u>\$ 232,924,925</u>	<u>\$ 194,549,983</u>

Capital assets are major assets that are used in operations and have useful lives of more than one year. As of December 31, 2017, total capital assets for the City were \$232,924,925 which reflects an increase of \$38,374,942 from the 2016 ending balance of \$194,549,983. Governmental activities' capital assets, net of depreciation, increased \$6,311,279 from 2016 and Business-type capital assets, net of depreciation, increased \$32,063,663, both as a result of several new construction projects beginning in 2017 and the continuing projects from 2016, which were offset by current year depreciation expenses.

For more information about the City's capital assets see Note 8 of the Notes to the Basic Financial Statements.

Debt

The outstanding debt and other long-term obligations for the City as of December 31, 2017, was \$130,318,813 which consisted of \$15,029,483 for governmental activities and \$115,289,330 for business-type activities. The City-wide balance reflects an increase of \$39,994,993 from 2016.

The City's debt and other long-term obligations consisted of the following:

Table 4- Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 5,121,540	\$ 5,925,733	\$ 2,579,327	\$ 2,792,312	\$ 7,700,867	\$ 8,718,045
Special Assessment Bonds	659,522	867,458	-	-	659,522	867,458
OWDA Loans	8,709,698	782,318	108,833,549	75,706,390	117,543,247	76,488,708
OPWC Loans	181,664	162,499	-	-	181,664	162,499
Mortgage Revenue Bonds	-	-	3,876,454	3,982,832	3,876,454	3,982,832
Equipment Loan	-	23,000	-	-	-	23,000
Police Pension Liability	78,302	81,278	-	-	78,302	81,278
Capital Leases	278,757	-	-	-	278,757	-
Total Outstanding Debt	<u>\$ 15,029,483</u>	<u>\$ 7,842,286</u>	<u>\$ 115,289,330</u>	<u>\$ 82,481,534</u>	<u>\$ 130,318,813</u>	<u>\$ 90,323,820</u>

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

During 2017, the Additional Storage and Interconnection HAB and Water Pollution Control Center Rehab projects were continued and the Stop 45 Area, lateral loan program and Fairfield/Brookfield Combined Sewer Separation projects were started.

During 2017, the City issued bond anticipation notes for the retirement of the 2016 bond anticipation notes as well as to provide funding for the various construction projects within the Governmental activities and the Water and Sewer funds. The notes were issued with an annual stated rate of 2.00% and will mature in July 2018.

The City's last General Obligation Bond Rating from Moody's was Aa3 and was received in April 2017. Moody's confirmed the City's short term rating of MIG1 on BANS. Other obligations include accrued leave benefits and landfill post-closure costs. For more information about the City's debt obligations please see Notes 9, 10 and 11 of the Notes to the Basic Financial Statements.

CURRENT FINANCIAL RELATED ACTIVITIES

The City's governmental activities continue to struggle with many of the same economic issues as other communities including unfunded capital costs, increased operating costs and only moderately increasing revenue sources. On a positive note, NRG Energy continues to pursue the conversion to natural gas while it has invested millions of dollars installing a coal scrubber system (MATTS) which will allow them to continue using coal in the production of electricity.

On a cash basis, property tax revenue remained relatively flat in 2017 while municipal income tax revenues were down slightly by \$574,535 or 4.83% from 2016. This decrease cannot be attributed to any single event or company but instead was across the board. The continued reduction of Local Government Funds is the main reason for the decrease in intergovernmental revenues.

Avon Lake Regional Water (ALRW) is completing the Fairfield/Inwood Sewer Separation/Water Main Installation Project in 2017 and began the Stop 45 Sewer Separation project in late 2017. These two projects total nearly \$22 million and included multiple streets receiving new sanitary sewers and water lines in addition to new roadways.

ALRW also finished the construction of a 3,000,000-gallon water tank at its facility in Avon Lake during 2017 and the installation of a new water main on Walker Road. The new water line will increase the water supply reliability in the area at a cost of \$2,500,000. Additionally, ALRW began construction of new water tower in the City which will house 2.5M gallons of fresh water in case of an emergency at a cost of \$8,100,000. The project is expected to be completed in 2 years. Finally, ALRW began construction of the Elyria Interconnection which will augment the emergency water supply by up to 8 million gallons per day at an estimated cost of \$3,100,000.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This report is intended to provide the citizens and anyone interested in the financial aspects of the City of Avon Lake a general overview of the financial operations. If there are any questions, please feel free to contact Finance Director Steven Presley, City of Avon Lake, 150 Avon Belden Road, Avon Lake, Ohio 44012, Telephone (440) 930-4124.

Basic Financial Statements

City of Avon Lake, Ohio
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 19,037,818	\$ 7,530,737	\$ 26,568,555
With Escrow Agents	11,032	-	11,032
Materials and Supplies Inventory	86,822	134,845	221,667
Accounts Receivable	156,388	2,135,113	2,291,501
Accrued Interest Receivable	63,062	3,884	66,946
Intergovernmental Receivable	1,118,852	2,097,524	3,216,376
Prepaid Items	99,416	82,578	181,994
Municipal Income Taxes Receivable	2,759,705	-	2,759,705
Property and Other Taxes Receivable	6,218,084	-	6,218,084
Special Assessments Receivable	485,551	31,152	516,703
Loans Receivable	-	303,410	303,410
Investment In Joint Venture	-	1,849,921	1,849,921
Nondepreciable Capital Assets	17,147,576	80,931,201	98,078,777
Depreciable Capital Assets	45,918,101	88,928,047	134,846,148
Net Pension Asset	13,255	9,902	23,157
Total Assets	93,115,662	184,038,314	277,153,976
DEFERRED OUTFLOWS OF RESOURCES			
Deferral on Refunding	447,656	139,561	587,217
Pension	5,935,234	2,202,362	8,137,596
Total Deferred Outflows of Resources	6,382,890	2,341,923	8,724,813
LIABILITIES			
Accounts Payable	1,360,873	1,494,604	2,855,477
Accrued Wages and Benefits	613,555	255,950	869,505
Intergovernmental Payable	219,488	225,446	444,934
Matured Compensated Absences Payable	-	18,318	18,318
Accrued Interest Payable	108,049	97,376	205,425
Retainage Payable	17,721	-	17,721
Notes Payable	8,303,351	7,552,162	15,855,513
Long-term Liabilities:			
Due within one year	1,657,559	1,990,092	3,647,651
Due in more than one year:			
Net Pension Liability	21,871,921	5,694,859	27,566,780
Other Amounts	15,709,899	113,918,248	129,628,147
Total Liabilities	49,862,416	131,247,055	181,109,471
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	5,943,083	-	5,943,083
Pension	517,513	421,930	939,443
Total Deferred Inflows of Resources	6,460,596	421,930	6,882,526
NET POSITION			
Net Investment in Capital Assets	40,258,801	47,157,317	87,416,118
Restricted for:			
Debt Service	1,790,223	-	1,790,223
Capital Projects	5,275,884	-	5,275,884
Public Safety	1,762,406	-	1,762,406
Parks and Recreation	500,994	-	500,994
Streets and Highways	1,759,473	-	1,759,473
Other Purposes	6,805	-	6,805
Unrestricted	(8,179,046)	7,553,935	(625,111)
Total Net Position	\$ 43,175,540	\$ 54,711,252	\$ 97,886,792

The notes to the basic financial statements are an integral part of this statement.

City of Avon Lake, Ohio
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Security of Persons and Property	\$ 10,372,536	\$ 610,426	\$ 64,582	\$ -
Leisure Time Activities	1,776,435	781,478	24,500	-
Community Environment	553,662	3,152	-	-
Transportation	9,078,916	199,964	1,509,818	762,187
General Government	3,777,011	459,499	20,316	-
Interest and Fiscal Charges	470,588	-	-	-
Total Governmental activities	26,029,148	2,054,519	1,619,216	762,187
Business-type activities:				
Water	10,024,654	13,322,903	282,043	156,400
Sewer	7,194,231	6,441,710	-	175,977
Total Business-type activities	17,218,885	19,764,613	282,043	332,377
Total Primary Government	\$ 43,248,033	\$ 21,819,132	\$ 1,901,259	\$ 1,094,564

General Revenues:

Property and Other Taxes levied for:

General Purposes

Debt Service Purpose

Other Purposes

Municipal Income Taxes levied for:

General Purposes

Grants & Entitlements not restricted to specific programs

Investment Income

Gain on Sale of Capital Assets

All Other Revenues

Total General Revenues

Changes in Net Position

Net Position - Beginning of Year

Net Position - End of Year

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (9,697,528)	\$ -	\$ (9,697,528)
(970,457)	-	(970,457)
(550,510)	-	(550,510)
(6,606,947)	-	(6,606,947)
(3,297,196)	-	(3,297,196)
(470,588)	-	(470,588)
<u>(21,593,226)</u>	<u>-</u>	<u>(21,593,226)</u>
-	3,736,692	3,736,692
-	(576,544)	(576,544)
<u>-</u>	<u>3,160,148</u>	<u>3,160,148</u>
<u>(21,593,226)</u>	<u>3,160,148</u>	<u>(18,433,078)</u>
4,109,532	-	4,109,532
292,413	-	292,413
1,911,587	-	1,911,587
11,305,374	-	11,305,374
1,116,923	-	1,116,923
197,265	3,240	200,505
1,591	-	1,591
461,349	251,821	713,170
<u>19,396,034</u>	<u>255,061</u>	<u>19,651,095</u>
(2,197,192)	3,415,209	1,218,017
<u>45,372,732</u>	<u>51,296,043</u>	<u>96,668,775</u>
<u>\$ 43,175,540</u>	<u>\$ 54,711,252</u>	<u>\$ 97,886,792</u>

City of Avon Lake, Ohio
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Fairfield/ Brookfield Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 942,752	\$ 505,954	\$ 17,589,112	\$ 19,037,818
Cash and Cash Equivalents:				
With Escrow Agents	-	-	11,032	11,032
Materials and Supplies Inventory	-	-	86,822	86,822
Accrued Interest Receivable	-	-	63,062	63,062
Accounts Receivable	150,892	-	5,496	156,388
Interfund Receivable	35,000	-	170,326	205,326
Intergovernmental Receivable	440,247	-	678,605	1,118,852
Prepaid Items	83,833	-	15,583	99,416
Municipal Income Taxes Receivable	1,876,599	-	883,106	2,759,705
Property and Other Taxes Receivable	3,914,439	-	2,303,645	6,218,084
Special Assessments Receivable	-	-	485,551	485,551
Total Assets	\$ 7,443,762	\$ 505,954	\$ 22,292,340	\$ 30,242,056
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 140,900	\$ 481,089	\$ 738,884	\$ 1,360,873
Accrued Wages and Benefits	488,628	-	124,927	613,555
Intergovernmental Payable	107,481	-	112,007	219,488
Retainage Payable	-	-	17,721	17,721
Interfund Payable	-	-	205,326	205,326
Notes Payable	-	-	8,303,351	8,303,351
<i>Total Liabilities</i>	<i>737,009</i>	<i>481,089</i>	<i>9,502,216</i>	<i>10,720,314</i>
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	3,704,347	-	2,238,736	5,943,083
Unavailable Revenue - Delinquent Property Taxes	107,281	-	64,909	172,190
Unavailable Revenue - Municipal Income Taxes	547,017	-	257,420	804,437
Unavailable Revenue - Other	401,051	-	970,468	1,371,519
<i>Total Deferred Inflows of Resources</i>	<i>4,759,696</i>	<i>-</i>	<i>3,531,533</i>	<i>8,291,229</i>
FUND BALANCES				
Nonspendable	118,833	-	102,405	221,238
Restricted	-	24,865	5,664,723	5,689,588
Committed	429,429	-	10,370,333	10,799,762
Assigned	288,322	-	87,418	375,740
Unassigned (Deficits)	1,110,473	-	(6,966,288)	(5,855,815)
<i>Total Fund Balances</i>	<i>1,947,057</i>	<i>24,865</i>	<i>9,258,591</i>	<i>11,230,513</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,443,762	\$ 505,954	\$ 22,292,340	\$ 30,242,056

The notes to the basic financial statements are an integral part of this statement.

City of Avon Lake, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2017*

Total Governmental Funds Balance \$ 11,230,513

*Amounts reported for Governmental 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 63,065,677

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

Delinquent property taxes	\$	172,190	
Municipal income taxes		804,437	
Special assessments		485,551	
Intergovernmental		863,016	
Charges for services		22,952	
Total		2,348,146	2,348,146

In the Statement of Activities, interest is accrued on outstanding
 bonds, whereas in Governmental funds, an interest expenditure
 is reported when due. (108,049)

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

Deferred Outflows - Pension		5,935,234	
Deferred Inflows - Pension		(517,513)	
Net Pension Asset		13,255	
Net Pension Liability		(21,871,921)	
Total		(16,440,945)	(16,440,945)

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

General obligation bonds		(4,823,844)	
Special assessment bonds		(655,000)	
OPWC loans		(181,664)	
OWDA loan		(8,709,698)	
Deferral on refunding		447,656	
Unamortized bond premium		(302,218)	
Capital leases		(278,757)	
Other long-term obligations		(424,701)	
Compensated absences		(1,991,576)	
Total		(16,919,802)	(16,919,802)

Net Position of Governmental Activities \$ 43,175,540

The notes to the basic financial statements are an integral part of this statement.

City of Avon Lake, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Fairfield/ Brookfield Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property and Other Taxes	\$ 4,119,474	\$ -	\$ 2,210,138	\$ 6,329,612
Municipal Income Taxes	7,296,355	-	3,894,852	11,191,207
Intergovernmental	837,392	-	1,776,919	2,614,311
Interest	-	-	197,265	197,265
Fees, Licenses, and Permits	316,657	-	-	316,657
Fines and Forfeitures	288,433	-	87,811	376,244
Rentals	121,379	-	-	121,379
Charges for Services	1,231,510	-	376,737	1,608,247
Contributions and Donations	19,117	-	26,500	45,617
Special Assessments	-	-	236,923	236,923
All Other Revenues	256,764	-	187,004	443,768
Total Revenues	14,487,081	-	8,994,149	23,481,230
EXPENDITURES				
Current:				
Security of Persons and Property	6,826,090	-	2,356,694	9,182,784
Leisure Time Activities	1,266,607	-	28,741	1,295,348
Community Environment	480,630	-	4,973	485,603
Transportation	3,206,545	-	1,185,146	4,391,691
General Government	3,076,385	-	15,415	3,091,800
Capital Outlay	-	6,720,535	4,328,734	11,049,269
Debt Service:				
Principal Retirement	-	-	1,176,908	1,176,908
Interest and Fiscal Charges	2,850	-	399,250	402,100
Debt Issuance Costs	-	-	63,899	63,899
Total Expenditures	14,859,107	6,720,535	9,559,760	31,139,402
Excess of Revenues (Under) Expenditures	<u>(372,026)</u>	<u>(6,720,535)</u>	<u>(565,611)</u>	<u>(7,658,172)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	1,495	-	96	1,591
Inception of Capital Lease	-	-	329,484	329,484
Loans Issued	-	-	8,001,750	8,001,750
Transfers In	250,003	8,000,000	2,176,365	10,426,368
Transfers Out	(406,000)	-	(10,020,368)	(10,426,368)
Total Other Financing Sources (Uses)	(154,502)	8,000,000	487,327	8,332,825
Net Change in Fund Balances	(526,528)	1,279,465	(78,284)	674,653
Fund Balances - Beginning of Year	2,473,585	(1,254,600)	9,336,875	10,555,860
Fund Balances - End of Year	\$ 1,947,057	\$ 24,865	\$ 9,258,591	\$ 11,230,513

The notes to the basic financial statements are an integral part of this statement.

City of Avon Lake, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
 In Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2017*

Net Change in Fund Balances-Total Governmental Funds \$ 674,653

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and contributions exceeded depreciation in the current period.

Capital outlay	\$ 8,995,461	
Capital contributions	478,650	
Depreciation	<u>(3,162,832)</u>	
Total		6,311,279

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

Delinquent property taxes	(16,080)	
Municipal income taxes	114,167	
Special assessments	(234,358)	
Intergovernmental	14,051	
Charges for services	<u>(7,295)</u>	
Total		(129,515)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of loans and a capital lease. (8,331,234)

Repayment of bond principal, loans and notes payable, and other long-term liabilities are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,176,908

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows 1,653,567

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (3,474,058)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated absences	(81,983)	
Landfill postclosure costs	61,930	
Accrued interest on bonds	39,867	
Amortization of bond premium	33,019	
Amortization of deferral on refunding	(65,735)	
Accretion on Bond	<u>(65,890)</u>	
Total		<u>(78,792)</u>

Change in Net Position of Governmental Activities \$ (2,197,192)

The notes to the basic financial statements are an integral part of this statement.

City of Avon Lake, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 3,586,919	\$ 3,866,978	\$ 3,882,664	\$ 15,686
Municipal Income Taxes	7,495,312	7,495,312	7,495,312	-
Other Taxes	393,497	424,220	425,941	1,721
Intergovernmental	559,458	603,139	605,586	2,447
Fees, Licenses, and Permits	292,537	315,378	316,657	1,279
Fines and Forfeitures	264,671	285,336	286,493	1,157
Charges for Services	1,128,057	1,216,134	1,221,067	4,933
Rentals	112,133	120,889	121,379	490
Contributions and Donations	17,661	19,040	19,117	77
All Other Revenues	228,665	246,519	247,519	1,000
Total Revenues	14,078,910	14,592,945	14,621,735	28,790
Expenditures:				
Current:				
Security of Persons and Property	6,803,952	6,909,352	6,898,021	11,331
Leisure Time Activities	856,595	1,166,015	1,156,271	9,744
Community Environment	411,900	445,100	440,001	5,099
Transportation	3,317,165	3,582,365	3,413,736	168,629
General Government	3,101,737	3,165,622	3,116,009	49,613
Total Expenditures	14,491,349	15,268,454	15,024,038	244,416
Excess of Revenues Over (Under) Expenditures	(412,439)	(675,509)	(402,303)	273,206
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	1,495	1,495
Advances In	5,000	5,000	-	(5,000)
Transfers In	3	3	250,003	250,000
Transfers Out	(623,392)	(623,392)	(623,302)	90
Total Other Financing Sources (Uses)	(618,389)	(618,389)	(371,804)	246,585
Net Change in Fund Balance	(1,030,828)	(1,293,898)	(774,107)	519,791
Fund Balance - Beginning of Year	448,669	448,669	448,669	-
Prior Year Encumbrances Appropriated	447,463	447,463	447,463	-
Fund Balance - End of Year	\$ (134,696)	\$ (397,766)	\$ 122,025	\$ 519,791

City of Avon Lake, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$5,274,839	\$2,255,898	\$7,530,737
Materials and Supplies Inventory	81,758	53,087	134,845
Accrued Interest Receivable	-	3,884	3,884
Accounts Receivable	1,009,182	1,125,931	2,135,113
Interfund Receivable	5,008,500	-	5,008,500
Intergovernmental Receivable	870,100	1,227,424	2,097,524
Prepaid Items	49,867	32,711	82,578
Special Assessments Receivable	-	31,152	31,152
Loans Receivable	-	303,410	303,410
Total Current Assets	12,294,246	5,033,497	17,327,743
Noncurrent Assets:			
Investment in Joint Venture	1,849,921	-	1,849,921
Capital Assets:			
Land	805,997	1,076,082	1,882,079
Construction in Progress	38,506,240	40,542,882	79,049,122
Depreciable Assets, Net of Depreciation	36,130,949	52,797,098	88,928,047
Net Pension Asset	5,162	4,740	9,902
Total Noncurrent Assets	77,298,269	94,420,802	171,719,071
Total Assets	89,592,515	99,454,299	189,046,814
DEFERRED OUTFLOWS OF RESOURCES			
Deferral on Refunding	-	139,561	139,561
Pension	1,148,051	1,054,311	2,202,362
Total Deferred Outflows of Resources	1,148,051	1,193,872	2,341,923
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,065,635	428,969	1,494,604
Accrued Wages and Benefits	164,908	91,042	255,950
Matured Compensated Absences Payable	-	18,318	18,318
Intergovernmental Payable	187,430	38,016	225,446
Interfund Payable	-	5,008,500	5,008,500
Accrued Interest Payable	35,233	62,143	97,376
Compensated Absences Payable	109,332	101,531	210,863
General Obligation Bonds Payable	-	215,000	215,000
Notes Payable	2,517,387	5,034,775	7,552,162
Revenue Bonds Payable	150,000	-	150,000
OWDA Loans Payable	382,056	1,032,173	1,414,229
Total Current Liabilities	4,611,981	12,030,467	16,642,448
Noncurrent Liabilities:			
Compensated Absences Payable	259,655	148,492	408,147
General Obligation Bonds Payable	-	2,364,327	2,364,327
Revenue Bonds Payable	3,726,454	-	3,726,454
OWDA Loans Payable	41,713,099	65,706,221	107,419,320
Net Pension Liability	2,968,625	2,726,234	5,694,859
Total Noncurrent Liabilities	48,667,833	70,945,274	119,613,107
Total Liabilities	53,279,814	82,975,741	136,255,555
DEFERRED INFLOWS OF RESOURCES			
Pension	219,612	202,318	421,930
Total Deferred Inflows of Resources	219,612	202,318	421,930
NET POSITION			
Net Investment in Capital Assets	26,954,190	20,203,127	47,157,317
Unrestricted	10,286,950	(2,733,015)	7,553,935
Total Net Position	\$37,241,140	\$17,470,112	\$54,711,252

The notes to the basic financial statements are an integral part of this statement.

City of Avon Lake, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for Services	\$13,322,903	\$6,441,710	\$19,764,613
Miscellaneous	98,697	153,124	251,821
Total Operating Revenues	13,421,600	6,594,834	20,016,434
OPERATING EXPENSES			
Salaries	3,171,013	2,667,690	5,838,703
Purchased Services	4,188,203	506,974	4,695,177
Materials and Supplies	1,095,068	452,381	1,547,449
Depreciation	1,091,767	1,819,099	2,910,866
Other	5,087	203,252	208,339
Total Operating Expense	9,551,138	5,649,396	15,200,534
Operating Income	3,870,462	945,438	4,815,900
NONOPERATING REVENUES (EXPENSES)			
Interest	788	2,452	3,240
Interest and Fiscal Charges	(416,227)	(1,544,835)	(1,961,062)
Intergovernmental	282,043	-	282,043
Loss on Investment in Joint Venture	(57,289)	-	(57,289)
Total Nonoperating Revenues (Expenses)	(190,685)	(1,542,383)	(1,733,068)
Capital Contributions	156,400	175,977	332,377
Transfers In	-	35,447	35,447
Transfers Out	(35,447)	-	(35,447)
Change in Net Position	3,800,730	(385,521)	3,415,209
Net Position - Beginning of Year	33,440,410	17,855,633	51,296,043
Net Position - End of Year	\$37,241,140	\$17,470,112	\$54,711,252

The notes to the basic financial statements are an integral part of this statement.

City of Avon Lake, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Charges for Services	\$13,227,920	\$6,104,304	\$19,332,224
Cash Received from Other Operating Sources	98,697	153,124	251,821
Cash Payments for Employee Services and Benefits	(2,636,878)	(2,155,656)	(4,792,534)
Cash Payments for Goods and Services	(5,285,155)	(1,574,087)	(6,859,242)
Cash Payments for Other Operating Expenses	(5,087)	(200,378)	(205,465)
Net Cash Provided by Operating Activities	<u>5,399,497</u>	<u>2,327,307</u>	<u>7,726,804</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental Revenue	94,409	0	94,409
Advances In	0	3,258,500	3,258,500
Advances Out	(3,258,500)	0	(3,258,500)
Transfers In	4,535,559	3,489,134	8,024,693
Transfers Out	(4,324,781)	(3,453,687)	(7,778,468)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(2,953,313)</u>	<u>3,293,947</u>	<u>340,634</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from OWDA Loans	3,113,042	4,383,830	7,496,872
Proceeds from Notes	2,500,000	5,000,000	7,500,000
Principal Paid on G.O. Bonds	(100,000)	(210,000)	(310,000)
Principal Paid on Notes and Revenue Bonds	(5,150,000)	(6,000,000)	(11,150,000)
Principal Paid on OWDA Loans	(407,332)	(1,108,937)	(1,516,269)
Interest Payments	(449,871)	(6,733,321)	(7,183,192)
Payments for Capital Acquisitions	(3,793,482)	(4,644,247)	(8,437,729)
Special Assessments	0	29,734	29,734
Premium on Debt Issued	32,100	64,200	96,300
Net Cash (Used in) Capital and Related Financing Activities	<u>(4,255,543)</u>	<u>(9,218,741)</u>	<u>(13,474,284)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	989	(604)	385
Net Cash Provided by Investing Activities	<u>989</u>	<u>(604)</u>	<u>385</u>
Net (Decrease) in Cash and Cash Equivalents	(1,808,370)	(3,598,091)	(5,406,461)
Cash and Cash Equivalents - Beginning of Year	<u>7,083,209</u>	<u>5,853,989</u>	<u>12,937,198</u>
Cash and Cash Equivalents - End of Year	<u><u>\$5,274,839</u></u>	<u><u>\$2,255,898</u></u>	<u><u>\$7,530,737</u></u>

(Continued)

City of Avon Lake, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017
(Continued)

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
RECONCILIATION OF OPERATING INCOME			
TO NET CASH PROVIDED BY			
OPERATING ACTIVITIES			
Operating Income	\$3,870,462	\$945,438	\$4,815,900
Adjustments:			
Depreciation	1,091,767	1,819,099	2,910,866
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	(94,983)	(337,406)	(432,389)
Prepays	(30,897)	(19,992)	(50,889)
Materials and Supplies Inventory	15,849	18,702	34,551
Net Pension Asset	(1,427)	(1,306)	(2,733)
Deferred Outflows of Resources	(112,507)	(102,813)	(215,320)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	62,620	(164,057)	(101,437)
Accrued Wages and Benefits	70,874	(29,806)	41,068
Compensated Absences Payable	99,744	(114,652)	(14,908)
Matured Compensated Absences Payable	(1,858)	18,318	16,460
Intergovernmental Payable	(35,845)	(131,196)	(167,041)
Net Pension Liability	300,236	274,415	574,651
Deferred Inflows of Resources	165,462	152,563	318,025
Net Cash Provided by Operating Activities	\$5,399,497	\$2,327,307	\$7,726,804
<u>Schedule of Noncash Investing, Capital, and Financing Activities:</u>			
Net Impact of accruals for payment of capital acquisitions	\$ 283,921	\$ 415,021	\$ 698,942
Noncash loan proceeds and capital additions	7,254,625	19,648,740	26,903,365
Capital contribution from developers	156,400	175,977	332,377

The notes to the basic financial statements are an integral part of this statement.

City of Avon Lake, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2017

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,439,613
Total Assets	<u>\$ 1,439,613</u>
Liabilities	
Due to Other Governments	\$ 1,904
Deposits Held and Due to Others	1,437,709
Total Liabilities	<u>\$ 1,439,613</u>

See accompanying notes and accountants compilation report

Notes to the Basic Financial Statements

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 1: DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Avon Lake (the City) is a municipal corporation established under the laws of the State of Ohio which operates under its own charter. The City was incorporated in 1950 and operates under a Council/Mayor form of government. The Mayor and the Council are elected by separate ballots from the municipality for four-year terms. The Mayor appoints the Finance Director. The Council approves and hires all department managers and employees of the City. The administrative authority over municipally owned utilities, water and sewer, are vested in a Board of five members elected at large.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Avon Lake, this includes police and fire, parks and recreation, building inspection services, street maintenance and repairs, water and sewer. Council and the Mayor have direct responsibility for these activities, except the Board of Utilities has direct responsibility over the water and sewer activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City is associated with the Lorain County Community Alliance Council of Governments and the Northeast Ohio Public Energy Council (NOPEC) as jointly governed organizations. The City is also a member of the Medina-Lorain Water Consortium, a joint venture (See Note 15).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Avon Lake have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most 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 Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Basis of Presentation** (Continued)

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. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this 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. Non-major 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 typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources compared to liabilities and deferred inflows of resources is reported as fund balance.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

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 and/or the general laws of Ohio.

Fairfield/Brookfield Improvement Fund – This fund accounts for debt proceeds received from the debt issuance for the purpose of the sewer separation/water line installation improvements to the Fairfield/Brookfield area.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed, or assigned.

Proprietary Funds

Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise.

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:

Water Fund – The water fund accounts for the provision of water treatment and distribution to its residential customers located within the City and commercial users and certain non-residential customers.

Sewer Fund – The sewer fund accounts for the provision of sanitary sewer service to the residents located within the City and commercial users.

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. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds account for fees and deposits collected on behalf of others, municipal court collections that are distributed to various local governments, and performance bonds pledged by contractors. In addition, the City serves as the fiscal agent for the Medina-Lorain Water Consortium.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the 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. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) to total 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 reconciliations 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 Net Position. The Statement of 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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of year-end.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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: municipal income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants, fees, 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 deferral on refunding and for pension. A deferral 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 12.

In addition to liabilities, the statements of financial 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 as an inflow of resources (revenue) 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, 2017, but which were levied to finance year 2018 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 sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental revenues, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. (See Note 12)

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

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. **Budgetary Process**

An annual appropriated budget is legally required by the City Charter to be prepared for all funds of the City other than agency funds. The legal level of budgetary control has been established by City Council at the personal service and other expenditure level for all funds.

Council must approve any revisions in the budget that alter total fund and program appropriations. The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements.

Tax Budget

A tax budget of estimated revenues and expenditures for all funds other than agency funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as original represent the amounts in the official certificate of estimated resources when the original appropriations were adopted. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2017.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Budgetary Process** (Continued)

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year, for the period January 1 to December 31. The appropriation ordinance may be supplemented during the year by action of Council, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. During the year, five supplemental appropriation measures were passed. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget for each fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated.

Encumbrances

As part of formal budgetary, control purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to constrain that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as a part of restricted, committed, or assigned fund balances for subsequent year expenditures of governmental funds.

F. **Equity in Pooled Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's share price. During the year, investments were limited to money market mutual funds, U.S. agencies, U.S. Treasury notes, and STAR Ohio, an investment pool managed by the State Treasurer's Office.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. **Equity in Pooled Cash and Cash Equivalents** (Continued)

For 2017, there were no limitation 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.

Following Ohio statutes, the City has, by ordinance, specified the Capital Improvement Fund to receive an allocation of interest earnings. Interest receipts credited to the Capital Improvement Fund (non-major governmental fund) during 2017 amounted to \$188,937 which includes \$174,063 assigned from other City funds.

The cash of the Municipal Court is included in the “equity in pooled cash and cash equivalents” line item on the Statement of Fiduciary Assets and Liabilities. The balances of these accounts are presented on the balance sheet as “equity in pooled cash and cash equivalents” and represent checking accounts.

The City presents “Cash and Cash Equivalents with Escrow Agents” on its Statement of Net Position. In governmental activities, the \$11,032 represents cash held by escrow agent for contractor retainage. During 2017, this amount was invested in money market savings interest bearing accounts.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are presented on the financial statements as “cash”. Investments with an original maturity of more than three months are reported as “Equity in Pooled Cash and Cash Equivalents”.

G. **Inventories**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies.

H. **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2017 are recorded as prepaid items using the consumption method. A current asset for the period amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. **Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

I. **Capital Assets** (Continued)

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 acquisition value as of the date received. The City maintains a capitalization threshold of ten thousand dollars. The City's infrastructure consists of parking lots, storm sewers and manholes, streets, and water and sewer lines. 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, if significant.

All reported 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 Useful Lives	Business-Type Activities Useful Lives
Buildings and Improvements	15 to 70 years	15 to 70 years
Machinery and Equipment	3 to 20 years	3 to 20 years
Vehicles	3 to 20 years	3 to 25 years
Infrastructure	10 to 75 years	10 to 75 years

J. **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the Statement of Net Position; except for any net residual amounts due between the governmental and business-type activities, which are presented as internal balances.

K. **Capitalization of Interest**

The City's policy is to delay capitalizing net interest on proprietary funds' construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2017, proprietary funds had capitalized interest costs related to the on-going OWDA projects.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. **Compensated Absences** (Continued)

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 fiscal yearend taking into consideration any limits specified in the City's termination policy. The City records a liability for all accumulated unused vacation time when earned for all employees. The City records a liability for accumulated unused sick leave for all employees ages thirty-eight or older with eight or more years of accumulated service. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. If material, these amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. **Pensions**

For 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.

N. **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 and compensated absences 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, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

O. **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 classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

O. **Fund Balance** (Continued)

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 loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City’s Council. Those committed amounts cannot be used for any other purpose unless the City’s Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. 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 would represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State statute. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the 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.

P. **Net Position**

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position 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.

The restricted component of net position is reported 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

P. **Net Position** (Continued)

The government-wide statement of net position reports a total of \$11,095,785 for the restricted component of net position, none of which is restricted by enabling legislation. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position 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 services for waste water treatment and water services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

R. **Contributions of Capital**

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

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. Neither type of transaction occurred during 2017.

U. **Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES

During the year, the City implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The implementation of GASB Statement No. 74 did not have an effect on the financial statements of the City.

GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The object of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on City's beginning net position.

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund and Income Tax Transfer 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 GAAP basis are as follows:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 4: **BUDGETARY BASIS OF ACCOUNTING** (Continued)

- Revenues are recorded when received in cash (budget) as opposed to when susceptible accrual (GAAP);
- Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
- Encumbrances are treated as expenditures (budget basis) rather than as a part of restricted, committed, and assigned fund balances (GAAP basis); and
- Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

	General
GAAP Basis- Net Change in Fund Balance	\$ (526,528)
<u>Increase (Decrease) Due to:</u>	
Revenue Accruals	135,382
Expenditure Accruals	(33,762)
Outstanding Encumbrances	(360,155)
Funds with Separate Legally Adopted Budgets	10,956
Budgetary Basis-Net Change in Fund Balance	\$ (774,107)

NOTE 5: **ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

At December 31, 2017, the Recreation Fund, Police Pension, Troy School Driveway, Cove Avenue Improvements funds and General Obligation Bond Retirement Unvoted (non-major governmental funds) had deficit fund balances of \$24,638, \$20,756, \$20,000, \$134,131, and \$6,766,763, respectively. These deficit fund balances, are the result of adjustments for accrued liabilities in these funds. The General Fund is liable for any deficits in these funds and previous transfers when cash is needed, not when accruals occur.

B. Compliance

The city had negative cash fund balances in the Sewer Debt Service fund, Capital Projects Fund, and Water Debt Service Fund in the amounts of \$70,167, \$87,619, and \$58,101, respectively, indicating that revenue from other sources were used to pay obligations contrary to Ohio Revised Code Section 5705.10 (H).

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 5: **ACCOUNTABILITY AND COMPLIANCE**

B. Compliance (Continued)

Contrary to Ohio Revised Code Section 5705.39 the following has total appropriations in excess of total estimated resources:

Fund	Total Estimated Resources	Total Appropriations	Variance
<u>General Fund</u>			
Original Budget	\$ 14,532,582	\$ 14,667,278	\$ (134,696)
Final Budget	15,046,617	15,444,383	(397,766)
<u>General Bond Retirement (Unvoted) Fund</u>			
Final Budget	16,789,191	16,969,525	(180,334)

Contrary to Ohio Revised Code Section 5705.41(B), the following had expenditures in excess of appropriations.

Fund	Final Appropriations	Actual Expenditures	Variance
<u>General Fund</u>			
Police			
Other	304,411	323,602	(19,191)
<u>Cove Avenue Improvements Fund</u>			
Transfers Out	-	17,034	(17,034)
<u>Income Tax Transfer Fund</u>			
Police			
Other	125,305	275,301	(149,996)
<u>Cable Television Fund</u>			
Leisure Time Activities			
Other	62,613	63,669	(1,056)
<u>Court Security Fund</u>			
Police			
Other	2,238	3,516	(1,278)
<u>Special Assessment Bond Retirement Fund</u>			
Debt Service			
Principal	232,685	240,048	(7,363)

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 6: **DEPOSITS AND INVESTMENTS**

A. **Legal Requirements**

Deposits and investments are restricted by provisions of the Ohio Revised Code. Statutes require the classification of monies held by the City into three categories.

One category consists of “active” monies; those monies required to be kept in a “cash” or “near cash” status for immediate use by the City. Such monies must be maintained either as cash in the treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

A second category consists of “inactive” monies; those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories or by savings or deposit accounts including, but not limited to, passbook accounts.

A third category consists of “interim” monies; those monies which are not needed for immediate use but which will be needed before the end of the current period 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 including passbook accounts. Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of purchase.

1. Bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality.
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase.
4. Bonds and other obligations of the State of Ohio.
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
6. The State Treasurer’s investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio.
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons.
3. Obligations of the City.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

A. **Legal Requirements** (Continued)

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Director of Finance or, if the securities are not represented by a certificate, upon receipts of confirmation of transfer from the custodian.

B. **Deposits**

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$9,005,778 and \$2,645 in petty cash with the bank balance at \$9,113,193. The City's bank balance of \$1,084,932 was covered by federal depository insurance with the remaining amount of \$8,028,261 uninsured and collateralized.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The City's financial institution had enrolled in OPCS as of December 31, 2017.

C. **Investments**

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 Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, Freddie Mac Bonds, and Fannie Mae Bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in the State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

C. **Investments** (Continued)

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, 2017. 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 and Level 2 inputs). As of December 31, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Maturities</u>
Federal Home Loan Bank	\$ 244,408	2/18/2021
Federal National Mtg Assn.	298,035	1/21/2020
Freddie Mac	1,408,158	01/12/18-6/13/18
Fannie Mae	2,344,670	02/08/18-6/22/20
United States Treasury Notes	10,216,648	04/30/18-12/31/22
Money Market Mutual Funds	59,991	n/a
STAR Ohio	4,438,867	n/a
Total Investments	<u>\$ 19,010,777</u>	
Carrying Amount of Deposits	9,005,778	
Petty Cash	2,645	
Total Cash and Investments	<u>\$ 28,019,200</u>	

D. **Interest Rate Risk**

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/of long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. Currently, no investments have been purchased with a life greater than five years.

E. **Credit Risk**

All of the City's investments in United States debt securities carry a rating of AA+ by Standard & Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The City has no investment policy that addresses credit risk.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 6: **DEPOSITS AND INVESTMENTS** (Continued)

F. **Concentration of Credit Risk**

The following is the City's allocation as of December 31, 2017:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Investment</u>
Federal Home Loan Bank	\$ 244,408	1.29%
Federal Nation Mtg Assn.	298,035	1.57%
Freddie Mac	1,408,158	7.41%
Fannie Mae	2,344,670	12.33%
United States Treasury Notes	10,216,648	53.74%
Money Market Mutual Funds	59,991	0.31%
STAR Ohio	4,438,867	23.35%
Total Investments	<u>\$ 19,010,777</u>	<u>100.00%</u>

To avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, dealers, or maturities, the Finance Director will diversify the Active Portfolio per the City's investment policy to not exceed the allowable percentages of each investment as follows:

<u>Investment Type</u>	<u>Percentage of Investments</u>
United States Treasury Obligations	100.00%
Authorized U.S. Federal Agency Securities	50.00%
Certificates of Deposit	25.00%
STAR Ohio	90.00%
Repurchase Agreement	40.00%
Commercial Paper or Bankers Acceptances	25.00%

NOTE 7: **RECEIVABLES**

Receivables at December 31, 2017, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility service) receivable.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 7: **RECEIVABLES** (Continued)

A. Property Taxes

Property taxes include amounts levied annually on all real and public utility property which is located within the City. The Lorain County Auditor is responsible for assessing and remitting these property taxes to the City. The Lorain County Treasurer is responsible for collecting property taxes.

Real property taxes collected were based on assessed value equal to thirty-five percent (35%) of appraised value. The Lorain County Auditor reappraises real property every six years, with a triennial update, which was last completed for 2016. Real property taxes are levied on assessed valuations as of December 31, which is the lien date. Real property taxes, billed one year in arrears, are payable annually or semiannually. The first payment is due January 20, and the remainder is payable by June 20.

Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the City prior to June 30.

Public utility real tangible personal property taxes collected in one calendar year are levied in the preceding year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The full tax rate for all City operations for the year ended December 31, 2017 was \$8.08 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

Real Property - 2017:	
Residential/Agriculture	\$ 721,156,790
Other Real Estate	94,388,670
Tangible Personal Property - 2017:	
Public Utilities	51,256,120
Total Valuation	\$ 866,801,580

B. Income Taxes

The City levies a municipal income tax of 1.50 percent on all salaries, wages, commission and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of one hundred percent of the tax paid to another municipality to a maximum of the total amount assessed. Ohio law requires all City income tax rates above one percent to be voted by the residents of the City.

Employers within the City are required to withhold income tax on employee compensation and remit the tax either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 7: **RECEIVABLES** (Continued)

B. Income Taxes (Continued)

By City ordinance, 87 percent of the income tax proceeds were credited to the General Fund, 6 percent of the municipal income tax proceeds were credited to the Capital Improvement Fund (a capital projects fund) and 7 percent of the income tax proceeds were credited to the General Bond Retirement (Unvoted) Fund (an debt service fund).

C. Intergovernmental Revenues

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Homestead and Rollback	\$ 374,857
Gasoline and Auto Registration Tax	492,624
Commercial Activities Tax	10,475
Permissive Tax	170,541
Courts	19,347
Avon Lake City School District	20,000
Miscellaneous	31,008
Total Governmental Activities	1,118,852
Business-Type Activities	
Water	870,100
Sewer	1,227,424
Total Business-Type Activities	2,097,524
Total Intergovernmental Receivable	\$ 3,216,376

Per a cooperative agreement between Lorain County Rural Wastewater District (LORCO) and Avon Lake Municipal Utilities (ALMU) dated December 7, 2009, LORCO shall pay a tap fee of \$775,000 to ALMU contingent upon the certification of the system. On September 15, 2011, the first amendment to the agreement was authorized and approved with a project certification date of November 18, 2011. On November 17, 2015 the second amendment to the agreement was authorized and approved. Therefore, the repayment of the tap fees will be \$100,000 on each of the tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth, and sixteenth anniversaries of the certification date and \$75,000 on the seventeenth anniversary. LORCO shall pay to ALMU an amount equal to \$31,754 on each of the tenth, eleventh, and twelfth anniversaries of the certification date, in respect of the accumulated interest for deferring the tap fee by three years. Also, LORCO shall pay to ALMU an amount equal to \$40,294 on each of the tenth, eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth and seventieth anniversaries of the certification date. The City has recorded the intergovernmental receivable in the Sewer Fund.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 8: CAPITAL ASSETS

	Balances 12/31/2016	Additions	Disposals	Balances 12/31/2017
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 5,288,340	\$ 5,000	\$ -	\$ 5,293,340
Construction in progress	4,324,073	8,139,894	(609,731)	11,854,236
Total Nondepreciable Assets	<u>9,612,413</u>	<u>8,144,894</u>	<u>(609,731)</u>	<u>17,147,576</u>
Depreciable Assets:				
Buildings and Improvements	21,341,178	-	-	21,341,178
Machinery and Equipment	3,912,002	272,292	-	4,184,294
Vehicles	4,717,735	578,275	(38,511)	5,257,499
Infrastructure	73,800,874	1,088,381	-	74,889,255
Total Depreciable Assets	<u>103,771,789</u>	<u>1,938,948</u>	<u>(38,511)</u>	<u>105,672,226</u>
Less Accumulated Depreciation				
Buildings and Improvements	(7,112,226)	(526,819)	-	(7,639,045)
Machinery and Equipment	(2,941,891)	(153,187)	38,511	(3,056,567)
Vehicles	(3,069,217)	(381,974)	-	(3,451,191)
Infrastructure	(43,506,470)	(2,100,852)	-	(45,607,322)
Total Accumulated Depreciation	<u>(56,629,804)</u>	<u>(3,162,832)</u>	<u>38,511</u>	<u>(59,754,125)</u>
Total Depreciable Assets, Net	<u>47,141,985</u>	<u>(1,223,884)</u>	<u>-</u>	<u>45,918,101</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,754,398</u>	<u>\$ 6,921,010</u>	<u>\$ (609,731)</u>	<u>\$ 63,065,677</u>

Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property	\$ 277,297
Leisure Time Activities	327,453
Transportation	2,113,529
Community Environment	2,331
General Government	442,222
Total Depreciation Expense	<u>\$ 3,162,832</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 8: **CAPITAL ASSETS** (Continued)

	Balances 12/31/2016	Additions	Disposals	Balances 12/31/2017
Business-Type Activities				
Nondepreciable Assets:				
Land	\$ 1,786,019	\$ 96,060	\$ -	\$ 1,882,079
Construction in progress	47,626,929	33,956,592	(2,534,399)	79,049,122
Total Nondepreciable Assets	<u>49,412,948</u>	<u>34,052,652</u>	<u>(2,534,399)</u>	<u>80,931,201</u>
Depreciable Assets:				
Buildings and Improvements	42,858,114	237,255	-	43,095,369
Machinery and Equipment	3,441,927	320,099	-	3,762,026
Vehicles	1,001,227	32,146	-	1,033,373
Infrastructure	89,748,077	2,866,776	-	92,614,853
Total Depreciable Assets	<u>137,049,345</u>	<u>3,456,276</u>	<u>-</u>	<u>140,505,621</u>
Less Accumulated Depreciation				
Buildings and Improvements	(21,091,046)	(702,347)	-	(21,793,393)
Machinery and Equipment	(1,809,125)	(150,116)	-	(1,959,241)
Vehicles	(514,949)	(49,444)	-	(564,393)
Infrastructure	(25,251,588)	(2,008,959)	-	(27,260,547)
Total Accumulated Depreciation	<u>(48,666,708)</u>	<u>(2,910,866)</u>	<u>-</u>	<u>(51,577,574)</u>
Total Depreciable Assets, Net	<u>88,382,637</u>	<u>545,410</u>	<u>-</u>	<u>88,928,047</u>
Business-Type Activities Capital Assets, Net	<u>\$ 137,795,585</u>	<u>\$ 34,598,062</u>	<u>\$ (2,534,399)</u>	<u>\$ 169,859,248</u>

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City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 9: LONG-TERM OBLIGATIONS

The original issue date, interest rate, original issue amount and date of maturity of each of the City's bonds, loans, and notes follow:

	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
Governmental Activities				
General Obligation Bonds				
LTGO Various Purpose	2009	2017	2.0% - 3.5%	1,430,000
Recreational Facility	2009	2028	3.0% - 5.0%	4,500,000
Refunding	2010	2020	2.0% - 3.75%	3,110,000
Refunding	2012	2028	1.0% - 2.75%	765,000
Refunding	2015	2028	2.0% - 3.0%	2,964,998
Special Assessment Bonds				
Refunding	2010	2020	2.0% - 3.75%	1,870,000
Ohio Public Works Commission Loan				
Walker Road/Bike Lane	2009	2024	0.00%	100,000
Walker Road/Lear Road Intersection	2014	2034	0.00%	125,000
Lear Road/Krebs Intersection (*)	2017	2040	0.00%	125,000
Central Avon Lake Drainage Project (*)	2017	2027	0.00%	375,000
Ohio Water Development Authority Loan				
Jaycox Sewer Separation	2010	2041	3.27%	253,409
Mull/Norman Sanitary Sewer Force Main (*)	2016	2036	2.21%	578,870
Stop 45 Area CSO (*)	2017	2050	1.61%	3,447,975
Fairfield-Brookfield Combined (*)	2017	2049	0.76%	8,481,666
Equipment Loan	2012	2017	0.00%	115,000
Business-Type Activities				
General Obligation Bonds				
Refunding	2012	2028	1.0% - 2.75%	3,430,000
Mortgage Revenue Bonds				
Water System Refunding	2015	2024	2.0% - 2.25%	4,820,000
Ohio Water Development Authority Loans				
Wastewater Improvements	1998	2018	5.76%	638,031
Water System Improvements	2003	2025	4.51%	4,764,656
Fay/Vineyard Sanitary Sewer	2008	2029	4.15%	1,548,287
Center Road Pump Station	2008	2029	4.28%	1,356,266
LORCO Force Main	2009	2041	3.68%	9,718,470
LORCO Collection Systems	2009	2041	4.08%	19,167,873
Sewer Separation	2010	2041	3.27%	3,018,029
Water Plant Expansion	2013	2044	2.84%	4,925,787
Belmar Sewer Separation	2013	2044	2.94%	4,824,439
Additional Storage and Interconnection HAB (*)	2015	2038	0.18%	18,947,273
Additional Storage and Interconnection HAB (*)	2016	2038	0.00%	5,160,168
Lear/Nagel Sanitary Sewer Force Main	2016	2026	2.21%	284,831
Mull/Norman Sanitary Sewer Force Main (*)	2016	2036	2.21%	2,428,402
Water Pollution Control Center Rehab (*)	2016	2050	0.45%	6,514,503
Stop 45 Area CSO (*)	2017	2050	1.61%	14,973,725
Lateral Loan Program (*)	2017	2036	0.00%	5,000,000
Fairfield-Brookfield Combined (*)	2017	2049	0.76%	6,372,711

* - OWDA project remains open as of December 31, 2017 and final amortization schedules have not been completed as of December 31, 2017

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

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

	Outstanding 12/31/2016	Additions	Reductions	Outstanding 12/31/2017	Amount Due in One Year
Governmental activities					
General obligation bonds					
Various purpose (2009)					
various % through 2017	\$ 205,000	\$ -	\$ 205,000	\$ -	\$ -
Recreational facility (2009)					
various % through 2028	390,000	-	205,000	185,000	185,000
Refunding bonds (2010)					
various through 2020	1,405,000	-	335,000	1,070,000	350,000
Unamortized premium	12,268	-	4,842	7,426	-
Refunding bonds (2012)					
various through 2028	615,000	-	50,000	565,000	45,000
Unamortized premium	8,175	-	654	7,521	-
Refunding bonds (2015)					
Recreational Facilities through 2028	2,645,000	-	45,000	2,600,000	-
CAB Bond	259,998	-	-	259,998	142,774
Accretion on Bond	77,956	65,890	-	143,846	-
Unamortized premium	307,336	-	24,587	282,749	-
Total general obligation bonds	<u>5,925,733</u>	<u>65,890</u>	<u>870,083</u>	<u>5,121,540</u>	<u>722,774</u>
Special assessment bonds					
Refunding bonds (2010)					
various % through 2020	860,000	-	205,000	655,000	210,000
Unamortized premium	7,458	-	2,936	4,522	-
Total special assessment bonds	<u>867,458</u>	<u>-</u>	<u>207,936</u>	<u>659,522</u>	<u>210,000</u>
Loans					
OWDA loan - Walker Road (1990)					
7.76% through 2012	-	-	-	-	-
OPWC loan- Walker Rd/Bike Lane					
0.0% through 2024	49,999	-	6,667	43,332	6,667
OPWC loan- Walker Rd/Lear Rd Intersection					
Upgrade, 0.0% through 2034	112,500	-	6,250	106,250	6,250
OPWC loan- Lear Road/Krebs Intersection					
Upgrade, 0.0% through 2040	-	19,533	-	19,533	-
OPWC loan- Central Avon Lake Drainage Project					
Phase II, 0.0% through 2027	-	12,549	-	12,549	-
OWDA loan - Jaycox Sewer					
Separation, 3.27% through 2041	220,333	-	3,478	216,855	6,369
OWDA loan - Mull/Norman Sanitary Sewer					
Force Main, 2.21% through 2036	561,985	30,861	38,810	554,036	-
OWDA loan - Stop 45 Area CSO (2017)					
1.610% through 2050	-	381,621	-	381,621	-
OWDA loan - Fairfield-Brookfield Combined					
Sewer Separation (2017) 0.760% through 2049	-	7,557,186	-	7,557,186	-
Total loans	<u>944,817</u>	<u>8,001,750</u>	<u>55,205</u>	<u>8,891,362</u>	<u>19,286</u>
Net Pension Liability					
OPERS	4,814,228	2,809,104	-	7,623,332	-
OP&F	15,080,172	-	831,583	14,248,589	-
Total Net Pension Liability	<u>19,894,400</u>	<u>2,809,104</u>	<u>831,583</u>	<u>21,871,921</u>	<u>-</u>
Equipment loan	23,000	-	23,000	-	-
Landfill postclosure costs	408,329	6,125	68,055	346,399	69,280
Police pension liability	81,278	-	2,976	78,302	3,104
Capital leases	-	329,484	50,727	278,757	43,563
Compensated absences	1,909,593	640,223	558,240	1,991,576	589,552
Total Governmental activities	<u>\$ 30,054,608</u>	<u>\$ 11,852,576</u>	<u>\$ 2,667,805</u>	<u>\$ 39,239,379</u>	<u>\$ 1,657,559</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

	Outstanding 12/31/2016	Additions	Reductions	Outstanding 12/31/2017	Amount Due in One Year
Business-type activities					
General obligation bonds					
Refunding bonds (2012)					
various % through 2028	\$ 2,755,000	\$ -	\$ 210,000	\$ 2,545,000	\$ 215,000
Unamortized premium	37,312	-	2,985	34,327	-
Total general obligation bonds	<u>2,792,312</u>	<u>-</u>	<u>212,985</u>	<u>2,579,327</u>	<u>215,000</u>
Mortgage revenue bonds					
Water system refunding (2015)					
various % through 2026	3,935,000	-	100,000	3,835,000	150,000
Unamortized premium	47,832	-	6,378	41,454	-
Total Mortgage revenue bonds	<u>3,982,832</u>	<u>-</u>	<u>106,378</u>	<u>3,876,454</u>	<u>150,000</u>
OWDA					
Wastewater improvements (1998)					
5.76% through 2018	75,960	-	50,172	25,788	25,788
Water system improvements (2003)					
4.51% through 2025	2,547,341	-	252,042	2,295,299	263,537
Fay/Vineyard sanitary sewer (2008)					
4.15% through 2029	1,075,476	-	70,787	1,004,689	73,754
Center Road pump station (2008)					
4.28% through 2029	945,849	-	61,781	884,068	64,454
LORCO force main (2009)					
3.68% through 2041	8,906,325	-	222,231	8,684,094	230,485
LORCO collection system (2009)					
4.08% through 2041	17,349,641	-	409,820	16,939,821	426,712
Sewer separation (2010)					
3.27% through 2041	2,403,784	-	69,954	2,333,830	69,484
Water Plant Expansion (2013)					
2.84% through 2044	4,588,264	-	104,611	4,483,653	118,519
Belmar Sewer Separation (2013)					
2.94% through 2044	4,563,648	-	109,762	4,453,886	113,013
Additional Storage and Interconnection HAB (2015)					
0.18% through 2038	18,947,273	6,610,257	-	25,557,530	-
Additional Storage and Interconnection HAB (2016)					
0.00% through 2038	5,160,168	643,603	-	5,803,771	-
Lear/Nagel Sanitary Sewer Force main (2016)					
2.21% through 2036	270,589	-	28,484	242,105	28,483
Mull/Norman Sanitary Sewer Force Main (2016)					
2.21% through 2036	2,357,569	105,997	136,625	2,326,941	-
Water Pollution ControlCenter Rehab (2016)					
0.45% through 2050	6,514,503	19,581,692	-	26,096,195	-
Stop 45 Area CSO (2017)					
1.610% through 2050	-	1,657,769	-	1,657,769	-
Lateral Loan Program					
0.000% through 2036	-	320,505	-	320,505	-
Fairfield-Brookfield Combined					
Sewer Separation (2017) 0.760% through 2049	-	5,723,605	-	5,723,605	-
Total OWDA	<u>75,706,390</u>	<u>34,643,428</u>	<u>1,516,269</u>	<u>108,833,549</u>	<u>1,414,229</u>
Net Pension Liability - OPERS	5,120,208	574,651	-	5,694,859	-
Compensated absences	633,918	182,158	197,066	619,010	210,863
Total business-type activities	<u>\$ 88,235,660</u>	<u>\$ 35,400,237</u>	<u>\$ 2,032,698</u>	<u>\$ 121,603,199</u>	<u>\$ 1,990,092</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

General obligation bonds, other than the enterprise general obligation and mortgage revenue bonds, along with the Ohio Public Works Commission Loans will be paid from the General Bond Retirement Debt Service Fund from income taxes. Ohio Water Development Authority loans will be repaid from resources within the Water and Sewer Funds. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The equipment loan will be paid from the Paramedic Fund. The police pension liability will be paid from taxes received in the Police Pension Special Revenue Fund. Landfill post-closure costs are based on estimates as of December 31, 2016. The actual costs may be higher due to inflation, changes in technology, or changes in regulations and they will be paid from the General Fund. Compensated absences will be paid from the fund which the employees' salaries are paid. See note 12 for further information regarding net pension liability.

On December 29, 2009, the City issued \$ 1,430,000 in LTGO Various Purpose Bonds, Series 2009. These bonds were used to improve Moore Road by reconstructing storm sewers and storm water drainage facilities, the construction of a storage facility for use by the service department and the purchase of a fire truck.

On July 21, 2009, the City issued \$4,500,000 in Recreational Facilities Improvement Bonds, Series 2009. These bonds were used for the reconstruction of the City's pool facility.

On May 20, 2010, the City issued \$5,405,000 in Various Purpose Improvement Refunding Bonds, Series 2010 to partially refund the aforementioned bonds previously issued in 2001 for the Safety Center, CALDP and Water improvements. The bonds were issued with interest rates ranging from 2.00 percent to 3.75 percent. The Safety Center and CALDP bonds were issued for a ten year period with final maturity during fiscal year 2020 and the Water improvement bonds were issued for a four year period with the final maturity during fiscal year 2014. These bonds will be retired through the City's Debt Service Fund and Water Fund.

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the refunded 2001 Various Improvement Bonds. As a result, \$4,955,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. The amount still outstanding as December 31, 2017 is \$1,755,000.

On June 8, 2011, The City issued \$1,071,000 in Street Improvement Notes, Series 2011. \$925,000 will be used to pay for the Improvement of Canterbury Road and \$146,000 will be used to pay for the improvement of Webber Road. These notes will be retired through the City's Capital Improvement Fund.

On July 12, 2012, the City issued \$4,195,000 in Various Purpose Improvement Refunding Bonds, Series 2012 to partially refund bonds previously issued in 2003 for the Recreational facility and Wastewater collection systems. The bonds were issued with interest rates ranging from 1.00 percent to 2.75 percent. The bonds were issued for a sixteen year period with final maturity during fiscal year 2028. These bonds will be retired through the City's Debt Service Fund and Sewer Fund.

On September 12, 2001, the City issued \$1,385,000 in new bonds to cover the cost of retiring \$1,000,000 in 2001 Notes, maturing on October 4, 2001. In anticipation of Bonds, \$2,000,000 in notes were originally issued in 1999 to pay for property owners' portion of the construction cost to extend Pine Oak Parkway approximately 5,000 feet easterly paving, storm and sanitary sewers along with waterlines.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

The City anticipates debt service of \$703,064 to be paid through special assessments levied to the property owners. The Bonds are not subject to redemption prior to their stated maturities.

On June 11, 2015, the City issued \$2,964,998 in Recreation Facilities Improvement Refunding Bonds, Series 2015, which include serial and capital appreciation bonds to partially refund bonds previously issued in 2009 for Recreation Facility Improvements. The serial bonds were issued with interest rates ranging from 2.00 percent to 3.00 percent, and 2.00 percent to 2.25 percent for the capital appreciation bonds. The bonds were issued for a thirteen-year period with final maturity during fiscal year 2028. These bonds will be retired through the City's Debt Service Fund. The bond proceeds consisted of bond principal, \$344,216 in premium and less (\$17,000) in underwriter's discount. The net proceeds of \$3,234,044 (after payment of issuance costs) was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments. The advance refunding met the requirements of an in substance debt defeasance and the term bonds were removed from the City's government-wide financial statements.

As a result of the advance refunding, the City reduced its total debt service requirements which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$454,044.

On March 24, 2015, the City issued \$4,820,000 water system mortgage revenue refunding bonds, series 2015. The bonds were issued to refund certain Water System Mortgage – Revenue Refunding Serial bonds, Series 2005. The bonds were issued with interest rates ranging from 2.00 percent to 2.25 percent. The bonds were issued for a fourteen-year period with the final maturity during fiscal year 2029. The City has pledged future revenues to repay the revenue bonds in the Water Fund. The debt is payable solely from net revenues and is payable through 2024. Annual principal and interest payments on the loans are expected to require less than 95 of net revenues and less than 20 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$4,185,850. Principal and interest paid for the current year were \$181,050, total net revenues were \$4,962,229 and total revenues were \$13,421,600.

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the refunded 2005 water system mortgage revenue bonds. As a result, \$5,815,000 of these bonds was considered defeased and the liability of the refunding bonds has been removed from the City's financial statements. The amount still outstanding at December 31, 2017 is \$4,970,000.

On March 26, 1998, the City entered into a loan agreement with OWDA for \$638,031. These funds were used to repair 2 digesters at the Wastewater facility. This debt has a fixed rate of 5.76 percent interest over a twenty-year period beginning January 1, 1999 through July 1, 2018.

On December 11, 2003, an OWDA loan agreement for \$4,585,637 was entered into by the City (capitalized interest of \$179,019 was added at the end of the construction period for a total of \$4,764,656). These funds were used to increase its capacity to 40 million gallons per day ensuring the necessary capacity for the City and surrounding communities well into the future. This debt has a fixed rate of 4.51 percent interest over a twenty-year period beginning January 1, 2006 through July 1, 2025.

During 2008, the City entered into a loan agreement in the amount of \$1,548,287 with OWDA for the Fay Avenue and Vineyard Road sanitary sewer replacement project. This debt has a fixed rate of 4.15 percent interest over a twenty-year period beginning July 1, 2009 through January 1, 2029.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

During 2008, the City entered into a loan agreement in the amount of \$1,356,266 with OWDA for the Center Road pump station improvement project. This debt has a fixed rate of 4.28 percent interest over a twenty-year period beginning July 1, 2009 through November 1, 2029.

During 2009, the City entered into a loan agreement in the amount of \$9,718,470 with OWDA for the LORCO force main project. This debt has a fixed rate of 3.68 percent interest over a thirty-year period beginning July 1, 2012 through January 1, 2042.

During 2009, the City entered into a loan agreement in the amount of \$19,167,873 with OWDA for the LORCO collection system. The loan has a fixed rate of 4.08 percent interest over a twenty-nine year period beginning January 1, 2012 through January 1, 2041.

During 2010, the City entered into a loan agreement in the amount of \$3,018,029 with OWDA for the Sewer separation project. The loan has a fixed rate of 3.27 percent interest over a thirty-year period beginning January 1, 2011 through January 1, 2041.

During 2013, the City entered into a loan agreement in the amount of \$4,925,787 with OWDA for the Water Plant Expansion project. The loan has a fixed rate of 2.84 percent interest over a thirty-year period beginning July 1, 2014 through January 1, 2044. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2013, the City entered into a loan agreement in the amount of \$4,824,439 with OWDA for the Belmar sewer separation project. The loan has a fixed rate of 2.94 percent interest over a thirty-year period beginning January 1, 2015 through July 1, 2044.

During 2015, the City entered into a loan agreement with OWDA for the Additional Storage and Interconnection HAB project. The loan has a fixed rate of 0.18 percent interest over a twenty-year period beginning July 1, 2018 through January 1, 2038. As of December 2017, the loan balance for the portion of the project completed was \$25,557,530. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2016, the City entered into a loan agreement with OWDA for the Additional Storage and Interconnection HAB project. The loan has a fixed rate of 0.00 percent interest over a twenty-year period beginning July 1, 2018 through January 1, 2038. As of December 2016, the loan balance for the portion of the project completed was \$5,803,771. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2016, the City entered into a loan agreement in the amount of \$284,831 with OWDA for the Lear/Nagel Sanitary Sewer Force Main project. The loan has a fixed rate of 2.21 percent interest over a ten-year period beginning January 1, 2017 through July 1, 2026.

During 2016, the City entered into a loan agreement with OWDA for the Mull/Norman Sanitary Sewer project. The loan has a fixed rate of 2.21 percent interest over a twenty-year period beginning July 1, 2017 through January 1, 2036. As of December 2017, the loan balance for the portion of the project completed was \$2,880,977. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

During 2016, the City entered into a loan agreement with OWDA for the Water Pollution Control Center Rehab project. The loan has a fixed rate of 0.45 percent interest over a thirty-year period beginning July 1, 2020 through January 1, 2050. As of December 2017, the loan balance for the portion of the project completed was \$26,096,195. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2017, the City entered into a loan agreement with OWDA for the Stop 45 Area project. The loan has a fixed rate of 1.61 percent interest over a thirty-year period beginning January 1, 2021 through July 1, 2050. As of December 2017, the loan balance for the portion of the project completed was \$2,039,390. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2017, the City entered into a loan agreement with OWDA for the Lateral loan program. The loan has a fixed rate of 0.00 percent interest over a ten-year period beginning January 1, 2025 through July 1, 2036. As of December 2017, the loan balance for the portion of the project completed was \$320,505. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2017, the City entered into a loan agreement with OWDA for the Fairfield-Brookfield Combined Sewer Separation project. The loan has a fixed rate of 0.76 percent interest over a thirty-year period beginning January 1, 2020 through July 1, 2049. As of December 2017, the loan balance for the portion of the project completed was \$13,280,791. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

In June 2009, the City entered into a loan agreement with OPWC for \$100,000. These funds were used for the paving of Walker Road and a bike lane. The debt is a zero percent interest loan over fourteen years beginning January 1, 2010 through July 1, 2024.

In 2014, the City entered into a loan agreement with OPWC for \$125,000. These funds were used for the Walker Road/Lear Road Intersection project. The debt is a zero percent interest loan over twenty years beginning January 1, 2015 through July 1, 2034.

In 2017, the City entered into a loan agreement with OPWC for \$125,000. These funds were used for the Lear Road/Krebs Road Intersection project. The debt is a zero percent interest loan over twenty years. As of December 2017, the loan balance for the portion of the project completed was \$19,533. An amortization schedule has not been prepared by OPWC since the project is still ongoing.

In 2017, the City entered into a loan agreement with OPWC for \$125,000. These funds were used for the Central Avon Lake Drainage project. The debt is a zero percent interest loan over twenty years. As of December 2017, the loan balance for the portion of the project completed was \$12,549. An amortization schedule has not been prepared by OPWC since the project is still ongoing.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

Principal and interest requirements to retire long-term obligations, except net pension liability, landfill post-closure costs, promissory note, compensated absences, at December 31, 2017 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 580,000	\$ 129,288	210,000	23,488	\$ 6,369	\$ 6,952
2019	400,000	116,138	220,000	16,138	6,579	6,742
2020	670,000	102,813	225,000	8,438	6,796	6,525
2021	310,000	80,475	-	-	7,020	6,301
2022	320,000	71,675	-	-	7,251	6,069
2023-2027	1,760,000	213,634	-	-	40,004	26,599
2028-2032	380,000	11,263	-	-	47,047	19,556
2033-2037	-	-	-	-	55,331	11,272
2038-2040	-	-	-	-	40,458	2,191
	<u>\$ 4,420,000</u>	<u>\$ 725,286</u>	<u>\$ 655,000</u>	<u>\$ 48,064</u>	<u>\$ 216,855</u>	<u>\$ 92,207</u>

Year Ended	Governmental Activities						
	Police Pension Liability		CAB Bond		OPWC Loan	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2018	\$ 3,104	\$ 3,295	\$ 142,774	\$ 122,226	\$ 12,917	\$ 955,164	\$ 285,249
2019	3,237	3,162	117,224	142,776	12,917	759,957	284,956
2020	3,376	3,023	-	-	12,917	918,089	120,799
2021	3,521	2,878	-	-	12,917	333,458	89,654
2022	3,673	2,727	-	-	12,917	343,841	80,471
2023-2027	20,869	11,127	-	-	41,247	1,862,120	251,360
2028-2032	25,757	6,242	-	-	31,250	484,054	37,061
2033-2037	14,765	882	-	-	12,500	82,596	12,154
2038-2040	-	-	-	-	-	40,458	2,191
	<u>\$ 78,302</u>	<u>\$ 33,336</u>	<u>\$ 259,998</u>	<u>\$ 265,002</u>	<u>\$ 149,582</u>	<u>\$ 5,779,737</u>	<u>\$ 1,163,895</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 9: **LONG-TERM OBLIGATIONS** (Continued)

Year Ended	Business-Type Activities			
	General Obligation Bonds		Mortgage Revenue Bond	
	Principal	Interest	Principal	Interest
2018	\$ 215,000	\$ 58,213	\$ 150,000	\$ 79,050
2019	215,000	53,913	600,000	76,050
2020	215,000	49,613	600,000	64,050
2021	225,000	45,313	615,000	52,050
2022	225,000	40,813	630,000	39,750
2023-2027	1,205,000	126,309	1,240,000	39,900
2028-2032	245,000	6,738	-	-
	<u>\$ 2,545,000</u>	<u>380,912</u>	<u>\$ 3,835,000</u>	<u>\$ 350,850</u>

Year Ended	Business-Type Activities			
	OWDA Loans		Total	Total
	Principal	Interest	Principal	Interest
2018	\$ 1,414,259	\$ 1,507,882	\$ 1,779,259	\$ 1,645,145
2019	1,441,547	1,454,732	2,256,547	1,584,695
2020	1,496,733	1,401,648	2,311,733	1,515,311
2021	1,554,123	1,346,485	2,394,123	1,443,848
2022	1,613,797	1,289,163	2,468,797	1,369,726
2023-2027	8,055,865	5,526,700	10,500,865	5,692,909
2028-2032	7,615,001	4,092,203	7,860,001	4,098,941
2033-2037	8,881,823	2,630,651	8,881,823	2,630,651
2038-2042	8,679,926	911,108	8,679,926	911,108
2043-2044	594,159	15,587	594,159	15,587
	<u>\$ 41,347,233</u>	<u>\$ 20,176,159</u>	<u>\$ 47,727,233</u>	<u>\$ 20,907,921</u>

There are seven OWDA loans and two OPWC where the final amortization schedules have not been completed as of December 31, 2017, due to them being in the construction phase. Therefore, the previous table does not include outstanding principal and interest payments for those loans. This information will be provided once final amortization schedules are available.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 10: SHORT-TERM OBLIGATIONS

Changes in the City's short-term obligations during 2017 were as follows:

	Outstanding 12/31/2016	Additions	Reductions	Outstanding 12/31/2017
Short-Term Notes Payable				
<i>Governmental Activities</i>				
Various Purpose Improvement Notes (2016) 2.00% through 2017	\$ 14,346,000	\$ -	\$ 14,346,000	\$ -
Various Purpose Improvement Notes (2017) 2.00% through 2018	-	8,246,000	-	8,246,000
Unamortized premium	89,160	105,879	137,688	57,351
Total Governmental Activities	14,435,160	8,351,879	14,483,688	8,303,351
<i>Water</i>				
Various Purpose Improvement Notes (2016) 2.00% through 2017	5,150,000	-	5,150,000	-
Various Purpose Improvement Notes (2017) 2.00% through 2018	-	2,500,000	-	2,500,000
Unamortized premium	32,007	32,100	46,720	17,387
Total Water	5,182,007	2,532,100	5,196,720	2,517,387
<i>Sewer</i>				
Various Purpose Improvement Notes (2016) 2.00% through 2017	6,000,000	-	6,000,000	-
Various Purpose Improvement Notes (2017) 2.00% through 2018	-	5,000,000	-	5,000,000
Unamortized premium	37,290	64,200	66,715	34,775
Total Sewer	6,037,290	5,064,200	6,066,715	5,034,775
Total Business-Type Activities	11,219,297	7,596,300	11,263,435	7,552,162
Total Short-Term Notes Payable	\$ 25,654,457	\$ 15,948,179	\$ 25,747,123	\$ 15,855,513

On July 11, 2017, the City issued various purpose bond anticipation notes in the amount of \$15,746,000. These bond anticipation notes will mature on July 11, 2018 and carry an annual interest rate of 2.50 percent. The 2017 bond anticipation notes were issued to retire the 2016 bond anticipation notes and to provide resources for future capital improvements.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 11: OPERATING LEASE

The City is obligated under leases accounted for as operating lease. Total lease expense for the year ended December 31, 2017, was \$4,000 for Business-type Activities. The following is a schedule of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2017.

Year Ending December 31,	Business-Type Activities
2018	\$ 4,000
2019	4,000
2020	4,000
2021	4,000
2022	4,000
thereafter	340,000
Total Minimum Lease Payments	\$ 360,000

NOTE 12: DEFINED BENEFIT PENSION PLANS

A. 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. Net Pension Liability (Continued)

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.

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees 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 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. City 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	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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 62 with 5 years of service credit or Age 57 with 25 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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.

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-Employment Health Care Benefits	1.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contributions was \$1,025,361 for 2017. Of this amount, \$97,708 is reported as an intergovernmental payable.

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

Plan Description - City 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 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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.

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	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$1,066,650 for 2017. Of this amount, \$91,653 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2017, the specific liability of the City was \$78,302 payable in semi-annual payments through the year 2035.

D. 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, 2016, 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, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. 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:

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Pension Plan</u>	<u>OP&F Police</u>	<u>OP&F Fire</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.057354%	0.028590%	0.101021%	0.133396%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.058649%</u>	<u>0.041606%</u>	<u>0.098315%</u>	<u>0.126643%</u>	
Change in Proportionate Share	<u>0.001295%</u>	<u>0.013016%</u>	<u>-0.002706%</u>	<u>-0.006753%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 13,318,191	\$ (23,157)	\$ 6,227,168	\$ 8,021,421	\$ 27,543,623
Pension Expense	\$ 2,875,942	\$ 15,811	\$ 753,794	\$ 941,578	\$ 4,587,125

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

D. Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2017, 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
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$1,989,036	\$605,566	\$780,049	\$3,374,651
Changes of assumptions	2,118,070	0	0	2,118,070
Differences between expected and actual experience	18,052	1,762	2,269	22,083
Changes in proportion and differences between City contributions and proportionate share of contributions	490,610	24,989	15,182	530,781
City contributions subsequent to the measurement date	1,025,361	467,973	598,677	2,092,011
Total Deferred Outflows of Resources	\$5,641,129	\$1,100,290	\$1,396,177	\$8,137,596
Deferred Inflows of Resources				
Differences between expected and actual experience	\$91,106	\$14,337	\$18,468	\$123,911
Changes in proportion and differences between City contributions and proportionate share of contributions	388,169	122,256	305,107	815,532
Total Deferred Inflows of Resources	\$479,275	\$136,593	\$323,575	\$939,443

\$2,092,011 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. 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:				
2018	\$1,716,086	\$211,793	\$239,813	\$2,167,692
2019	1,776,362	211,794	239,814	\$2,227,970
2020	709,646	156,918	169,126	\$1,035,690
2021	(60,055)	(59,279)	(109,364)	(\$228,698)
2022	(1,704)	(23,143)	(59,526)	(84,373)
Thereafter	(3,842)	(2,359)	(5,938)	(12,139)
Total	\$4,136,493	\$495,724	\$473,925	\$5,106,142

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

E. 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, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board of Trustees' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical view and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Health Annuitant Mortality table. For males, Health Annuitant Mortality tables were used, adjusted for mortality improvement back to the observant period base of 2006 and then established the base year as 2015. For females, Health Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

E. Actuarial Assumptions – OPERS (Continued)

The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016. 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 annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

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 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

E. Actuarial Assumptions – OPERS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. 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 contractually required rates, as actuarially determined. 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 7.5 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 (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

City's proportionate share of the net pension liability/(asset)	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Traditional Pension Plan	\$20,346,511	\$13,318,191	\$7,461,326
Combined Plan	\$1,664	(\$23,157)	(\$42,438)

Changes Between Measurement Date and Report Date In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact the City’s net pension liability.

F. Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, 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, 2016, are presented on the next page:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

F. Actuarial Assumptions – OP&F (Continued)

Valuation Date	January 1, 2016
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 Simple

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, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Real Rate of Return **</u>	<u>30 year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.46 %	5.21 %
Non-US Equity	16.00	4.66	5.40
Core Fixed Income *	20.00	1.67	2.37
Global Inflation Protected *	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
Total	<u>120.00 %</u>		

* levered 2x

** numbers are net of expected inflation

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

F. Actuarial Assumptions – OP&F (Continued)

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.

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	\$ 18,977,432	\$ 14,248,589	\$ 10,240,830

NOTE 13: **POST-EMPLOYMENT BENEFITS**

A. Ohio Public Employees Retirement System - OPERS

Plan Description - The Ohio Public Employees Retirement System (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 that has elements of both a defined benefit and a defined contribution plan.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 13: **POST-EMPLOYMENT BENEFITS**

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

The trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance. In order to qualify for 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. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund 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 coverage. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.00 percent of earnable salary and Public Safety and Law Enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.00 percent during calendar year 2017.

As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.00 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0 percent. The City's actual employer contributions for December 31, 2017, 2016 and 2015 which were used to fund post-employment benefits were \$81,153, \$161,076, and \$150,522, respectively. For 2017, 91.40 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

B. **Ohio Police and Fire Pension Fund – OP&F**

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined benefit post-employment health care plan administered by OP&F.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 13: **POST-EMPLOYMENT BENEFITS** (Continued)

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

OP&F provides health care benefits including coverage for medical, 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 health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care 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 health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, OH 43215-5164. That report is also available on OP&F's website at www.op-f.org.

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 percent and 24.00 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent 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 an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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 as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.50 percent of covered payroll from January 1, 2016 thru December 31, 2016.

The amount of employer contributions allocated to the health care 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 the Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 13: **POST-EMPLOYMENT BENEFITS** (Continued)

C. **Ohio Police and Fire Pension Fund – OP&F** (Continued)

The City’s contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$12,260 and \$12,651 for the year ended December 31, 2017, \$11,744 and \$12,299 for the year ended December 31, 2016, and \$11,318 and \$12,198 for the year ended December 31, 2015, respectively. For 2017, 91.19 percent has been contributed for police and 91.84 percent has been contributed for firefighters with the balance for both police and firefighters are being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

NOTE 14: **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the City contracted with Argonaut Insurance Company for the following types of insurance:

Argonaut Insurance Company	Blanket Building and Content Replacement	\$ 62,954,111
	Miscellaneous Equipment	2,453,699
	Earthquake Coverage	1,000,000
	Flood Coverage	1,000,000
	Hazardous Substance	100,000
	Public Employee Dishonesty	100,000
	Money and Securities In/Out Coverage	100,000
	Forgery and Alteration	25,000
	General Liability - Each Occurrence	1,000,000
	Employee Benefits Liability	1,000,000
	Law Enforcement Liability - Each Occurrence	1,000,000
	Public Official Liability - Each Occurrence	1,000,000
	Employment Practice - Each Occurrence	1,000,000
	Automobile Liability	1,000,000
	Excess Liability - Each Occurrence	10,000,000
	Terrorism Insurance	Included
	Cyber Liability	1,000,000

There have not been any significant reductions in insurance coverage from coverage in the prior year and the amounts of settlements have not exceeded coverage for any of the prior three years.

The City participates in the State of Ohio’s workers’ compensation program. The City pays the Ohio Bureau of Workers’ Compensation a premium based on a rate per \$100 of salaries. Accident history and administrative costs form the basis for the rate.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS AND JOINT VENTURE

A. Lorain County Community Alliance Council of Governments

The City is a member of the Lorain County Community Alliance (Alliance) which is a council of governments formed under Ohio Revised Code Section 167. The Alliance is comprised of public members that have voting privileges and other citizen, business, and agency members that have no voting privileges. The Alliance includes nine cities, four villages, and nine townships members along with 40 associate members. The Alliance was formed to serve as an opportunity for both the public and private sector, including citizen representatives to develop long-term plans that deal with cross-boundary issues and community interests.

Member cities, villages, and townships are eligible to cast votes equivalent to the total population of the member jurisdictions which they represent and Lorain County members are eligible to cast votes equivalent to twenty-five percent of the total population of Lorain County. Financial information can be obtained by contacting Virginia Haynes, 226 Middle Avenue, 5th Floor, Elyria, Ohio 44035, who serves as fiscal agent.

B. Northeast Ohio Public Energy Council (NOPEC)

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 130 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each community then elect one person to serve on the eight-member NOPEC Board of Directors. In 2017, the City made no contributions to NOPEC. 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. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, at 31360 Solon Road, Suite 33, Solon, Ohio 44139 or at the website www.nopecinfo.org.

C. Medina-Lorain Water Consortium

The City is a member of the Medina-Lorain Water Consortium (the Consortium), which is a joint venture between the City of Avon Lake, the Rural Lorain County Water Authority, Medina County, and the City of Medina. The Consortium was created in 1999 for the purpose of construction, operation and maintenance of a water transmission line to serve the members of the Consortium, and for the purpose of bulk water delivery from the City of Avon Lake. There is an ongoing financial responsibility for all parties for the maintenance and repair of the project. The Consortium is governed by representatives of the member parties. The City of Avon Lake serves as the fiscal agent for the Consortium. As of December 31, 2017, the City's equity interest in the Consortium was \$1,849,921. Financial information can be obtained from the City of Avon Lake Finance Director, 150 Avon Belden Road, Avon Lake, Ohio 44012.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 16: CONTINGENT LIABILITIES

A. Grants

The City received financial assistance in the form of grants from the State and Federal agencies. The grant agreements specify the terms and conditions under which the grant funds may be received and disbursed and also give the grantor agencies the authority to audit the grant activity. If the audit resulted in a claim for reimbursement of the grant funds, the claim could result in a liability to the affected funds.

B. Litigation

The City is party to legal proceedings. The City management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

NOTE 17: INTERFUND TRANSFERS AND BALANCES

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

Interfund transfers for the year ended December 31, 2017, consisted of the following:

Transfer To	Transfer From			Total
	Governmental Activities	Business-Type Activities		
	General Fund	Other Governmental Funds	Sewer Fund	
<i>Governmental Activities:</i>				
General Fund	\$ -	\$ 250,003	\$ -	\$ 250,003
Fairfield/Brookfield Improvement	-	8,000,000	-	8,000,000
Non-Major Governmental Funds	406,000	1,770,365	-	2,176,365
Total Governmental Activities	\$ 406,000	\$ 10,020,368	\$ -	\$ 10,426,368
<i>Business-Type Activities:</i>				
Water	\$ -	\$ -	\$ 35,447	\$ 35,447
Total Business-Type Activities	-	-	35,447	35,447
	\$ 406,000	\$ 10,020,368	\$ 35,447	\$ 10,461,815

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization, (4) to transfer funds approved by council to continue improvements of the roads.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 17: **INTERFUND TRANSFERS AND BALANCES** (Continued)

Interfund balances for the year ended December 31, 2017 consisted of the following:

	Interfund Receivable	Interfund Payable
<i>Governmental Activities:</i>		
General Fund	\$ 35,000	\$ -
Non-Major Governmental Funds	170,326	205,326
Total Governmental Activities	205,326	205,326
<i>Business-Type Activities:</i>		
Water	\$ 5,008,500	\$ -
Sewer	-	5,008,500
Total Business-Type Activities	5,008,500	5,008,500
	\$ 5,213,826	\$ 5,213,826

Interfund balances at December 31, 2017 consisted of \$35,000 due from the Troy School Driveway non-major governmental fund and \$170,326 due to the Debt Service Fund from the Cove Avenue Improvement Fund. The General Fund advanced monies to the non-major governmental fund to cover project expenditures in anticipation of payments of \$5,000 per year for ten years from the Avon Lake City School District. The Debt Service Fund issued manuscript debt for Cove Avenue Improvements in anticipation of the collection of special assessments and the Income Tax Transfer Fund issued manuscript debt for Capital Improvements Fund in anticipation of the collection of income taxes. The Water Fund advanced monies to the Sewer Fund to provide temporary funding for a common project.

NOTE 18: **FUND BALANCES**

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 governmental funds.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 18: **FUND BALANCES** (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Fairfield/ Brookfield Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable</i>				
Prepaid Items	\$ 83,833	\$ -	\$ 15,583	\$ 99,416
Materials and Supplies Inventory	-	-	86,822	86,822
Long-term Interfund Balances	35,000	-	-	35,000
<i>Total Nonspendable</i>	<u>118,833</u>	<u>-</u>	<u>102,405</u>	<u>221,238</u>
<i>Restricted for</i>				
Police Pension	-	-	-	-
Fire Pension	-	-	1,067	1,067
Paramedic Services	-	-	1,074,286	1,074,286
Other Law Enforcement	-	-	163,359	163,359
Streets and Highways	-	-	1,342,245	1,342,245
Courts	-	-	324,548	324,548
Debt Service - Voted	-	-	104,642	104,642
Debt Service - Special Assessments	-	-	743,582	743,582
Capital Projects	-	24,865	1,870,152	1,895,017
Other Purposes	-	-	40,842	40,842
<i>Total Restricted</i>	<u>-</u>	<u>24,865</u>	<u>5,664,723</u>	<u>5,689,588</u>
<i>Committed to</i>				
Termination Benefits	237,203	-	-	237,203
Dial-A-Bus Program	80,030	-	-	80,030
Cable TV	105,777	-	-	105,777
Office on Aging	6,419	-	-	6,419
Income Tax Allocation	-	-	7,784,142	7,784,142
Street Trees	-	-	173,508	173,508
Recreation	-	-	327,054	327,054
Capital Improvements	-	-	2,085,629	2,085,629
<i>Total Committed</i>	<u>429,429</u>	<u>-</u>	<u>10,370,333</u>	<u>10,799,762</u>
<i>Assigned to</i>				
Fiscal Year 2018 Appropriations	31,553	-	-	31,553
Police/Court Facility	-	-	79,494	79,494
Other Capital Projects	-	-	7,924	7,924
Purchases on Order:				
Security of Persons and Property	17,765	-	-	17,765
Leisure Time Activities	26,469	-	-	26,469
Transportation	171,730	-	-	171,730
Community Environment	1,064	-	-	1,064
General Government	39,741	-	-	39,741
<i>Total Assigned</i>	<u>288,322</u>	<u>-</u>	<u>87,418</u>	<u>375,740</u>
<i>Unassigned (Deficit)</i>	<u>1,110,473</u>	<u>-</u>	<u>(6,966,288)</u>	<u>(5,855,815)</u>
Total Fund Balances	<u><u>\$ 1,947,057</u></u>	<u><u>\$ 24,865</u></u>	<u><u>\$ 9,258,591</u></u>	<u><u>\$ 11,230,513</u></u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 19: LANDFILL POSTCLOSURE COSTS

State and federal laws and regulations required the City to place a final cover on the municipal landfill when it stopped accepting waste and perform certain maintenance and monitoring functions at the site for 30 years after closure. The City closed the landfill on December 31, 1990. The Landfill Post-closure Costs liability reflects an estimate of the remaining costs to perform the required maintenance and monitoring functions for approximately 15 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 20: CONSTRUCTION COMMITMENTS

As of December 31, 2017, the City had the following significant contractual commitments:

<u>Contractor</u>	<u>Total Contractor Amount</u>	<u>Amount Paid as of 12/31/2017</u>	<u>Remaining on the Contract</u>
<i><u>Business-Type Activities</u></i>			
<i>Storage Improvement Project:</i>			
Storage and Interconnection HAB	\$ 31,416,523	\$ 28,929,712	\$ 2,486,811
<i>Walker Road Water Main Replacement:</i>			
Underground Utilities, Inc.	2,769,941	2,271,317	498,624
<i>Mull/Norman Sanitary Sewer Force Main:</i>			
Underground Utilities, Inc.	3,421,439	3,126,864	294,575
<i>Fairfield Area Combined Sewer Separation Project:</i>			
Underground Utilities, Inc.	8,799,740	6,760,341	2,039,399
<i>WPCC Improvement Project</i>			
MWH Constructors	32,229,029	27,727,321	4,501,708
<i>Total Business-Type Activities</i>	<u>\$ 78,636,672</u>	<u>\$ 68,815,555</u>	<u>\$ 9,821,117</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 21: OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of December 31, 2017, the City's commitments for encumbrances in the governmental and proprietary funds were as follows:

	Outstanding Encumbrances
<i>Governmental Funds</i>	
General	\$ 256,769
Fairfield/Brookfield Improvement	24,865
All Other Governmental Funds	2,052,742
<i>Total Governmental Funds</i>	2,334,376
 <i>Proprietary Funds</i>	
Water	121,893
Sewer	484,279
<i>Total Proprietary Funds</i>	606,172
<i>Total All Funds</i>	\$ 2,940,548

NOTE 22: TAX ABATEMENTS

A. Real Estate Tax Abatement

In 1994, pursuant to Ohio Revised Code Sections 3735.60 to 3735.70 on Community Reinvestment Area (CRA), the City of Avon Lake ("City") established "Community Reinvestment Area No. 2" ("Reinvestment Area") with Resolution 132-94. In 2014, the City renewed the original legislation with Resolution 82-2014. The boundaries of the Reinvestment Area were the boundaries of the entire incorporated area of the City of Avon Lake. With that legislation, the City authorized tax abatement which equals an agreed upon percentage of the additional property tax resulting from the increase in an increased in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Reinvestment Area gave the City the ability to maintain and expand businesses located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate.

B. City Council's Incentive Criteria for Decision Making

The City of Avon Lake has offered CRA tax abatements to various businesses based upon substantial project investment into the City. The City considers the size of the investment of the projects, along with the quantity of jobs retained and created when determining the amount of incentive to award.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

NOTE 22: **TAX ABATEMENTS** (Continued)

C. Other

The following are the tax abatements or other economic incentives provided in 2017, by the City, identified by dollar amount and type.

\$91,714,094	Total abated assessed value on the active CRA tax abated properties
\$ 2,155,281	Total CRA real property taxes exempted for the active CRA agreements
\$ 538,820	Estimated amounts paid directly to the Avon Lake City Schools by the owner of tax abated property pursuant to the terms of each CRA Agreement

NOTE 23: **CAPITAL LEASE**

In 2017 the City entered into a capital lease for the purchase of two trucks. The assets are recorded in the Governmental Activities as show on the Statement of Net Position with a book value of \$282,415 at December 31, 2017. The following is a schedule of future minimum lease payments as of December 31, 2017.

	2018	\$	50,727
	2019		50,727
	2020		50,727
	2021		50,727
	2022		50,727
	2023		50,724
			304,359
Total minimum lease payments			304,359
Less: amount representing interest			(25,602)
Total		\$	278,757

Required Supplementary Information

City of Avon Lake, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Four Years (1)

Traditional Plan	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.058649%	0.057354%	0.057386%	0.057386%
City's Proportionate Share of the Net Pension Liability	\$13,318,191	\$9,934,436	\$6,921,393	\$6,765,062
City's Covered-Employee Payroll	\$7,581,592	\$7,127,450	\$7,058,833	\$6,653,592
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	175.66%	139.38%	98.05%	101.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%
Combined Plan	2017	2016	2015	2014
City's Proportion of the Net Pension (Asset)	0.041606%	0.028590%	0.025707%	0.025707%
City's Proportionate Share of the Net Pension (Asset)	(\$23,157)	(\$13,912)	(\$9,897)	(\$2,697)
City's Covered-Employee Payroll	\$161,958	\$103,517	\$94,675	\$81,677
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	14.30%	13.44%	10.45%	3.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.55%	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

City of Avon Lake, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Four Years (1)

Police	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0983150%	0.1010208%	0.1002948%	0.1002948%
City's Proportionate Share of the Net Pension Liability	\$6,227,173	\$6,498,740	\$5,195,688	\$4,884,671
City's Covered-Employee Payroll	\$2,371,779	\$2,275,053	\$2,214,042	\$2,314,971
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	262.55%	285.65%	234.67%	211.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	66.77%	71.71%	73.00%
Fire	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.1266430%	0.1333956%	0.1329545%	0.1329545%
City's Proportionate Share of the Net Pension Liability	\$8,021,441	\$8,581,432	\$6,887,597	\$6,475,301
City's Covered-Employee Payroll	\$2,485,438	\$2,446,902	\$2,382,868	\$2,348,596
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	322.74%	350.71%	289.05%	275.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	66.77%	71.71%	73.00%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

City of Avon Lake, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System
Last Five Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>					
Traditional Plan	1,004,569	909,791	855,294	847,060	864,967
Combined Plan	<u>20,792</u>	<u>19,435</u>	<u>\$12,422</u>	<u>\$11,361</u>	<u>10,618</u>
Total Required Contributions	\$1,025,361	\$929,226	\$867,716	\$858,421	\$875,585
Contributions in Relation to the Contractually Required Contribution	<u>(\$1,025,361)</u>	<u>(\$929,226)</u>	<u>(\$867,716)</u>	<u>(\$858,421)</u>	<u>(\$875,585)</u>
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered-Employee Payroll					
Traditional Plan	\$7,727,454	\$7,581,592	\$7,127,450	\$7,058,833	\$6,653,592
Combined Plan	\$159,938	\$161,958	\$103,517	\$94,675	\$81,677
<u>Pension Contributions as a Percentage of Covered-Employee Payroll</u>					
Traditional Plan	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

City of Avon Lake, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	<u>2017</u>	<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>Contractually Required Contributions</u>										
Police	\$467,973	\$450,638	\$432,260	\$420,668	\$364,145	\$304,719	\$296,600	\$276,708	\$288,064	\$324,103
Fire	<u>\$598,677</u>	<u>\$584,078</u>	<u>\$575,022</u>	<u>\$559,974</u>	<u>\$475,121</u>	<u>\$419,600</u>	<u>\$410,338</u>	<u>\$264,793</u>	<u>\$404,045</u>	<u>\$388,406</u>
Total Required Contributions	\$1,066,650	\$1,034,716	\$1,007,282	\$980,642	\$839,266	\$724,319	\$706,938	\$541,501	\$692,109	\$712,509
Contributions in Relation to the Contractually Required Contribution	<u>(\$1,066,650)</u>	<u>(\$1,034,716)</u>	<u>(\$1,007,282)</u>	<u>(\$980,642)</u>	<u>(\$839,266)</u>	<u>(\$724,319)</u>	<u>(\$706,938)</u>	<u>(\$541,501)</u>	<u>(\$692,109)</u>	<u>(\$712,509)</u>
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>
<u>City's Covered-Employee Payroll</u>										
Police	\$2,463,016	\$2,371,779	\$2,275,053	\$2,214,042	\$2,314,971	\$2,389,953	\$2,326,275	\$2,170,259	\$2,259,325	\$2,541,984
Fire	\$2,547,562	\$2,485,438	\$2,446,902	\$2,382,868	\$2,348,596	\$2,432,464	\$2,378,771	\$1,535,032	\$2,342,290	\$2,251,629
<u>Pension Contributions as a Percentage of Covered- Employee Payroll</u>										
Police	19.00%	19.00%	19.00%	19.00%	[1]	12.75%	12.75%	12.75%	12.75%	12.75%
Fire	23.50%	23.50%	23.50%	23.50%	[1]	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.

City of Avon Lake, Ohio
Notes to the Required Supplementary Information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

Combining Statements



Fund Descriptions – Nonmajor Governmental Funds

Non-Major Special Revenue Funds

Special Revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. A description of the City's special revenue funds follows:

Street Construction, Maintenance, and Repair Fund - This fund is required by the Ohio Revised Code to account for revenue from the state gasoline tax and motor vehicle registration fees. The Ohio Revised Code requires that 92.50% of these revenues be used for the maintenance and repair of streets within the City.

State Highway Fund - This fund accounts for a percentage of the revenue from the City's share of State gasoline taxes and motor vehicle registration fees. State law requires that these taxes be used for maintenance and repair of the state highways within the City.

Income Tax Transfer Fund - This fund is used to account for the collection of the City's municipal income tax. This fund also accounts for the administration of the municipal income tax collection and the distribution of that tax to the General Fund, Capital Improvement Fund, and the Sewer Fund based on the City's income tax allocations approved in the City's codified ordinances.

Paramedic Fund - This fund is used to account for the proceeds of a property tax levy approved for the purpose of providing and maintaining paramedic services.

Office on Aging Fund - This fund accounts for transfers from the General Fund to provide various programs to senior citizens within the City. Due to the implementation of GASB Statement No. 54, this fund was combined with the General Fund on the governmental fund financial statements but remained a separate fund in the budgetary schedules because it has a separate legally adopted budget.

Dial-A-Bus Fund - This fund accounts for transfers from the General Fund to provide transportation services to citizens within the City. Due to the implementation of GASB Statement No. 54, this fund was combined with the General Fund on the governmental fund financial statements but remained a separate fund in the budgetary schedules because it has a separate legally adopted budget.

Cable TV Fund - This fund accounts for transfers from the General Fund to provide public and government access channels to citizens within the City. Due to the implementation of GASB Statement No. 54, this fund was combined with the General Fund on the governmental fund financial statements but remained a separate fund in the budgetary schedules because it has a separate legally adopted budget.

Law Enforcement Trust Fund - This fund accounts for the revenue and/or property seized in the commitment of a felony and awarded to the City.

Law Enforcement and Education Fund - This fund accounts for fines imposed by the Courts which are used for programs aimed at further education and enforcement of D.U.I. laws.

Indigent Drivers Alcohol Treatment Fund - This fund accounts for fines from persons convicted of D.U.I.

Municipal Court Computer Fund - This fund accounts for fines imposed by the Courts which are restricted to provide computerized research services and maintenance of the Court's computer system.

COPS Fund - This fund accounts for grant revenues received restricted for the hiring and retention of the City's police force.

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Special Revenue Funds (Continued)

Avon Lake/Bay Park Fund - This fund accounts for revenues received that are committed for the City's park.

Board of Building Standards Fund - This fund accounts for fees and assessments restricted by state statute to ensure building standards are maintained.

Employee Sick Time Buy Back Fund - This fund accounts for transfers from the General Fund committed for the payment of accumulated sick time upon the termination of employment by employees of the City. Due to the implementation of GASB Statement No. 54, this fund was combined with the General Fund on the governmental fund financial statements but remained a separate fund in the budgetary schedules because it has a separate legally adopted budget.

Street Tree Fund - This fund accounts for various fees and permits charged pursuant to City Ordinances for the purpose of planting, replacing, maintaining, protecting and promoting trees within the City.

Continuing Professional Training - Police Fund - This fund accounts for restricted funds to provide for the training of the City's police force.

Court Security Fund - This fund accounts for fines imposed by the Courts which are restricted to provide security to the Courts.

Court Interlock Fund - This fund accounts for fines imposed by the Courts which are restricted to provide resources for ignition interlock devices for persons deemed by the Courts to be indigent.

Police Pension Fund - This fund is used to account for the proceeds of a property tax levy approved for the purpose of providing resources for the City's share (19.5 percent) of the current police pension liability to the Ohio Police & Fire Pension Fund.

Fire Pension Fund - This fund is used to account for the proceeds of a property tax levy approved for the purpose of providing resources for the City's share (24.0 percent) of the current fire pension liability to the Ohio Police & Fire Pension Fund.

Recreation Trust Fund - This fund accounts for charges for services pursuant to City Ordinances for the purpose of providing and maintaining recreation facilities within the City.

Recreation Fund - This fund accounts for the revenues and expenses of all recreational related program and activities. The recreation activity was not recorded in this fund until 2018, therefore this fund has no cash activity in 2017. This fund did not have a budget in 2017 and therefore no budgetary schedule has been provided.

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Debt Service Funds

Debt Service funds are established to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest and to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. A description of the City's debt service fund follows:

General Bond Retirement (Unvoted) - This fund accounts for transfers from various funds to retire the City's unvoted debt obligations.

General Bond Retirement (Voted) Fund – This fund is used to account for the proceeds of a property tax levy approved for the purpose retiring the City's voted debt obligations.

Special Assessment Bond Retirement Fund – This fund is used to account for the collection of special assessments restricted for the purpose of retiring the City's special assessment debt obligations.

Non-Major Capital Project Funds

Capital Project funds are established to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. A description of the City's capital project funds follows:

Capital Improvement Fund – This fund accounts for the portion of municipal Income tax committed by the City's codified ordinances for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

Walker/Moore Rd. Intersection Fund – This fund accounts for the grant revenues construction and improvements to the Walker/Moore Road intersection. This fund did not have a budget in 2017 and therefore no budgetary schedule has been provided.

Sewer Separation Fund – This fund accounts for the proceeds received from debt issuance for the purpose of sewer separation projects of the City.

Curtis Sewer Fund – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the Curtis sewer project. This fund did not have a budget in 2017 and therefore no budgetary schedule has been provided.

Miller Rd. Breakwall Fund – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the Miller Rd. breakwall project. This fund did not have a budget in 2017 and therefore no budgetary schedule has been provided.

Police/Court Facility Fund – This fund accounts for revenues assigned by the City for capital improvements to the City's Police/Court Facility. This fund did not have a budget in 2017 and therefore no budgetary schedule has been provided.

45's Sewer Separation Fund - This fund accounts for the proceeds received from debt issuance for the purpose of the 45's sewer separation project of the City.

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Capital Project Funds (Continued)

Canterbury Road Improvement Fund – This fund accounts for the proceeds received from debt issuance for the purpose of improvements to Canterbury Road.

Troy School Driveway Fund – This fund accounts for the proceeds received from the Avon Lake City School District for the capital improvements made by the City to the Troy School Driveway.

Bicycle Trails Fund – This fund accounts for donations received that are committed for bike trail construction and improvements.

Walker Rd. Widening Fund – This fund accounts for funding received from the Ohio Public Works Commission along with transfers provided by the General Fund and the Capital Improvement Fund for the purpose of widening Walker Rd. This fund did not have a budget in 2017 and therefore no budgetary schedule has been provided.

City Wide Signalization Fund – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the city-wide signalization project. This fund did not have a budget in 2017 and therefore no budgetary schedule has been provided.

North Point Erosion Fund – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the North Point erosion project. This fund did not have a budget in 2017 and therefore no budgetary schedule has been provided.

Pool Renovation Fund – This fund accounts for the proceeds received from debt issuance for the purpose of renovations to the City's pool.

Walker Rd. Sewer/Lear Rd. East Fund – This fund accounts for the assessments levied for improvements made to the Walker Rd. Sewer/Lear Rd. East area of the City.

Titus-Pitts-Hill Ditch Fund – This fund accounts for the assessments levied for improvements made to the Titus-Pitts-Hill ditch with the City.

Sidewalk/Street Lighting Fund – This fund accounts for the assessments levied for improvements and maintenance of the City's sidewalks and street lighting.

Cove Ave. Improvements Fund – This fund accounts for the assessments levied for improvements made to the Cove Ave. Improvements area of the City.

Lear/Kerbs Intersection Fund – This fund accounts for the grant revenues construction and improvements to the Lear/Kerbs intersection.

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 11,253,498	\$ 960,301	\$ 5,375,313	\$ 17,589,112
Cash and Cash Equivalents:				
With Escrow Agents	-	-	11,032	11,032
Materials and Supplies Inventory	86,822	-	-	86,822
Accrued Interest Receivable	534	-	62,528	63,062
Accounts Receivable	5,496	-	-	5,496
Interfund Receivable	-	170,326	-	170,326
Intergovernmental Receivable	639,598	19,007	20,000	678,605
Prepaid Items	15,583	-	-	15,583
Municipal Income Taxes Receivable	-	358,762	524,344	883,106
Property and Other Taxes Receivable	1,997,726	305,919	-	2,303,645
Special Assessments Receivable	-	381,249	104,302	485,551
Total Assets	\$ 13,999,257	\$ 2,195,564	\$ 6,097,519	\$ 22,292,340
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 30,625	\$ -	\$ 708,259	\$ 738,884
Accrued Wages and Benefits	124,927	-	-	124,927
Intergovernmental Payable	112,007	-	-	112,007
Retainage Payable	-	-	17,721	17,721
Interfund Payable	-	-	205,326	205,326
Notes Payable	-	7,303,351	1,000,000	8,303,351
Total Liabilities	267,559	7,303,351	1,931,306	9,502,216
Deferred Inflows of Resources:				
Property Taxes	1,941,444	297,292	-	2,238,736
Unavailable Revenue - Delinquent Property Taxes	56,282	8,627	-	64,909
Unavailable Revenue - Municipal Income Taxes	-	104,577	152,843	257,420
Unavailable Revenue - Other	445,910	400,256	124,302	970,468
Total Deferred Inflows of Resources	2,443,636	810,752	277,145	3,531,533
Fund Balances:				
Nonspendable	102,405	-	-	102,405
Restricted	2,946,347	848,224	1,870,152	5,664,723
Committed	8,284,704	-	2,085,629	10,370,333
Assigned	-	-	87,418	87,418
Unassigned (Deficits)	(45,394)	(6,766,763)	(154,131)	(6,966,288)
Total Fund Balances	11,288,062	(5,918,539)	3,889,068	9,258,591
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,999,257	\$ 2,195,564	\$ 6,097,519	\$ 22,292,340

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Property and Other Taxes	\$ 1,916,917	\$ 293,221	\$ -	\$ 2,210,138
Municipal Income Taxes	1,084,516	1,440,102	1,370,234	3,894,852
Intergovernmental	1,453,020	38,014	285,885	1,776,919
Interest	293	8,035	188,937	197,265
Fines and Forfeitures	87,811	-	-	87,811
Charges for Services	53,842	-	322,895	376,737
Contributions and Donations	26,500	-	-	26,500
Special Assessments	-	199,964	36,959	236,923
All Other Revenues	12,700	-	174,304	187,004
Total Revenues	4,635,599	1,979,336	2,379,214	8,994,149
EXPENDITURES				
Current:				
Security of Persons and Property	2,356,694	-	-	2,356,694
Leisure Time Activities	28,741	-	-	28,741
Community Environment	4,973	-	-	4,973
Transportation	1,185,146	-	-	1,185,146
General Government	-	13,980	1,435	15,415
Capital Outlay	-	-	4,328,734	4,328,734
Debt Service:				
Principal Retirement	25,976	1,100,205	50,727	1,176,908
Interest and Fiscal Charges	3,423	376,338	19,489	399,250
Debt Issuance Costs	-	63,899	-	63,899
Total Expenditures	3,604,953	1,554,422	4,400,385	9,559,760
Excess of Revenues Over (Under) Expenditures	1,030,646	424,914	(2,021,171)	(565,611)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	96	96
Inception of Capital Lease	-	-	329,484	329,484
Loans Issued	-	7,557,186	444,564	8,001,750
Transfers In	406,000	-	1,770,365	2,176,365
Transfers Out	(473,583)	(9,546,785)	-	(10,020,368)
Total Other Financing Sources (Uses)	(67,583)	(1,989,599)	2,544,509	487,327
Net Change in Fund Balances	963,063	(1,564,685)	523,338	(78,284)
Fund Balances - Beginning of Year	10,324,999	(4,353,854)	3,365,730	9,336,875
Fund Balances - End of Year	\$ 11,288,062	\$ (5,918,539)	\$ 3,889,068	\$ 9,258,591

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Street Construction Maintenance and Repair	State Highway	Income Tax Transfer	Paramedic	Law Enforcement Trust
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 1,147,942	\$ 70,066	\$ 7,784,142	\$ 1,178,540	\$ 61,249
Materials and Supplies Inventory	86,822	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Intergovernmental Receivable	466,152	36,947	-	93,058	-
Prepaid Items	7,566	-	-	5,239	-
Property Taxes Receivable	-	-	-	1,513,812	-
Total Assets	\$ 1,708,482	\$ 107,013	\$ 7,784,142	\$ 2,790,649	\$ 61,249
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 6,178	\$ -	\$ -	\$ 20,948	\$ -
Accrued Wages and Benefits	42,938	-	-	59,429	-
Intergovernmental Payable	6,906	-	-	23,877	-
<i>Total Liabilities</i>	<u>56,022</u>	<u>-</u>	<u>-</u>	<u>104,254</u>	<u>-</u>
Deferred Inflows of Resources:					
Property Taxes	-	-	-	1,471,174	-
Unavailable Revenue - Delinquent Property Taxes	-	-	-	42,638	-
Unavailable Revenue - Other	298,627	24,213	-	93,058	-
<i>Total Deferred Inflows of Resources</i>	<u>298,627</u>	<u>24,213</u>	<u>-</u>	<u>1,606,870</u>	<u>-</u>
Fund Balances:					
Nonspendable	94,388	-	-	5,239	-
Restricted	1,259,445	82,800	-	1,074,286	61,249
Committed	-	-	7,784,142	-	-
Unassigned	-	-	-	-	-
<i>Total Fund Balances</i>	<u>1,353,833</u>	<u>82,800</u>	<u>7,784,142</u>	<u>1,079,525</u>	<u>61,249</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,708,482	\$ 107,013	\$ 7,784,142	\$ 2,790,649	\$ 61,249

Law Enforcement Education	Indigent Drivers Alcohol Treatment	Municipal Court Computer	COPS	Avon Lake Bay Park	Board of Building Standards	Street Tree
\$ 30,026	\$ 55,247	\$ 131,861	\$ 8,539	\$ 432	\$ 6,805	\$ 173,508
-	-	-	-	-	-	-
-	-	-	-	-	-	-
35	572	2,339	-	-	-	-
-	-	-	13,429	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 30,061</u>	<u>\$ 55,819</u>	<u>\$ 134,200</u>	<u>\$ 21,968</u>	<u>\$ 432</u>	<u>\$ 6,805</u>	<u>\$ 173,508</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	4,284	-	-	-
-	-	-	1,454	-	-	-
-	-	-	5,738	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
30,061	55,819	134,200	16,230	432	6,805	-
-	-	-	-	-	-	173,508
-	-	-	-	-	-	-
<u>30,061</u>	<u>55,819</u>	<u>134,200</u>	<u>16,230</u>	<u>432</u>	<u>6,805</u>	<u>173,508</u>
<u>\$ 30,061</u>	<u>\$ 55,819</u>	<u>\$ 134,200</u>	<u>\$ 21,968</u>	<u>\$ 432</u>	<u>\$ 6,805</u>	<u>\$ 173,508</u>

(Continued)

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017
(Continued)

	Continued Professional Training	Court Security	Court Interlock
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 33,605	\$ 81,560	\$ 108,258
Materials and Supplies Inventory	-	-	-
Accrued Interest Receivable	-	-	-
Accounts Receivable	-	2,328	222
Intergovernmental Receivable	-	-	-
Prepaid Items	-	2,778	-
Property Taxes Receivable	-	-	-
Total Assets	\$ 33,605	\$ 86,666	\$ 108,480
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Wages and Benefits	-	1,592	-
Intergovernmental Payable	-	428	-
<i>Total Liabilities</i>	<i>-</i>	<i>2,020</i>	<i>-</i>
Deferred Inflows of Resources:			
Property Taxes	-	-	-
Unavailable Revenue - Delinquent Property Taxes	-	-	-
Unavailable Revenue - Other	-	-	-
<i>Total Deferred Inflows of Resources</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fund Balances:			
Nonspendable	-	2,778	-
Restricted	33,605	81,868	108,480
Committed	-	-	-
Unassigned	-	-	-
<i>Total Fund Balances</i>	<i>33,605</i>	<i>84,646</i>	<i>108,480</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 33,605	\$ 86,666	\$ 108,480

Police Pension	Fire Pension	Recreation Trust	Recreation Fund	Total Nonmajor Special Revenue Funds
\$ 20,610	\$ 34,588	\$ 326,520	\$ -	\$ 11,253,498
-	-	-	-	86,822
-	-	534	-	534
-	-	-	-	5,496
15,006	15,006	-	-	639,598
-	-	-	-	15,583
241,957	241,957	-	-	1,997,726
<u>\$ 277,573</u>	<u>\$ 291,551</u>	<u>\$ 327,054</u>	<u>-</u>	<u>\$ 13,999,257</u>
\$ -	\$ -	\$ -	\$ 3,499	\$ 30,625
-	-	-	16,684	124,927
41,366	33,521	-	4,455	112,007
<u>41,366</u>	<u>33,521</u>	<u>-</u>	<u>24,638</u>	<u>267,559</u>
235,135	235,135	-	-	1,941,444
6,822	6,822	-	-	56,282
15,006	15,006	-	-	445,910
<u>256,963</u>	<u>256,963</u>	<u>-</u>	<u>-</u>	<u>2,443,636</u>
-	-	-	-	102,405
-	1,067	-	-	2,946,347
-	-	327,054	-	8,284,704
(20,756)	-	-	(24,638)	(45,394)
<u>(20,756)</u>	<u>1,067</u>	<u>327,054</u>	<u>(24,638)</u>	<u>11,288,062</u>
<u>\$ 277,573</u>	<u>\$ 291,551</u>	<u>\$ 327,054</u>	<u>\$ -</u>	<u>\$ 13,999,257</u>

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Street Construction Maintenance and Repair	State Highway	Income Tax Transfer	Paramedic	Law Enforcement Trust
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ 1,453,937	\$ -
Municipal Income Taxes	-	-	1,084,516	-	-
Intergovernmental	1,072,626	74,023	-	186,115	-
Interest	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	1,920
Charges for Services	-	-	-	-	-
Contributions and Donations	-	-	-	2,000	-
All Other Revenues	-	-	-	-	-
Total Revenues	<u>1,072,626</u>	<u>74,023</u>	<u>1,084,516</u>	<u>1,642,052</u>	<u>1,920</u>
EXPENDITURES					
Current:					
Security of Persons and Property:	-	-	-	1,492,316	-
Leisure Time Activities	-	-	-	-	-
Community Environment	-	-	-	-	-
Transportation	1,145,575	39,571	-	-	-
Debt Service:					
Principal Retirement	-	-	-	23,000	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>1,145,575</u>	<u>39,571</u>	<u>-</u>	<u>1,515,316</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(72,949)</u>	<u>34,452</u>	<u>1,084,516</u>	<u>126,736</u>	<u>1,920</u>
OTHER FINANCING SOURCES					
Transfers In	350,000	-	-	-	-
Transfers Out	-	-	(473,583)	-	-
Total Other Financing Sources	<u>350,000</u>	<u>-</u>	<u>(473,583)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	277,051	34,452	610,933	126,736	1,920
Fund Balances - Beginning of Year	1,076,782	48,348	7,173,209	952,789	59,329
Fund Balances - End of Year	<u>\$ 1,353,833</u>	<u>\$ 82,800</u>	<u>\$ 7,784,142</u>	<u>\$ 1,079,525</u>	<u>\$ 61,249</u>

Law Enforcement Education	Indigent Drivers Alcohol Treatment	Municipal Court Computer	COPS	Avon Lake Bay Park	Board of Building Standards	Street Tree
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	60,234	-	-	-
-	-	-	-	-	-	-
601	8,574	33,942	-	-	-	-
-	-	-	-	-	3,152	-
-	-	-	-	-	-	24,500
-	-	-	-	-	-	-
<u>601</u>	<u>8,574</u>	<u>33,942</u>	<u>60,234</u>	<u>-</u>	<u>3,152</u>	<u>24,500</u>
-	-	37,974	117,995	-	-	-
-	-	-	-	-	-	4,103
-	4,973	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,973	37,974	117,995	-	-	4,103
<u>601</u>	<u>3,601</u>	<u>(4,032)</u>	<u>(57,761)</u>	<u>-</u>	<u>3,152</u>	<u>20,397</u>
-	-	-	56,000	-	-	-
-	-	-	-	-	-	-
-	-	-	56,000	-	-	-
<u>601</u>	<u>3,601</u>	<u>(4,032)</u>	<u>(1,761)</u>	<u>-</u>	<u>3,152</u>	<u>20,397</u>
29,460	52,218	138,232	17,991	432	3,653	153,111
<u>\$ 30,061</u>	<u>\$ 55,819</u>	<u>\$ 134,200</u>	<u>\$ 16,230</u>	<u>\$ 432</u>	<u>\$ 6,805</u>	<u>\$ 173,508</u>

(Continued)

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017
(Continued)

	Continued Professional Training	Court Security	Court Interlock
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Municipal Income Taxes	-	-	-
Intergovernmental	-	-	-
Interest	-	-	-
Fines and Forfeitures	-	33,743	9,031
Charges for Services	-	-	-
Contributions and Donations	-	-	-
All Other Revenues	12,700	-	-
Total Revenues	<u>12,700</u>	<u>33,743</u>	<u>9,031</u>
EXPENDITURES			
Current:			
Security of Persons and Property:			
Leisure Time Activities	-	35,482	-
Community Environment	-	-	-
Transportation	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>-</u>	<u>35,482</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>12,700</u>	<u>(1,739)</u>	<u>9,031</u>
OTHER FINANCING SOURCES			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	12,700	(1,739)	9,031
Fund Balances - Beginning of Year	20,905	86,385	99,449
Fund Balances - End of Year	<u>\$ 33,605</u>	<u>\$ 84,646</u>	<u>\$ 108,480</u>

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Recreation Trust</u>	<u>Recreation Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 231,490	\$ 231,490	\$ -	\$ -	\$ 1,916,917
-	-	-	-	1,084,516
30,011	30,011	-	-	1,453,020
-	-	293	-	293
-	-	-	-	87,811
-	-	50,690	-	53,842
-	-	-	-	26,500
-	-	-	-	12,700
<u>261,501</u>	<u>261,501</u>	<u>50,983</u>	<u>-</u>	<u>4,635,599</u>
341,618	331,309	-	-	2,356,694
-	-	-	24,638	28,741
-	-	-	-	4,973
-	-	-	-	1,185,146
2,976	-	-	-	25,976
<u>3,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,423</u>
<u>348,017</u>	<u>331,309</u>	<u>-</u>	<u>24,638</u>	<u>3,604,953</u>
<u>(86,516)</u>	<u>(69,808)</u>	<u>50,983</u>	<u>(24,638)</u>	<u>1,030,646</u>
-	-	-	-	406,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(473,583)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,583)</u>
<u>(86,516)</u>	<u>(69,808)</u>	<u>50,983</u>	<u>(24,638)</u>	<u>963,063</u>
<u>65,760</u>	<u>70,875</u>	<u>276,071</u>	<u>-</u>	<u>10,324,999</u>
<u>\$ (20,756)</u>	<u>\$ 1,067</u>	<u>\$ 327,054</u>	<u>\$ (24,638)</u>	<u>\$ 11,288,062</u>

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2017

	GO Bond Retirement (Unvoted)	GO Bond Retirement (Voted)	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 282,403	\$ 104,642	\$ 573,256	\$ 960,301
Interfund Receivable		-	170,326	170,326
Intergovernmental Receivable		19,007	-	19,007
Income Taxes Receivable	358,762	-	-	358,762
Property Taxes Receivable		305,919	-	305,919
Special Assessments Receivable		-	381,249	381,249
Total Assets	\$ 641,165	\$ 429,568	\$ 1,124,831	\$ 2,195,564
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Notes Payable	\$ 7,303,351	\$ -	\$ -	\$ 7,303,351
<i>Total Liabilities</i>	<u>7,303,351</u>	<u>-</u>	<u>-</u>	<u>7,303,351</u>
Deferred Inflows of Resources:				
Property Taxes and Payments in Lieu of Taxes		297,292	-	297,292
Unavailable Revenue - Delinquent Property Taxes		8,627	-	8,627
Unavailable Revenue - Income Taxes	104,577	-	-	104,577
Unavailable Revenue - Other		19,007	381,249	400,256
<i>Total Deferred Inflows of Resources</i>	<u>104,577</u>	<u>324,926</u>	<u>381,249</u>	<u>810,752</u>
Fund Balances:				
Restricted		104,642	743,582	848,224
Unassigned	(6,766,763)	-	-	(6,766,763)
<i>Total Fund Balances</i>	<u>(6,766,763)</u>	<u>104,642</u>	<u>743,582</u>	<u>(5,918,539)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 641,165	\$ 429,568	\$ 1,124,831	\$ 2,195,564

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2017

	GO Bond Retirement (Unvoted)	GO Bond Retirement (Voted)	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
REVENUES				
Property Taxes		\$ 293,221	\$ -	\$ 293,221
Income Taxes	1,440,102	-	-	1,440,102
Intergovernmental		38,014	-	38,014
Interest		-	8,035	8,035
Special Assessments		-	199,964	199,964
Total Revenues	<u>1,440,102</u>	<u>331,235</u>	<u>207,999</u>	<u>1,979,336</u>
EXPENDITURES				
Current:				
General Government		4,833	9,147	13,980
Debt Service:				
Principal Retirement	645,205	250,000	205,000	1,100,205
Interest and Fiscal Charges	260,113	86,075	30,150	376,338
Debt Issuance Costs	63,899	-	-	63,899
Total Expenditures	<u>969,217</u>	<u>340,908</u>	<u>244,297</u>	<u>1,554,422</u>
Excess Revenues Over Expenditures	<u>470,885</u>	<u>(9,673)</u>	<u>(36,298)</u>	<u>424,914</u>
OTHER FINANCING SOURCES				
OPWC Loans Issued	7,557,186	-	-	7,557,186
Transfers Out	(9,546,785)	-	-	(9,546,785)
Total Other Financing Sources	<u>(1,989,599)</u>	<u>-</u>	<u>-</u>	<u>(1,989,599)</u>
Net Change in Fund Balances	(1,518,714)	(9,673)	(36,298)	(1,564,685)
Fund Balances - Beginning of Year	(5,248,049)	114,315	779,880	(4,353,854)
Fund Balances - End of Year	<u>\$ (6,766,763)</u>	<u>\$ 104,642</u>	<u>\$ 743,582</u>	<u>\$ (5,918,539)</u>

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017

	Capital Improvement	Walker/ Moore Rd. Intersection	Sewer Separation Projects	Curtis Sewer	Miller Rd Park Breakwall
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 1,960,690	\$ 13,685	\$ 994,989	\$ 1,477	\$ 1,646
With Escrow Agents	11,032	-	-	-	-
Accrued Interest Receivable	62,528	-	-	-	-
Intergovernmental Receivable	-	-	-	-	-
Municipal Income Taxes Receivable	524,344	-	-	-	-
Special Assessments Receivable	-	-	-	-	-
Total Assets	\$ 2,558,594	\$ 13,685	\$ 994,989	\$ 1,477	\$ 1,646
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 399,715	\$ -	\$ -	\$ -	\$ -
Retainage Payable	-	-	-	-	-
Interfund Payable	-	-	-	-	-
Notes Payable	1,000,000	-	-	-	-
<i>Total Liabilities</i>	<u>1,399,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenue - Municipal Income Taxes	152,843	-	-	-	-
Unavailable Revenue - Other	-	-	-	-	-
<i>Total Deferred Inflows of Resources</i>	<u>152,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted	-	13,685	994,989	-	-
Committed	1,006,036	-	-	-	-
Assigned	-	-	-	1,477	1,646
Unassigned (Deficits)	-	-	-	-	-
<i>Total Fund Balances (Deficits)</i>	<u>1,006,036</u>	<u>13,685</u>	<u>994,989</u>	<u>1,477</u>	<u>1,646</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,558,594	\$ 13,685	\$ 994,989	\$ 1,477	\$ 1,646

<u>Police Court Facility</u>	<u>45's Sewer Seperation</u>	<u>Canterbury Road Improvement</u>	<u>Troy School Driveway</u>	<u>Bicycle Trails</u>	<u>Walker Rd. Widening</u>
\$ 79,494	\$ 104,749	\$ -	\$ 15,000	\$ 200	\$ 28,289
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 79,494</u>	<u>104,749</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 200</u>	<u>\$ 28,289</u>
\$ -	\$ 104,749	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	35,000	-	-
-	-	-	-	-	-
<u>-</u>	<u>104,749</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	20,000	-	-
-	-	-	20,000	-	-
-	-	-	-	-	28,289
-	-	-	-	200	-
79,494	-	-	-	-	-
-	-	-	(20,000)	-	-
<u>79,494</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>200</u>	<u>28,289</u>
<u>\$ 79,494</u>	<u>\$ 104,749</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 200</u>	<u>\$ 28,289</u>

(Continued)

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017
(Continued)

	City Wide Signalization	North Point Erosion Control	Pool Renovation	Walker Rd Sewer/Lear Rd East
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 1,030	\$ 3,771	\$ 1,311	\$ 464,974
With Escrow Agents	-	-	-	-
Accrued Interest Receivable	-	-	-	-
Intergovernmental Receivable	-	-	-	-
Municipal Income Taxes Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	9,035
Total Assets	\$ 1,030	\$ 3,771	\$ 1,311	\$ 474,009
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Retainage Payable	-	-	-	-
Interfund Payable	-	-	-	-
Notes Payable	-	-	-	-
<i>Total Liabilities</i>	-	-	-	-
Deferred Inflows of Resources:				
Unavailable Revenue - Municipal Income Taxes	-	-	-	-
Unavailable Revenue - Other	-	-	-	9,035
<i>Total Deferred Inflows of Resources</i>	-	-	-	9,035
Fund Balances:				
Restricted	-	-	1,311	464,974
Committed	-	-	-	-
Assigned	1,030	3,771	-	-
Unassigned (Deficits)	-	-	-	-
<i>Total Fund Balances (Deficits)</i>	1,030	3,771	1,311	464,974
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,030	\$ 3,771	\$ 1,311	\$ 474,009

Titus- Pitts-Hill Ditch	Sidewalk/ Street Lighting	Cove Ave Improvement	Lear/ Krebs Intersection	Total Nonmajor Capital Projects Funds
\$ 1,079,393	\$ 138,405	\$ 36,195	\$ 450,015	5,375,313
-	-	-	-	11,032
-	-	-	-	62,528
-	-	-	-	20,000
-	-	-	-	524,344
-	45,942	49,325	-	104,302
<u>\$ 1,079,393</u>	<u>\$ 184,347</u>	<u>\$ 85,520</u>	<u>450,015</u>	<u>6,097,519</u>
\$ -	\$ -	\$ -	\$ 203,795	708,259
-	-	-	17,721	17,721
-	-	170,326	-	205,326
-	-	-	-	1,000,000
<u>-</u>	<u>-</u>	<u>170,326</u>	<u>221,516</u>	<u>1,931,306</u>
-	-	-	-	152,843
-	45,942	49,325	-	124,302
<u>-</u>	<u>45,942</u>	<u>49,325</u>	<u>-</u>	<u>277,145</u>
-	138,405	-	228,499	1,870,152
1,079,393	-	-	-	2,085,629
-	-	-	-	87,418
-	-	(134,131)	-	(154,131)
<u>1,079,393</u>	<u>138,405</u>	<u>(134,131)</u>	<u>228,499</u>	<u>3,889,068</u>
<u>\$ 1,079,393</u>	<u>\$ 184,347</u>	<u>\$ 85,520</u>	<u>\$ 450,015</u>	<u>6,097,519</u>

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

	Capital Improvement	Walker/ Moore Rd. Intersection	Sewer Separation Projects	Curtis Sewer	Miller Rd Park Breakwall
REVENUES					
Municipal Income Taxes	\$ 1,370,234	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,348	-	-	-	-
Interest	188,937	-	-	-	-
Charges for Services	-	-	-	-	-
Special Assessments	-	-	-	-	-
All Other Revenues	174,304	-	-	-	-
Total Revenues	1,735,823	-	-	-	-
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Capital Outlay	2,824,577	-	-	-	-
Debt Service:					
Principal Retirement	50,727	-	-	-	-
Interest and Fiscal Charges	14,000	-	-	-	-
Total Expenditures	2,889,304	-	-	-	-
Excess of Revenues (Under) Expenditures	(1,153,481)	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	96	-	-	-	-
Inception of Capital Lease	329,484	-	-	-	-
Loans Issued	30,861	-	-	-	-
Transfers In	1,637,580	-	-	-	-
Total Other Financing Sources (Uses)	1,998,021	-	-	-	-
Net Change in Fund Balances	844,540	-	-	-	-
Fund Balances (Deficits)- Beginning of Year	161,496	13,685	994,989	1,477	1,646
Fund Balances (Deficits) - End of Year	\$ 1,006,036	\$ 13,685	\$ 994,989	\$ 1,477	\$ 1,646

<u>Police Court Facility</u>	<u>45's Sewer Separation</u>	<u>Canterbury Road Improvement</u>	<u>Troy School Driveway</u>	<u>Bicycle Trails</u>	<u>Walker Rd. Widening</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	10,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	10,000	-	-
-	-	-	-	-	-
-	381,317	-	-	-	-
-	-	-	-	-	-
-	304	-	-	-	-
-	381,621	-	-	-	-
-	(381,621)	-	10,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	381,621	-	-	-	-
-	-	132,785	-	-	-
-	381,621	132,785	-	-	-
-	-	132,785	10,000	-	-
79,494	-	(132,785)	(30,000)	200	28,289
<u>\$ 79,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 200</u>	<u>\$ 28,289</u>

(Continued)

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017
(Continued)

	City Wide Signalization	North Point Erosion Control	Pool Renovation	Walker Rd Sewer/Lear Rd East
REVENUES				
Municipal Income Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Interest	-	-	-	-
Charges for Services	-	-	-	-
Special Assessments	-	-	-	23,175
All Other Revenues	-	-	-	-
Total Revenues	-	-	-	23,175
EXPENDITURES				
Current:				
General Government	-	-	-	905
Capital Outlay	-	-	27,827	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	-	27,827	905
Excess of Revenues (Under) Expenditures	-	-	(27,827)	22,270
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	-	-
Inception of Capital Lease	-	-	-	-
Loans Issued	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(27,827)	22,270
Fund Balances (Deficits)- Beginning of Year	1,030	3,771	29,138	442,704
Fund Balances (Deficits) - End of Year	\$ 1,030	\$ 3,771	\$ 1,311	\$ 464,974

Titus- Pitts-Hill Ditch	Sidewalk/ Street Lighting	Cove Ave Improvement	Lear/ Krebs Intersection	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,370,234
12,549	-	-	270,988	285,885
-	-	-	-	188,937
312,895	-	-	-	322,895
-	-	13,784	-	36,959
-	-	-	-	174,304
<u>325,444</u>	<u>-</u>	<u>13,784</u>	<u>270,988</u>	<u>2,379,214</u>
-	-	530	-	1,435
31,398	-	-	1,063,615	4,328,734
-	-	-	-	50,727
-	-	5,185	-	19,489
<u>31,398</u>	<u>-</u>	<u>5,715</u>	<u>1,063,615</u>	<u>4,400,385</u>
<u>294,046</u>	<u>-</u>	<u>8,069</u>	<u>(792,627)</u>	<u>(2,021,171)</u>
-	-	-	-	96
-	-	-	-	329,484
12,549	-	-	19,533	444,564
-	-	-	-	1,770,365
<u>12,549</u>	<u>-</u>	<u>-</u>	<u>19,533</u>	<u>2,544,509</u>
306,595	-	8,069	(773,094)	523,338
<u>772,798</u>	<u>138,405</u>	<u>(142,200)</u>	<u>1,001,593</u>	<u>3,365,730</u>
<u>\$ 1,079,393</u>	<u>\$ 138,405</u>	<u>\$ (134,131)</u>	<u>\$ 228,499</u>	<u>\$ 3,889,068</u>

Fund Descriptions – 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. 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. Agency funds are purely custodial (assets equals liabilities) and thus do not involve measurement of results of operations.

Agency Funds

Deposit Trust Fund – This fund is used to account for the receipt of refundable deposits required of contractors, builders, residents or others to insure compliance with various City ordinances.

Unclaimed Monies Fund – This fund is used to account for stale dated checks issued by the City for various purposes. These dollars are held in this fund until a legal claim is made.

Transfer Fund – This fund is used to account for fees and deposits collected on behalf of others.

ETL 2 MOR Fund – This fund is used to account for the activity of the Consortium. The Consortium was created for the purpose of construction, operating and maintenance of a water transmission line to service members of the Consortium. The City serves as the fiscal agent for the Consortium.

Municipal Court Fund – This fund is used to account for funds that flow through the Municipal Court office for civil, criminal, and traffic cases and distributed to various local governments.

City of Avon Lake, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017

	Balance 12/31/2016	Additions	Deletions	Balance 12/31/2017
<u>Deposit Trust</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 97,783	\$ -	\$ 20,200	\$ 77,583
Liabilities				
Due to Others	\$ 97,783	\$ -	\$ 20,200	\$ 77,583
<u>Unclaimed Monies</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,267	\$ 234	\$ -	\$ 6,501
Liabilities				
Due to Others	\$ 6,267	\$ 234	\$ -	\$ 6,501
<u>Transfer</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 5,292	\$ 15,715	\$ 19,103	\$ 1,904
Liabilities				
Due to Other Governments	\$ 5,292	\$ 15,715	\$ 19,103	\$ 1,904
<u>ETL 2 MOR</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,456,430	\$ 4,524,245	\$ 4,700,186	\$ 1,280,489
Liabilities				
Due to Others	\$ 1,456,430	\$ 4,524,245	\$ 4,700,186	\$ 1,280,489
<u>Municipal Court</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 63,348	\$ 1,068,293	\$ 1,058,505	\$ 73,136
Liabilities				
Due to Others	\$ 63,348	\$ 1,068,293	\$ 1,058,505	\$ 73,136
<u>Total - All Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,629,120	\$ 5,608,487	\$ 5,797,994	\$ 1,439,613
<i>Total Assets</i>	<u>\$ 1,629,120</u>	<u>\$ 5,608,487</u>	<u>\$ 5,797,994</u>	<u>\$ 1,439,613</u>
Liabilities				
Due to Other Governments	\$ 5,292	\$ 15,715	\$ 19,103	\$ (18,296)
Due to Others	1,623,828	5,592,772	5,778,891	1,437,709
<i>Total Liabilities</i>	<u>\$ 1,629,120</u>	<u>\$ 5,608,487</u>	<u>\$ 5,797,994</u>	<u>\$ 1,419,413</u>

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



City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 3,586,919	\$ 3,866,978	\$ 3,882,664	\$ 15,686
Municipal Income Taxes	7,495,312	7,495,312	7,495,312	-
Other Taxes	393,497	424,220	425,941	1,721
Intergovernmental	559,458	603,139	605,586	2,447
Fees, Licenses, and Permits	292,537	315,378	316,657	1,279
Fines and Forfeitures	264,671	285,336	286,493	1,157
Charges for Services	1,128,057	1,216,134	1,221,067	4,933
Rentals	112,133	120,889	121,379	490
Contributions and Donations	17,661	19,040	19,117	77
All Other Revenues	228,665	246,519	247,519	1,000
Total Revenues	14,078,910	14,592,945	14,621,735	28,790
Expenditures:				
Current:				
Security of Persons and Property				
Police				
Personal Services	3,878,581	3,968,081	3,949,784	18,297
Other	312,941	304,441	323,602	(19,161)
Total Police	4,191,522	4,272,522	4,273,386	(864)
Fire				
Personal Services	2,419,131	2,473,531	2,469,072	4,459
Other	193,299	163,299	155,563	7,736
Total Fire	2,612,430	2,636,830	2,624,635	12,195
Total Security of Persons and Property	6,803,952	6,909,352	6,898,021	11,331
Leisure Time Activities				
Recreation				
Personal Services	515,890	655,110	655,155	(45)
Other	340,705	510,905	501,116	9,789
Total Leisure Time Activities	856,595	1,166,015	1,156,271	9,744
Community Development				
Building Inspection				
Personal Services	372,240	415,640	415,654	(14)
Other	33,470	24,470	21,657	2,813
Total Building Inspection	405,710	440,110	437,311	2,799
Planning Commission				
Other	2,500	1,300	786	514
EEAB				
Personal Services	680	680	392	288
Other	3,010	3,010	1,512	1,498
Total EEAB	3,690	3,690	1,904	1,786
Total Community Development	411,900	445,100	440,001	5,099

(continued)

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
General Fund
For the Year Ended December 31, 2017
 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Service				
Personal Services	2,073,017	2,154,017	2,148,706	5,311
Other	1,244,148	1,428,348	1,265,030	163,318
Total Transportation	<u>3,317,165</u>	<u>3,582,365</u>	<u>3,413,736</u>	<u>168,629</u>
General Government				
Legislative - Council				
Personal Services	196,135	228,935	228,936	(1)
Other	24,957	21,957	18,495	3,462
Total Legislative - Council	<u>221,092</u>	<u>250,892</u>	<u>247,431</u>	<u>3,461</u>
Judicial - Court				
Personal Services	423,150	427,650	427,820	(170)
Other	79,260	95,985	89,366	6,619
Total Judicial - Court	<u>502,410</u>	<u>523,635</u>	<u>517,186</u>	<u>6,449</u>
Legal Counsel				
Personal Services	237,881	251,581	251,723	(142)
Other	198,138	114,138	90,034	24,104
Total Legal Counsel	<u>436,019</u>	<u>365,719</u>	<u>341,757</u>	<u>23,962</u>
Civil Service				
Personal Services	5,825	3,825	3,735	90
Other	11,550	28,050	25,828	2,222
Total Civil Service	<u>17,375</u>	<u>31,875</u>	<u>29,563</u>	<u>2,312</u>
Mayor				
Personal Services	367,296	367,656	358,292	9,364
Other	264,038	228,538	224,783	3,755
Total Mayor	<u>631,334</u>	<u>596,194</u>	<u>583,075</u>	<u>13,119</u>
Finance				
Personal Services	397,625	447,625	447,678	(53)
Other	353,482	348,082	347,735	347
Total Finance	<u>751,107</u>	<u>795,707</u>	<u>795,413</u>	<u>294</u>
Other General Government				
Other	542,400	601,600	601,584	16
Total General Government	<u>3,101,737</u>	<u>3,165,622</u>	<u>3,116,009</u>	<u>49,613</u>
Total Expenditures	<u>14,491,349</u>	<u>15,268,454</u>	<u>15,024,038</u>	<u>244,416</u>

(continued)

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2017
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues Over (Under) Expenditures	(412,439)	(675,509)	(402,303)	273,206
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	1,495	1,495
Advances In	5,000	5,000	-	(5,000)
Transfers In	3	3	250,003	250,000
Transfers Out	(623,392)	(623,392)	(623,302)	90
Total Other Financing Sources (Uses)	<u>(618,389)</u>	<u>(618,389)</u>	<u>(371,804)</u>	<u>246,585</u>
Net Change in Fund Balance	(1,030,828)	(1,293,898)	(774,107)	519,791
Fund Balance - Beginning of Year	448,669	448,669	448,669	-
Prior Year Encumbrances Appropriated	447,463	447,463	447,463	-
Fund Balance - End of Year	<u>\$ (134,696)</u>	<u>\$ (397,766)</u>	<u>\$ 122,025</u>	<u>\$ 519,791</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Fairfield/Brookfield Improvement Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital Outlay:				
Capital Outlay	8,000,000	8,000,000	8,000,000	-
Total Expenditures	8,000,000	8,000,000	8,000,000	-
Net Change in Fund Balance	(8,000,000)	(8,000,000)	(8,000,000)	-
Fund Balance - Beginning of Year	8,000,000	8,000,000	8,000,000	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Avon Lake, 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, 2017*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 1,074,985	\$ 1,070,890	\$ (4,095)
Total Revenues	<u>1,074,985</u>	<u>1,070,890</u>	<u>(4,095)</u>
Expenditures:			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Personal Services	807,865	776,896	30,969
Other	556,046	333,169	222,877
Total Expenditures	<u>1,363,911</u>	<u>1,110,065</u>	<u>253,846</u>
Excess of Revenues Over (Under) Expenditures	(288,926)	(39,175)	249,751
Other Financing Sources			
Transfers In	351,339	350,000	(1,339)
Total Other Financing Sources	<u>351,339</u>	<u>350,000</u>	<u>(1,339)</u>
Net Change in Fund Balance	62,413	310,825	248,412
Fund Balance - Beginning of Year	743,022	743,022	-
Prior Year Encumbrances Appropriated	73,546	73,546	-
Fund Balance - End of Year	<u>\$ 878,981</u>	<u>\$ 1,127,393</u>	<u>\$ 248,412</u>

City of Avon Lake, 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, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Intergovernmental	\$ 76,172	\$ 73,894	\$ (2,278)
Total Revenues	<u>76,172</u>	<u>73,894</u>	<u>(2,278)</u>
Expenditures:			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Other	90,000	39,571	50,429
Total Expenditures	<u>90,000</u>	<u>39,571</u>	<u>50,429</u>
Net Change in Fund Balance	(13,828)	34,323	48,151
Fund Balance - Beginning of Year	35,743	35,743	-
Fund Balance - End of Year	<u>\$ 21,915</u>	<u>\$ 70,066</u>	<u>\$ 48,151</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Income Tax Transfer Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$ 9,902,286	\$ 10,281,341	\$ 11,605,129	\$ 1,323,788
Total Revenues	<u>9,902,286</u>	<u>10,281,341</u>	<u>11,605,129</u>	<u>1,323,788</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Police and Others:				
Other	-	125,305	275,301	(149,996)
Total Expenditures	<u>-</u>	<u>125,305</u>	<u>275,301</u>	<u>(149,996)</u>
Excess of Revenues Over (Under) Expenditures	9,902,286	10,156,036	11,329,828	1,173,792
Other Financing Uses				
Transfers Out	(10,245,315)	(10,718,895)	(10,718,895)	-
Total Other Financing Uses	<u>(10,245,315)</u>	<u>(10,718,895)</u>	<u>(10,718,895)</u>	<u>-</u>
Net Change in Fund Balance	(343,029)	(562,859)	610,933	1,173,792
Fund Balance - Beginning of Year	7,173,209	7,173,209	7,173,209	-
Fund Balance - End of Year	<u>\$ 6,830,180</u>	<u>\$ 6,610,350</u>	<u>\$ 7,784,142</u>	<u>\$ 1,173,792</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Paramedic Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Property Taxes	\$ 1,598,475	\$ 1,546,959	\$ (51,516)
Intergovernmental	96,193	93,093	(3,100)
Contributions and Donations	2,067	2,000	(67)
Total Revenues	<u>1,696,735</u>	<u>1,642,052</u>	<u>(54,683)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	1,208,050	1,208,050	-
Other	349,395	303,618	45,777
Total Security of Persons & Property	<u>1,557,445</u>	<u>1,511,668</u>	<u>45,777</u>
Debt Service:			
Principal	23,000	23,000	-
Total Expenditures	<u>1,580,445</u>	<u>1,534,668</u>	<u>45,777</u>
Net Change in Fund Balance	116,290	107,384	(8,906)
Fund Balance - Beginning of Year	824,727	824,727	-
Prior Year Encumbrances Appropriated	20,900	20,900	-
Fund Balance - End of Year	<u>\$ 961,917</u>	<u>\$ 953,011</u>	<u>\$ (8,906)</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Office on Aging Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive (Negative)
Expenditures:			
Current:			
Other	\$ 43,000	\$ 42,000	\$ 1,000
Total Expenditures	<u>43,000</u>	<u>42,000</u>	<u>1,000</u>
Excess of Revenues Over (Under) Expenditures	(43,000)	(42,000)	1,000
Other Financing Sources			
Transfers In	42,184	42,452	268
Total Other Financing Sources	<u>42,184</u>	<u>42,452</u>	<u>268</u>
Net Change in Fund Balance	(816)	452	1,268
Fund Balance - Beginning of Year	4,243	4,243	-
Fund Balance - End of Year	<u>\$ 3,427</u>	<u>\$ 4,695</u>	<u>\$ 1,268</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Dial-A-Bus Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Expenditures:			
Current:			
Transportation			
Service			
Personal Services	\$ 36,090	\$ 21,917	\$ 14,173
Other	3,000	1,008	1,992
Total Expenditures	<u>39,090</u>	<u>22,925</u>	<u>16,165</u>
Excess of Revenues Over (Under) Expenditures	(39,090)	(22,925)	16,165
Other Financing Sources			
Transfers In	<u>30,469</u>	<u>30,000</u>	<u>(469)</u>
Total Other Financing Sources	<u>30,469</u>	<u>30,000</u>	<u>(469)</u>
Net Change in Fund Balance	(8,621)	7,075	15,696
Fund Balance - Beginning of Year	<u>74,562</u>	<u>74,562</u>	-
Fund Balance - End of Year	<u>\$ 65,941</u>	<u>\$ 81,637</u>	<u>\$ 15,696</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Cable TV Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
All Other Revenues	\$ 835	\$ 728	\$ (107)
Total Revenues	<u>835</u>	<u>728</u>	<u>(107)</u>
Expenditures:			
Current:			
Leisure Time Activities			
Cable TV			
Personal Services	111,180	107,996	3,184
Other	62,613	63,669	(1,056)
Total Expenditures	<u>173,793</u>	<u>171,665</u>	<u>2,128</u>
Excess of Revenues Over (Under) Expenditures	(172,958)	(170,937)	2,021
Other Financing Sources			
Transfers In	162,935	142,000	(20,935)
Total Other Financing Sources	<u>162,935</u>	<u>142,000</u>	<u>(20,935)</u>
Net Change in Fund Balance	(10,023)	(28,937)	(18,914)
Fund Balance - Beginning of Year	121,146	121,146	-
Prior Year Encumbrances Appropriated	15,313	15,313	-
Fund Balance - End of Year	<u>\$ 126,436</u>	<u>\$ 107,522</u>	<u>\$ (18,914)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Law Enforcement Trust Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 1,904	\$ 1,920	\$ 16
Total Revenues	<u>1,904</u>	<u>1,920</u>	<u>16</u>
Expenditures:			
Current:			
Security of Persons and Property			
Other	2,000	-	2,000
Total Expenditures	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net Change in Fund Balance	(96)	1,920	2,016
Fund Balance - Beginning of Year	59,329	59,329	-
Fund Balance - End of Year	<u>\$ 59,233</u>	<u>\$ 61,249</u>	<u>\$ 2,016</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Law Enforcement and Education Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 1,904	\$ 642	\$ (1,262)
Total Revenues	<u>1,904</u>	<u>642</u>	<u>(1,262)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	1,000	-	1,000
Total Expenditures	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net Change in Fund Balance	904	642	(262)
Fund Balance - Beginning of Year	29,384	29,384	-
Fund Balance - End of Year	<u>\$ 30,288</u>	<u>\$ 30,026</u>	<u>\$ (262)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Indigent Drivers Alcohol Treatment Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 9,522	\$ 8,602	\$ (920)
Total Revenues	<u>9,522</u>	<u>8,602</u>	<u>(920)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	40,070	5,688	34,382
Total Expenditures	<u>40,070</u>	<u>5,688</u>	<u>34,382</u>
Net Change in Fund Balance	(30,548)	2,914	33,462
Fund Balance - Beginning of Year	46,848	46,848	-
Prior Year Encumbrances Appropriated	5,070	5,070	-
Fund Balance - End of Year	<u>\$ 21,370</u>	<u>\$ 54,832</u>	<u>\$ 33,462</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Municipal Court Computer Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 30,469	\$ 33,800	\$ 3,331
Total Revenues	<u>30,469</u>	<u>33,800</u>	<u>3,331</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	41,987	40,254	1,733
Total Expenditures	<u>41,987</u>	<u>40,254</u>	<u>1,733</u>
Net Change in Fund Balance	(11,518)	(6,454)	5,064
Fund Balance - Beginning of Year	132,048	132,048	-
Prior Year Encumbrances Appropriated	3,987	3,987	-
Fund Balance - End of Year	<u>\$ 124,517</u>	<u>\$ 129,581</u>	<u>\$ 5,064</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 COPS Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Intergovernmental	\$ 58,276	\$ 60,347	\$ 2,071
Total Revenues	<u>58,276</u>	<u>60,347</u>	<u>2,071</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	117,420	117,683	(263)
Total Expenditures	<u>117,420</u>	<u>117,683</u>	<u>(263)</u>
Excess of Revenues Over (Under) Expenditures	(59,144)	(57,336)	1,808
Other Financing Sources			
Transfers In	54,078	56,000	1,922
Total Other Financing Sources	<u>54,078</u>	<u>56,000</u>	<u>1,922</u>
Net Change in Fund Balance	(5,066)	(1,336)	3,730
Fund Balance - Beginning of Year	9,875	9,875	-
Fund Balance - End of Year	<u>\$ 4,809</u>	<u>\$ 8,539</u>	<u>\$ 3,730</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Avon Lake/Bay Park Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u></u>
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	432	432	-
Fund Balance - End of Year	<u><u>\$ 432</u></u>	<u><u>\$ 432</u></u>	<u><u>\$ -</u></u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Board of Building Standards Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Charges for Services	\$ 3,809	\$ 3,152	\$ (657)
Total Revenues	<u>3,809</u>	<u>3,152</u>	<u>(657)</u>
Expenditures:			
Current:			
Community Environment			
Building Inspection			
Other	5,769	1,466	4,303
Total Expenditures	<u>5,769</u>	<u>1,466</u>	<u>4,303</u>
Net Change in Fund Balance	(1,960)	1,686	3,646
Fund Balance - Beginning of Year	2,384	2,384	-
Prior Year Encumbrances Appropriated	1,269	1,269	-
Fund Balance - End of Year	<u>\$ 1,693</u>	<u>\$ 5,339</u>	<u>\$ 3,646</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Employee Sick Time Buy Back Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	\$ 115,000	\$ -	\$ 115,000
Total Expenditures	<u>115,000</u>	<u>-</u>	<u>115,000</u>
Excess of Revenues Over (Under) Expenditures	(115,000)	-	115,000
Other Financing Sources			
Transfers In	51,416	-	(51,416)
Total Other Financing Sources	<u>51,416</u>	<u>-</u>	<u>(51,416)</u>
Net Change in Fund Balance	(63,584)	-	63,584
Fund Balance - Beginning of Year	237,203	237,203	-
Fund Balance - End of Year	<u>\$ 173,619</u>	<u>\$ 237,203</u>	<u>\$ 63,584</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Street Tree Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Contributions and Donations	\$ 5,713	\$ 7,650	\$ 1,937
Total Revenues	<u>5,713</u>	<u>7,650</u>	<u>1,937</u>
Expenditures:			
Current:			
Leisure Time Activities			
Parks and Recreation			
Other	5,000	4,103	897
Total Expenditures	<u>5,000</u>	<u>4,103</u>	<u>897</u>
Net Change in Fund Balance	713	3,547	2,834
Fund Balance - Beginning of Year	153,112	153,112	-
Fund Balance - End of Year	<u>\$ 153,825</u>	<u>\$ 156,659</u>	<u>\$ 2,834</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Continued Professional Training - Police Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
All Other Revenues	\$ -	\$ 12,700	\$ 12,700
Total Revenues	<u>-</u>	<u>12,700</u>	<u>12,700</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	5,780	-	5,780
Total Expenditures	<u>5,780</u>	<u>-</u>	<u>5,780</u>
Net Change in Fund Balance	(5,780)	12,700	18,480
Fund Balance - Beginning of Year	20,905	20,905	-
Fund Balance - End of Year	<u>\$ 15,125</u>	<u>\$ 33,605</u>	<u>\$ 18,480</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
Court Security Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 30,469	\$ 33,621	\$ 3,152
Total Revenues	30,469	33,621	3,152
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	36,370	31,742	4,628
Other	2,238	3,516	(1,278)
Total Expenditures	38,608	35,258	3,350
Net Change in Fund Balance	(8,139)	(1,637)	6,502
Fund Balance - Beginning of Year	82,959	82,959	-
Prior Year Encumbrances Appropriated	238	238	-
Fund Balance - End of Year	\$ 75,058	\$ 81,560	\$ 6,502

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Court Interlock Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 13,330	\$ 9,159	\$ (4,171)
Total Revenues	<u>13,330</u>	<u>9,159</u>	<u>(4,171)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	17,615	-	17,615
Total Expenditures	<u>17,615</u>	<u>-</u>	<u>17,615</u>
Net Change in Fund Balance	(4,285)	9,159	13,444
Fund Balance - Beginning of Year	96,484	96,484	-
Prior Year Encumbrances Appropriated	2,615	2,615	-
Fund Balance - End of Year	<u>\$ 94,814</u>	<u>\$ 108,258</u>	<u>\$ 13,444</u>

City of Avon Lake, 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, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Property Taxes	\$ 285,403	\$ 246,490	\$ (38,913)
Intergovernmental	17,381	15,011	(2,370)
Total Revenues	<u>302,784</u>	<u>261,501</u>	<u>(41,283)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	337,600	337,499	101
Other	5,555	3,816	1,739
Total Expenditures	<u>343,155</u>	<u>341,315</u>	<u>1,840</u>
Net Change in Fund Balance	(40,371)	(79,814)	(39,443)
Fund Balance - Beginning of Year	100,425	100,425	-
Fund Balance - End of Year	<u>\$ 60,054</u>	<u>\$ 20,611</u>	<u>\$ (39,443)</u>

City of Avon Lake, 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, 2017

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Property Taxes	\$ 262,068	\$ 246,490	\$ (15,578)
Intergovernmental	15,960	15,011	(949)
Total Revenues	<u>278,028</u>	<u>261,501</u>	<u>(16,527)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	325,100	325,026	74
Other	5,555	3,815	1,740
Total Expenditures	<u>330,655</u>	<u>328,841</u>	<u>1,814</u>
Net Change in Fund Balance	(52,627)	(67,340)	(14,713)
Fund Balance - Beginning of Year	101,928	101,928	-
Fund Balance - End of Year	<u>\$ 49,301</u>	<u>\$ 34,588</u>	<u>\$ (14,713)</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Recreation Trust Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive (Negative)
Revenues:			
Interest	\$ 573	\$ 972	\$ 399
Charges for Services	29,896	50,690	20,794
Total Revenues	<u>30,469</u>	<u>51,662</u>	<u>21,193</u>
 Net Change in Fund Balance	 30,469	 51,662	 21,193
 Fund Balance - Beginning of Year	 276,694	 276,694	 -
Fund Balance - End of Year	<u><u>\$ 307,163</u></u>	<u><u>\$ 328,356</u></u>	<u><u>\$ 21,193</u></u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Bond Retirement (Unvoted) Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amount</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Intergovernmental	\$ 3,203,793	\$ 3,279,100	\$ 75,307
Total Revenues	<u>\$ 3,203,793</u>	<u>\$ 3,279,100</u>	<u>\$ 75,307</u>
Expenditures:			
Debt Service:			
Principal	16,385,325	16,385,282	43
Interest & Fiscal Charges	387,515	387,557	(42)
Debt Issuance Costs	63,900	63,899	1
Total Expenditures	<u>16,836,740</u>	<u>16,836,738</u>	<u>2</u>
Excess of Revenues Over (Under) Expenditures	(13,632,947)	(13,557,638)	75,309
Other Financing Sources			
Bond Anticipation Notes Issued	7,079,590	7,246,000	166,410
OPWC Loans Issued	4,063,782	4,258,317	194,535
Premium on Debt Issuance	103,447	105,879	2,432
Transfers In	1,465,551	1,500,000	34,449
Transfer Out	(132,785)	(132,785)	-
Total Other Financing Sources	<u>12,579,585</u>	<u>12,977,411</u>	<u>397,826</u>
Net Change in Fund Balance	(1,053,362)	(580,227)	473,135
Fund Balance - Beginning of Year	873,028	873,028	-
Fund Balance - End of Year	<u>\$ (180,334)</u>	<u>\$ 292,801</u>	<u>\$ 473,135</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Bond Retirement (Voted) Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Property Taxes	\$ 366,606	\$ 312,221	\$ (54,385)
Intergovernmental	22,326	19,014	(3,312)
Total Revenues	<u>388,932</u>	<u>331,235</u>	<u>(57,697)</u>
Expenditures:			
Current:			
General Government			
Other General Government			
Other	5,550	4,833	717
Debt Service:			
Principal	250,000	250,000	-
Interest & Fiscal Charges	91,250	86,075	5,175
Total Debt Service	<u>341,250</u>	<u>336,075</u>	<u>5,175</u>
Total Expenditures	<u>346,800</u>	<u>340,908</u>	<u>5,892</u>
Net Change in Fund Balance	42,132	(9,673)	(51,805)
Fund Balance- Beginning of Year	114,315	114,315	-
Fund Balance- End of Year	<u>\$ 156,447</u>	<u>\$ 104,642</u>	<u>\$ (51,805)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Special Assessment Bond Retirement Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Special Assessments	\$ 381,821	\$ 199,964	\$ (181,857)
Total Revenues	<u>381,821</u>	<u>199,964</u>	<u>(181,857)</u>
Expenditures:			
Current:			
General Government			
Other General Government			
Other	14,050	9,147	4,903
Debt Service:			
Principal	232,685	240,048	(7,363)
Interest & Fiscal Charges	42,235	40,566	1,669
Total Debt Service	<u>274,920</u>	<u>280,614</u>	<u>(5,694)</u>
Total Expenditures	<u>288,970</u>	<u>289,761</u>	<u>(791)</u>
Excess of Revenues Over (Under) Expenditures	92,851	(89,797)	(182,648)
Other Financing Sources			
Transfers In	5,442	19,884	14,442
Total Other Financing Sources	<u>5,442</u>	<u>19,884</u>	<u>14,442</u>
Net Change in Fund Balance	98,293	(69,913)	(168,206)
Fund Balance - Beginning of Year	792,648	792,648	-
Fund Balance - End of Year	<u>\$ 890,941</u>	<u>\$ 722,735</u>	<u>\$ (168,206)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Capital Improvement Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amount</u>		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Municipal Income Taxes	\$ 1,250,000	\$ 1,250,000	\$ -
Intergovernmental	3,901	2,348	(1,553)
Interest	188,526	113,848	(74,678)
All Other Revenues	149,545	174,304	24,759
Total Revenues	<u>1,591,973</u>	<u>1,540,500</u>	<u>(51,473)</u>
Expenditures:			
Capital Outlay:			
Other	69,500	14,000	55,500
Capital Outlay	3,769,304	3,342,839	426,465
Total Capital Outlay	<u>3,838,804</u>	<u>3,356,839</u>	<u>481,965</u>
Total Expenditures	<u>3,838,804</u>	<u>3,356,839</u>	<u>481,965</u>
Excess of Revenues Over (Under) Expenditures	(2,246,831)	(1,816,339)	430,492
Other Financing Sources (Uses)			
Sale of Capital Assets	160	96	(64)
Bond Anticipation Notes Issued	1,661,613	1,000,000	(661,613)
Transfers In	1,198,519	223,580	(974,939)
Transfers Out	(200,000)	-	200,000
Total Other Financing Sources (Uses)	<u>2,660,291</u>	<u>1,223,676</u>	<u>(1,436,615)</u>
Net Change in Fund Balance	413,460	(592,663)	(1,006,123)
Fund Balance - Beginning of Year	986,634	986,634	-
Prior Year Encumbrances Appropriated	569,464	569,464	-
Fund Balance - End of Year	<u>\$ 1,969,558</u>	<u>\$ 963,435</u>	<u>\$ (1,006,123)</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Sewer Separation Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive
			<u>(Negative)</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	\$ 27,804	\$ 27,804	\$ -
Total Expenditures	<u>27,804</u>	<u>27,804</u>	<u>-</u>
 Net Change in Fund Balance	 (27,804)	 (27,804)	 -
 Fund Balance - Beginning of Year	 967,185	 967,185	 -
Prior Year Encumbrances Appropriated	27,804	27,804	-
Fund Balance - End of Year	<u>\$ 967,185</u>	<u>\$ 967,185</u>	<u>\$ -</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
45's Sewer Separation Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:	276,568	276,568	-
Total Expenditures	<u>276,568</u>	<u>276,568</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(276,568)</u>	<u>(276,568)</u>	<u>-</u>
Other Financing Sources			
OPWC Loans Issued	276,568	381,317	104,749
Total Other Financing Sources	<u>276,568</u>	<u>381,317</u>	<u>104,749</u>
Net Change in Fund Balance	-	104,749	104,749
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 104,749</u>	<u>\$ 104,749</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Canterbury Road Improvement Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources			
Transfers In	56,933	132,785	75,852
Total Other Financing Sources	<u>56,933</u>	<u>132,785</u>	<u>75,852</u>
Net Change in Fund Balance	56,933	132,785	75,852
Fund Balance - Beginning of Year	(132,785)	(132,785)	-
Fund Balance - End of Year	<u>\$ (75,852)</u>	<u>\$ -</u>	<u>\$ 75,852</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Troy School Driveway Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Current:			
Security of Persons and Property:			
Police and Others:			
Other	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess of Revenues Over (Under) Expenditures	(5,000)	-	5,000
Other Financing Uses			
Advances In	<u>27,019</u>	<u>10,000</u>	<u>(17,019)</u>
Total Other Financing Uses	<u>27,019</u>	<u>10,000</u>	<u>(17,019)</u>
Net Change in Fund Balance	22,019	10,000	(12,019)
Fund Balance - Beginning of Year	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 27,019</u>	<u>\$ 15,000</u>	<u>\$ (12,019)</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Bicycle Trails Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Contributions and Donations	\$ 200	\$ -	\$ (200)
Total Revenues	<u>200</u>	<u>-</u>	<u>(200)</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	200	-	(200)
Fund Balance - Beginning of Year	200	200	-
Fund Balance - End of Year	<u>\$ 400</u>	<u>\$ 200</u>	<u>\$ (200)</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Pool Renovation Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	28,196	27,827	369
Total Expenditures	<u>28,196</u>	<u>27,827</u>	<u>369</u>
Net Change in Fund Balance	(28,196)	(27,827)	369
Fund Balance - Beginning of Year	28,769	28,769	-
Prior Year Encumbrances Appropriated	369	369	-
Fund Balance - End of Year	<u>\$ 942</u>	<u>\$ 1,311</u>	<u>\$ 369</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Walker Rd. Sewer/Lear Rd. East Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Special Assessments	\$ 24,000	\$ 23,175	\$ (825)
Total Revenues	<u>24,000</u>	<u>23,175</u>	<u>(825)</u>
Expenditures:			
Current:			
General Government			
Other	910	905	5
Total Expenditures	<u>910</u>	<u>905</u>	<u>5</u>
Net Change in Fund Balance	23,090	22,270	(820)
Fund Balance - Beginning of Year	442,704	442,704	-
Fund Balance - End of Year	<u>\$ 465,794</u>	<u>\$ 464,974</u>	<u>\$ (820)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Titus-Pitts-Hill Ditch Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Charges for Services	\$ 40,121	\$ 312,895	\$ 272,774
Total Revenues	<u>40,121</u>	<u>312,895</u>	<u>272,774</u>
Expenditures:			
Capital Outlay:			
Other	15,000	6,300	8,700
Total Expenditures	<u>15,000</u>	<u>6,300</u>	<u>8,700</u>
Net Change in Fund Balance	25,121	306,595	281,474
Fund Balance - Beginning of Year	772,798	772,798	-
Fund Balance - End of Year	<u>\$ 797,919</u>	<u>\$ 1,079,393</u>	<u>\$ 281,474</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Sidewalk/Street Lighting Fund
For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Special Assessments	\$ 1,000	\$ -	\$ (1,000)
Total Revenues	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Expenditures:			
General Government			
Other	975	-	975
Total Expenditures	<u>975</u>	<u>-</u>	<u>975</u>
Net Change in Fund Balance	25	-	(25)
Fund Balance - Beginning of Year	138,405	138,405	-
Fund Balance - End of Year	<u>\$ 138,430</u>	<u>\$ 138,405</u>	<u>\$ (25)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Cove Ave. Improvements Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Special Assessments	\$ 15,000	\$ 13,784	\$ (1,216)
Total Revenues	<u>15,000</u>	<u>13,784</u>	<u>(1,216)</u>
Expenditures:			
Current:			
General Government			
Other	2,100	530	1,570
Total Expenditures	<u>2,100</u>	<u>530</u>	<u>1,570</u>
Excess of Revenues Over (Under) Expenditures	12,900	13,254	354
Other Financing Uses			
Transfers Out	-	(17,034)	(17,034)
Total Other Financing Uses	<u>-</u>	<u>(17,034)</u>	<u>(17,034)</u>
Net Change in Fund Balance	12,900	(3,780)	(16,680)
Fund Balance - Beginning of Year	39,975	39,975	-
Fund Balance - End of Year	<u>\$ 52,875</u>	<u>\$ 36,195</u>	<u>\$ (16,680)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Lear/Krebs Intersection Fund
 For the Year Ended December 31, 2017*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 1,520,000	\$ -	\$ (1,520,000)
Total Revenues	<u>\$ 1,520,000</u>	<u>\$ -</u>	<u>\$ (1,520,000)</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	1,477,135	575,676	901,459
Total Expenditures	<u>1,477,135</u>	<u>575,676</u>	<u>901,459</u>
Excess of Revenues Over (Under) Expenditures	<u>42,865</u>	<u>(575,676)</u>	<u>(618,541)</u>
Net Change in Fund Balance	42,865	(575,676)	(618,541)
Fund Balance - Beginning of Year	996,939	996,939	-
Prior Year Encumbrances Appropriated	16,135	16,135	-
Fund Balance - End of Year	<u>\$ 1,055,939</u>	<u>\$ 437,398</u>	<u>\$ (618,541)</u>

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STATISTICAL SECTION



City of Avon Lake, Ohio

Statistical Section

This part of City'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(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2-S15
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, property taxes and municipal income taxes.	S16-S22
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S24-S29
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S30-S33
Operating Information These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S34-S38

Sources: Unless otherwise noted, the information in these schedules is derived from the basic financial statements for the relevant year.

City of Avon Lake, Ohio
Net Position by Component
Accrual Basis of Accounting
Last Ten Years

	2017	2016	2015
<u>Governmental Activities</u>			
Net Investment in Capital Assets	\$ 40,258,801	\$ 44,792,875	\$ 47,819,200
Restricted	11,095,785	8,808,675	8,126,696
Unrestricted	(8,179,046)	(8,228,818)	(10,251,230)
Total Governmental Activities Net Position	<u>\$ 43,175,540</u>	<u>\$ 45,372,732</u>	<u>\$ 45,694,666</u>
<u>Business Type - Activities</u>			
Net Investment in Capital Assets	\$ 47,157,317	\$ 44,246,451	\$ 50,834,571
Restricted	0	0	0
Unrestricted	7,553,935	7,049,592	117,369
Total Business-Type Activities Net Position	<u>\$ 54,711,252</u>	<u>\$ 51,296,043</u>	<u>\$ 50,951,940</u>
<u>Primary Government</u>			
Net Investment in Capital Assets	\$ 87,416,118	\$ 89,039,326	\$ 98,653,771
Restricted	11,095,785	8,808,675	8,126,696
Unrestricted	(625,111)	(1,179,226)	(10,133,861)
Total Primary Government Net Position	<u>\$ 97,886,792</u>	<u>\$ 96,668,775</u>	<u>\$ 96,646,606</u>

(1) - In 2015 the City implemented GASB Statement No. 68, which restated the 2014 Net Position.

2014 (1)	2013	2012	2011	2010	2009	2008
\$ 47,692,149	\$ 44,445,366	\$ 44,703,908	\$ 46,558,254	\$ 46,549,247	\$ 45,910,786	\$ 49,477,777
7,513,366	9,152,098	7,833,010	7,757,417	8,350,517	10,625,576	9,609,593
(8,629,554)	6,929,989	7,930,749	6,860,542	8,380,284	8,602,963	7,756,771
<u>\$ 46,575,961</u>	<u>\$ 60,527,453</u>	<u>\$ 60,467,667</u>	<u>\$ 61,176,213</u>	<u>\$ 63,280,048</u>	<u>\$ 65,139,325</u>	<u>\$ 66,844,141</u>
\$ 43,880,621	\$ 38,036,092	\$ 35,920,203	\$ 34,565,370	\$ 28,756,401	\$ 26,741,033	\$ 24,000,628
1,343,581	1,353,870	1,383,230	1,304,490	1,305,583	1,305,570	1,316,165
7,891,672	15,355,883	15,180,871	14,224,028	14,382,693	13,596,723	13,149,864
<u>\$ 53,115,874</u>	<u>\$ 54,745,845</u>	<u>\$ 52,484,304</u>	<u>\$ 50,093,888</u>	<u>\$ 44,444,677</u>	<u>\$ 41,643,326</u>	<u>\$ 38,466,657</u>
\$ 91,572,770	\$ 82,481,458	\$ 80,624,111	\$ 81,123,624	\$ 75,305,648	\$ 72,651,819	\$ 73,478,405
8,856,947	10,505,968	9,216,240	9,061,907	9,656,100	11,931,146	10,925,758
(737,882)	22,285,872	23,111,620	21,084,570	22,762,977	22,199,686	20,906,635
<u>\$ 99,691,835</u>	<u>\$ 115,273,298</u>	<u>\$ 112,951,971</u>	<u>\$ 111,270,101</u>	<u>\$ 107,724,725</u>	<u>\$ 106,782,651</u>	<u>\$ 105,310,798</u>

City of Avon Lake, Ohio
Changes in Net Position
Accrual Basis of Accounting
Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Program Revenues</u>			
Governmental Activities:			
Charges for Services:			
Security of Persons and Property	\$ 610,426	\$ 545,414	\$ 460,031
Public Health	0	0	0
Leisure Time Activities	781,478	646,179	495,657
Community Environment	3,152	8,325	11,515
Basic Utility Services	0	0	0
Transportation	199,964	246,147	206,922
General Government	459,499	1,086,256	743,508
Subtotal - Charges for Services	<u>2,054,519</u>	<u>2,532,321</u>	<u>1,917,633</u>
Operating Grants and Contributions:			
Security of Persons and Property	64,582	4,260	54,107
Leisure Time Activities	24,500	1,890	21,618
Community Environment	0	0	11,768
Basic Utility Services	0	0	0
Transportation	1,509,818	1,106,175	974,559
General Government	20,316	56,396	7,282
Subtotal - Operating Grants and Contributions	<u>1,619,216</u>	<u>1,168,721</u>	<u>1,069,334</u>
Capital Grants and Contributions:			
Security of Persons and Property	0	0	0
Public Health	0	0	0
Leisure Time Activities	0	0	0
Transportation	762,187	55,400	0
General Government	0	0	0
Subtotal - Capital Grants and Contributions	<u>762,187</u>	<u>55,400</u>	<u>0</u>
Total Governmental Activities Program Revenues	<u><u>4,435,922</u></u>	<u><u>3,756,442</u></u>	<u><u>2,986,967</u></u>
<u>Business-Type Activities</u>			
Charges for Services:			
Water	13,322,903	12,343,359	11,300,714
Sewer	6,441,710	5,666,281	5,515,053
Operating Grants and Contributions:			
Water	282,043	305,784	230,280
Sewer	0	0	322,352
Capital Grants and Contributions			
Water	156,400	66,360	0
Sewer	175,977	66,650	0
Total Business-Type Activities Program Revenues	<u><u>20,379,033</u></u>	<u><u>18,448,434</u></u>	<u><u>17,368,399</u></u>
Total Primary Government Program Revenues	<u><u>\$ 24,814,955</u></u>	<u><u>\$ 22,204,876</u></u>	<u><u>\$ 20,355,366</u></u>

2014	2013	2012	2011	2010	2009	2008
\$ 618,555	\$ 476,704	\$ 395,176	\$ 458,276	\$ 328,839	\$ 360,755	\$ 269,107
0	0	0	0	0	53,723	0
493,336	470,814	499,203	463,375	463,739	304,145	25,010
3,812	0	0	0	0	1,922	6,276
0	7,490	144,040	10,471	7,189	0	0
300,721	156,440	158,564	197,409	160,049	2,766	31,692
575,566	866,938	636,803	760,510	857,767	224,022	834,381
<u>1,991,990</u>	<u>1,978,386</u>	<u>1,833,786</u>	<u>1,890,041</u>	<u>1,817,583</u>	<u>947,333</u>	<u>1,166,466</u>
1,327	31,444	0	1,200	2,348	1,184	118,647
8,646	9,092	7,782	10,575	11,038	0	86,412
0	0	0	22,481	0	0	0
0	0	0	0	10,000	0	0
875,929	934,353	909,418	900,321	1,393,473	29,105	0
13,214	24,340	30,421	21,938	6,959	0	0
<u>899,116</u>	<u>999,229</u>	<u>947,621</u>	<u>956,515</u>	<u>1,423,818</u>	<u>30,289</u>	<u>205,059</u>
0	0	0	0	0	0	2,425
0	0	0	0	0	86,412	0
0	0	225,000	0	229,000	159,966	11,893
1,179,656	397,058	90,084	769,020	93,042	487,552	1,717,268
0	697	0	0	0	0	0
<u>1,179,656</u>	<u>397,755</u>	<u>315,084</u>	<u>769,020</u>	<u>322,042</u>	<u>733,930</u>	<u>1,731,586</u>
<u>4,070,762</u>	<u>3,375,370</u>	<u>3,096,491</u>	<u>3,615,576</u>	<u>3,563,443</u>	<u>1,711,552</u>	<u>3,103,111</u>
10,225,815	10,965,314	11,344,168	9,766,739	9,614,319	8,907,934	10,070,403
5,070,984	4,963,589	5,408,552	5,223,139	3,028,479	2,995,026	3,181,306
314,822	324,886	222,175	473,053	0	0	0
0	5,056	0	39,954	0	0	0
224,212	73,200	32,000	75,640	0	0	186,339
291,625	72,150	123,422	2,886,826	2,959,058	1,083,193	147,764
<u>16,127,458</u>	<u>16,404,195</u>	<u>17,130,317</u>	<u>18,465,351</u>	<u>15,601,856</u>	<u>12,986,153</u>	<u>13,585,812</u>
<u>\$ 20,198,220</u>	<u>\$ 19,779,565</u>	<u>\$ 20,226,808</u>	<u>\$ 22,080,927</u>	<u>\$ 19,165,299</u>	<u>\$ 14,697,705</u>	<u>\$ 16,688,923</u>

(Continued)

City of Avon Lake, Ohio
Changes in Net Position
Accrual Basis of Accounting
Last Ten Years
(Continued)

	2017	2016	2015
<u>Expenses</u>			
Governmental Activities:			
Security of Persons and Property	\$ 10,372,536	\$ 10,039,529	\$ 9,003,214
Public Health	0	5,546	29,823
Leisure Time Activities	1,776,435	1,302,035	1,153,093
Community Environment	553,662	524,453	459,925
Basic Utility Services (1)	0	0	0
Transportation	9,078,916	7,536,427	6,739,622
General Government	3,777,011	3,414,524	3,515,818
Interest & Fiscal Charges	470,588	424,664	488,696
Total Governmental Activities Expenses	26,029,148	23,247,178	21,390,191
<u>Business-Type Activities</u>			
Water	10,024,654	10,400,178	12,176,431
Sewer	7,194,231	7,742,785	7,079,585
Total Business-Type Activities Expenses	17,218,885	18,142,963	19,256,016
Total Primary Government Program Expenses	43,248,033	41,390,141	40,646,207
<u>Net (Expense)/Revenue</u>			
Governmental Activities	(21,593,226)	(19,490,736)	(18,403,224)
Business-Type Activities	3,160,148	305,471	(1,887,617)
Total Primary Government Net Expense	(18,433,078)	(19,185,265)	(20,290,841)

2014	2013	2012	2011	2010	2009	2008
\$ 8,933,432	\$ 8,465,633	\$ 8,534,837	\$ 8,503,399	\$ 8,431,818	\$ 8,116,714	\$ 8,081,408
88,023	188,239	140,705	153,410	128,170	111,728	136,490
1,312,553	1,158,288	1,239,644	1,266,323	628,833	1,653,617	1,370,665
461,484	487,654	473,952	395,885	429,459	302,258	327,723
0	0	388,614	621,573	628,726	44,730	68,840
7,473,350	6,236,676	6,157,639	7,264,429	7,195,981	6,538,060	6,866,122
3,325,069	3,391,591	3,136,087	2,941,143	2,833,799	3,324,095	3,303,881
431,533	470,790	473,463	523,145	649,798	523,512	408,718
<u>22,025,444</u>	<u>20,398,871</u>	<u>20,544,941</u>	<u>21,669,307</u>	<u>20,926,584</u>	<u>20,614,714</u>	<u>20,563,847</u>
9,325,575	9,109,859	9,214,574	9,785,666	7,912,953	7,294,819	7,640,691
6,058,831	5,796,151	5,259,464	3,834,849	6,115,362	3,140,757	5,284,361
<u>15,384,406</u>	<u>14,906,010</u>	<u>14,474,038</u>	<u>13,620,515</u>	<u>14,028,315</u>	<u>10,435,576</u>	<u>12,925,052</u>
<u>37,409,850</u>	<u>35,304,881</u>	<u>35,018,979</u>	<u>35,289,822</u>	<u>34,954,899</u>	<u>31,050,290</u>	<u>33,488,899</u>
(17,954,682)	(17,023,501)	(17,448,450)	(18,053,731)	(17,363,141)	(18,903,162)	(17,460,736)
743,052	1,498,185	2,656,279	4,844,836	1,573,541	2,550,577	660,760
<u>(17,211,630)</u>	<u>(15,525,316)</u>	<u>(14,792,171)</u>	<u>(13,208,895)</u>	<u>(15,789,600)</u>	<u>(16,352,585)</u>	<u>(16,799,976)</u>

(Continued)

City of Avon Lake, Ohio
Changes in Net Position
Accrual Basis of Accounting
Last Ten Years
(Continued)

	2017	2016	2015
<u>General Revenues and Other Changes in Net Position</u>			
Governmental Activities			
Property Taxes Levied For:			
General Purposes	\$ 4,109,532	\$ 3,988,090	\$ 3,393,633
Debt Service Purpose	292,413	321,191	292,499
Other Purposes	1,911,587	1,994,500	1,805,298
Municipal Income Taxes Levied For:			
General Purposes	11,305,374	11,667,821	10,232,789
Sewer	0	0	0
Special Assessments	0	0	0
Intergovernmental	0	0	0
Grants and Entitlements not Restricted to			
Specific Programs	1,116,923	895,131	1,505,059
Investment Income	197,265	189,676	133,216
Gain on Sale of Capital Assets	1,591	23,080	27,905
All Other Revenues	461,349	89,313	131,530
Transfers	0	0	0
Total Governmental	19,396,034	19,168,802	17,521,929
Business-Type Activities			
Municipal Income Taxes Levied For:			
Sewer	0	0	0
Special Assessments	0	0	0
Intergovernmental	0	0	0
Investment Income	3,240	(775)	9,911
All Other Revenues	251,821	39,407	158,471
Transfers	0	0	0
Total Business-Type Activities	255,061	38,632	168,382
Total Primary Government General Revenues and Other Changes in Net Position	19,651,095	19,207,434	17,690,311
<u>Change in Net Position</u>			
Governmental Activities	(2,197,192)	(321,934)	(881,295)
Business-Type Activities	3,415,209	344,103	(1,719,235)
Total Primary Government Change in Net Position	\$ 1,218,017	\$ 22,169	\$ (2,600,530)

(1) - In 2013, the City reclassified the Engineering department expenses from Basic Utility Services to General Government.

	2014	2013	2012	2011	2010	2009	2008
\$	3,272,816	\$ 3,716,672	3,876,214	4,913,620	\$ 6,132,324	\$ 5,571,368	\$ 5,427,231
	285,751	300,607	285,046	0	0	0	0
	1,774,044	1,813,852	1,352,126	0	0	0	0
	9,929,219	9,746,498	9,763,450	9,001,318	8,118,314	7,559,236	9,721,195
	0	0	0	0	0	0	0
	0	0	0	0	0	328,542	7,336
	0	0	0	0	0	0	0
	1,556,651	1,195,278	2,056,510	2,026,080	1,781,735	3,765,072	3,177,253
	143,406	58,145	123,385	259,795	267,001	161,242	740,381
	2,731	1,469	0	37,061	0	0	0
	278,953	263,925	370,066	28,696	86,562	221,817	222,278
	0	(13,159)	25,703	4,137	(882,072)	(408,931)	(545,323)
	<u>17,243,571</u>	<u>17,083,287</u>	<u>17,852,500</u>	<u>16,270,707</u>	<u>15,503,864</u>	<u>17,198,346</u>	<u>18,750,351</u>
	214,650	512,524	473,049	258,615	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	18,659	7,034	72,661	127,307	220,757	119,890	121,309
	436,561	230,639	337,426	101,779	124,981	97,271	0
	0	13,159	(25,703)	(4,137)	882,072	408,931	545,323
	<u>669,870</u>	<u>763,356</u>	<u>857,433</u>	<u>483,564</u>	<u>1,227,810</u>	<u>626,092</u>	<u>666,632</u>
	<u>17,913,441</u>	<u>17,846,643</u>	<u>18,709,933</u>	<u>16,754,271</u>	<u>16,731,674</u>	<u>17,824,438</u>	<u>19,416,983</u>
	(711,111)	59,786	404,050	(1,783,024)	(1,859,277)	(1,704,816)	1,289,615
	1,412,922	2,261,541	3,513,712	5,328,400	2,801,351	3,176,669	1,327,392
\$	<u>701,811</u>	<u>\$ 2,321,327</u>	<u>\$ 3,917,762</u>	<u>\$ 3,545,376</u>	<u>\$ 942,074</u>	<u>\$ 1,471,853</u>	<u>\$ 2,617,007</u>

City of Avon Lake, Ohio
Fund Balances, Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Years

	2017	2016	2015	2014
<u>General Fund</u>				
Nonspendable	\$ 118,833	\$ 70,880	\$ 67,966	\$ 112,319
Committed	429,429	442,006	261,380	278,633
Assigned	288,322	920,391	1,216,648	1,710,552
Unassigned	1,110,473	1,040,308	1,220,231	760,805
Reserved For:				
Encumbrances	0	0	0	0
Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Unreserved Reported In:				
General Fund	0	0	0	0
Total General Fund	<u>1,947,057</u>	<u>2,473,585</u>	<u>2,766,225</u>	<u>2,862,309</u>
<u>All Other Governmental Funds</u>				
Nonspendable	102,405	151,595	296,051	234,170
Restricted	5,689,588	6,114,011	5,408,042	3,302,014
Committed	10,370,333	8,536,885	5,702,131	6,698,389
Assigned	87,418	87,418	87,418	87,921
Unassigned (Deficit)	(6,966,288)	(6,807,634)	(4,276,494)	(2,120,540)
Reserved For:				
Encumbrances	0	0	0	0
Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Debt Service Funds	0	0	0	0
Unreserved Reported In:				
General Fund	0	0	0	0
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Project Funds	0	0	0	0
Total All Other Governmental Funds	<u>9,283,456</u>	<u>8,082,275</u>	<u>7,217,148</u>	<u>8,201,954</u>
Total Governmental Funds	<u>\$ 11,230,513</u>	<u>\$ 10,555,860</u>	<u>\$ 9,983,373</u>	<u>\$ 11,064,263</u>

Note: In 2011, the City implemented GASB Statement No. 54. As a result, the 2010 fund balances were reclassified to reflect the effects of GASB Statement No. 54.

2013	2012	2011	2010	2009	2008
\$ 149,282	\$ 154,115	\$ 147,081	\$ 0	\$ 0	\$ 0
384,401	365,421	390,996	0	0	0
2,203,130	1,971,632	2,145,213	0	0	0
331,507	636,982	671,702	0	0	0
0	0	0	137,555	260,041	125,120
0	0	0	59,093	59,717	34,857
0	0	0	34,016	534,720	0
0	0	0	2,956,952	2,587,648	2,870,052
<u>3,068,320</u>	<u>3,128,150</u>	<u>3,354,992</u>	<u>3,187,616</u>	<u>3,442,126</u>	<u>3,030,029</u>
70,355	80,426	90,173	0	0	0
5,303,791	2,603,420	2,463,198	0	0	0
6,365,290	6,635,452	5,743,801	0	0	0
143,428	145,545	145,515	0	0	0
(230,119)	(240,094)	(302,207)	0	0	0
0	0	0	179,810	1,948,154	529,223
0	0	0	130,486	103,997	95,362
0	0	0	7,766	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	5,827,991	6,960,348	7,398,236
0	0	0	587,008	582,506	559,965
0	0	0	1,964,956	1,644,416	1,148,631
<u>11,652,745</u>	<u>9,224,749</u>	<u>8,140,480</u>	<u>8,698,017</u>	<u>11,239,421</u>	<u>9,731,417</u>
<u>\$ 14,721,065</u>	<u>\$ 12,352,899</u>	<u>\$ 11,495,472</u>	<u>\$ 11,885,633</u>	<u>\$ 14,681,547</u>	<u>\$ 12,761,446</u>

City of Avon Lake, Ohio
Changes in Fund Balances, Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Years

	2017	2016	2015
<u>Revenues</u>			
Property and Other Taxes	\$ 6,329,612	\$ 6,280,195	\$ 5,542,344
Municipal Income Taxes	11,191,207	12,343,455	10,537,547
Intergovernmental	2,614,311	2,144,101	2,677,043
Interest	197,265	189,676	133,216
Fees, Licenses and Permits	316,657	421,148	292,465
Fines and Forfeitures	376,244	357,291	391,869
Charges for Services	1,729,626	1,732,212	1,095,404
Contributions and Donations	45,617	4,550	10,209
Special Assessments	236,923	339,961	330,281
All Other Revenues	443,768	89,313	131,530
Total Revenues	23,481,230	23,901,902	21,141,908
<u>Expenditures</u>			
Current:			
Security of Persons and Property	9,182,784	8,526,874	8,580,683
Public Health Services	0	77,920	81,250
Leisure Time Activities	1,295,348	943,592	834,646
Community Environment	485,603	481,223	474,261
Basic Utility Services (1)	0	0	0
Transportation	4,391,691	4,504,531	4,079,694
General Government	3,091,800	2,873,869	3,083,760
Capital Outlay	11,049,269	4,453,527	3,673,188
Debt Service:			
Principal Retirement	1,176,908	1,807,539	1,104,432
Interest and Fiscal Charges	402,100	237,478	330,506
Bond Issuance Costs	63,899	25,468	83,453
Total Expenditures	31,139,402	23,932,021	22,325,873
Excess of Revenues Over (Under) Expenditures	(7,658,172)	(30,119)	(1,183,965)

2014	2013	2012	2011	2010	2009	2008
\$ 5,393,371	\$ 5,823,203	\$ 5,452,174	\$ 5,492,222	\$ 5,378,941	\$ 5,650,803	\$ 5,168,414
10,424,202	9,528,994	9,407,646	9,404,479	7,308,383	7,766,597	9,543,714
2,975,550	2,768,724	2,860,391	3,904,539	4,559,299	4,052,249	3,663,561
143,406	58,145	123,385	259,795	333,840	278,211	556,573
283,496	314,258	264,386	248,856	344,963	243,696	480,964
379,546	363,806	343,231	349,213	443,945	314,370	280,896
1,088,715	1,094,002	1,102,449	908,736	662,193	355,073	404,574
10,005	13,619	12,335	0	0	0	0
398,003	376,113	465,612	410,275	402,899	417,206	422,505
279,397	513,815	117,416	139,565	157,988	190,038	167,194
<u>21,375,691</u>	<u>20,854,679</u>	<u>20,149,025</u>	<u>21,117,680</u>	<u>19,592,451</u>	<u>19,268,243</u>	<u>20,688,395</u>
8,284,112	8,043,110	8,375,212	8,309,778	8,546,321	7,826,875	7,972,125
80,000	176,361	150,834	153,410	128,170	111,728	136,490
898,760	899,472	917,967	919,497	1,143,540	1,545,296	998,018
452,526	472,910	482,536	396,484	387,038	300,413	325,405
0	0	388,614	667,103	635,832	25,164	43,757
3,980,188	3,896,164	4,456,045	6,031,554	5,183,094	5,318,815	6,438,048
2,860,068	2,921,343	2,553,332	2,720,378	2,504,806	2,831,674	2,792,067
5,255,871	2,130,676	508,078	1,795,595	1,466,267	3,723,312	1,010,865
2,958,998	1,260,302	1,136,937	1,062,842	942,966	839,715	573,350
379,746	414,542	462,746	481,950	649,378	505,510	376,314
9,955	10,650	20,069	0	92,319	0	0
<u>25,160,224</u>	<u>20,225,530</u>	<u>19,452,370</u>	<u>22,538,591</u>	<u>21,679,731</u>	<u>23,028,502</u>	<u>20,666,439</u>
<u>(3,784,533)</u>	<u>629,149</u>	<u>696,655</u>	<u>(1,420,911)</u>	<u>(2,087,280)</u>	<u>(3,760,259)</u>	<u>21,956</u>

(Continued)

City of Avon Lake, Ohio
Changes in Fund Balances, Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Years
(Continued)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Other Financing Sources (Uses)</u>			
Loans Issued	0	0	0
Refunding Bonds Issued	0	0	0
Premium on Bond Issuance	0	0	0
Payment to Refunded Bond Escrow Account	0	0	(3,234,044)
Transfers In	10,426,368	3,294,701	5,307,197
Transfers Out	(10,426,368)	(3,294,701)	(5,307,197)
Sale of Capital Assets	1,591	23,736	27,905
Bond Anticipation Notes Issued	0	0	0
Premium on Notes Issued	0	0	344,216
Inception of Capital Lease	329,484	0	0
Promissory Notes Issued	0	0	0
Bond Proceeds	0	0	2,964,998
Loan Proceeds	8,001,750	578,870	0
Capital Lease Proceeds	0	0	0
Total Other Financing Sources (Uses)	<u>8,332,825</u>	<u>602,606</u>	<u>103,075</u>
Net Change in Fund Balances	<u>\$ 674,653</u>	<u>\$ 572,487</u>	<u>\$ (1,080,890)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 7.13%	 10.13%	 7.45%

(1) - In 2013, the City reclassified the Engineering department expenditures from Basic Utility Services to General Government.

2014	2013	2012	2011	2010	2009	2008
0	0	115,000	0	0	0	0
0	0	765,000	0	4,980,000	0	0
0	0	11,122	0	109,961	0	0
0	0	(756,053)	0	(4,993,270)	0	0
1,810,984	3,677,999	1,747,894	2,291,517	8,939,484	9,864,998	10,569,353
(1,810,984)	(3,714,762)	(1,722,191)	(2,287,380)	(9,821,556)	(10,273,929)	(11,064,542)
2,731	21,138	0	37,061	0	0	0
0	1,743,000	0	1,071,000	0	0	0
0	11,642	0	2,900	0	0	0
0	0	0	0	12,247	0	0
0	0	0	0	64,500	0	0
0	0	0	0	0	5,930,000	0
125,000	0	0	0	0	100,000	0
0	0	0	0	0	59,291	0
<u>127,731</u>	<u>1,739,017</u>	<u>160,772</u>	<u>1,115,098</u>	<u>(708,634)</u>	<u>5,680,360</u>	<u>(495,189)</u>
<u>\$ (3,656,802)</u>	<u>\$ 2,368,166</u>	<u>\$ 857,427</u>	<u>\$ (305,813)</u>	<u>\$ (2,795,914)</u>	<u>\$ 1,920,101</u>	<u>\$ (473,233)</u>

15.36%	9.08%	8.82%	8.10%	8.60%	7.37%	5.94%
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City of Avon Lake, Ohio
*Assessed Valuations and Estimated
 Actual Values of Taxable Property
 Last Ten Years*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Other Real Estate		Assessed Value	Estimated Actual Value
2017	\$ 721,156,790	\$ 94,388,670	\$2,330,129,886	\$ 51,256,120	\$58,245,591
2016	714,330,370	91,450,730	2,302,231,714	43,768,750	49,737,216
2015	656,953,220	91,620,740	2,138,782,743	39,187,470	44,531,216
2014	647,831,640	91,423,030	2,112,156,200	38,214,330	43,425,375
2013	639,492,550	89,718,790	2,083,460,971	56,087,710	63,736,034
2012	685,489,510	88,643,530	2,211,808,686	55,420,640	62,978,000
2011	679,942,600	88,859,130	2,196,576,371	57,136,730	64,928,102
2010	673,103,030	87,597,840	2,173,431,057	56,889,809	64,647,510
2009	696,704,860	87,612,390	2,240,906,429	78,619,679	89,340,544
2008	675,269,400	89,124,220	2,183,981,771	80,254,830	91,198,670

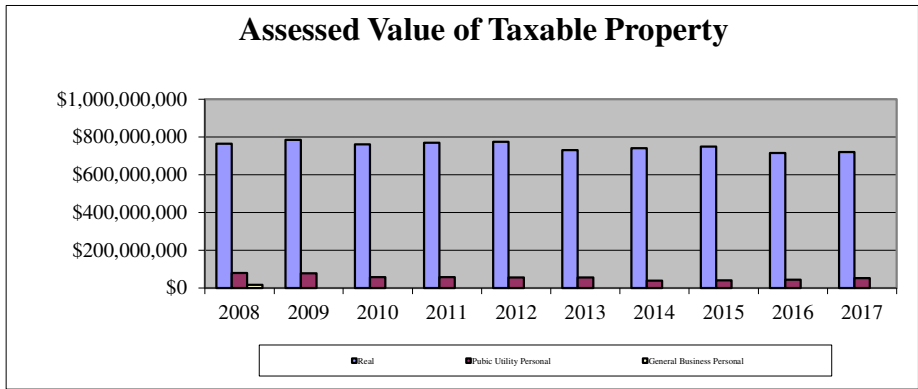
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

Source: Lorain County Auditor

Tangible Personal Property General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	Direct Tax Rate
\$ -	\$ -	\$ 866,801,580	\$2,388,375,477	36.29%	\$ 8.08
-	-	849,549,850	2,351,968,930	36.12%	8.10
-	-	787,761,430	2,183,313,959	36.08%	8.12
-	-	777,469,000	2,155,581,575	36.07%	8.13
-	-	785,299,050	2,147,197,005	36.57%	8.13
-	-	829,553,680	2,274,786,686	36.47%	7.34
-	-	825,938,460	2,261,504,474	36.52%	7.34
-	-	817,590,679	2,238,078,567	36.53%	7.35
-	-	862,936,929	2,330,246,973	37.03%	7.36
16,228,352	86,551,211	860,876,802	2,361,731,653	36.45%	6.95



City of Avon Lake, Ohio
Property Tax Rates – Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	Collection Year 2017	Collection Year 2016	Collection Year 2015	Collection Year 2014
<u>Unvoted Millage</u>				
General	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60
Fireman's Fund	0.30	0.30	0.30	0.30
Police Pension	0.30	0.30	0.30	0.30
Total Unvoted Millage	4.20	4.20	4.20	4.20
<u>Voted Millage</u>				
2000 Charter Current Expense	1.50	1.50	1.50	1.50
2003 Ambulance & EMS	-	-	-	-
2008 Bond	0.38	0.40	0.42	0.43
2009 Ambulance & EMS	-	-	-	-
2012 Ambulance & EMS	2.00	2.00	2.00	2.00
Total Voted Millage	3.88	3.90	3.92	3.93
Total Millage	\$ 8.08	\$ 8.10	\$ 8.12	\$ 8.13
<u>Overlapping Rates by Taxing District</u>				
City of Avon Lake				
Residential/Agricultural Effective Rate	\$ 7.4944	\$ 7.5170	\$ 7.7490	\$ 7.7610
Commercial/Industrial and Public Utility Effective Rate	7.9870	7.9640	7.9884	8.0016
General Business and Public Utility Personal Property	8.0800	8.1000	8.1200	8.1300
Avon Lake School District				
Residential/Agricultural Effective Rate	43.1994	43.4947	46.6387	47.1799
Commercial/Industrial and Public Utility Effective Rate	54.9694	54.8818	56.7991	57.3566
General Business and Public Utility Personal Property	72.6900	72.6900	74.5700	75.1000
Lorain County				
Residential/Agricultural Effective Rate	14.2006	14.3715	14.0857	14.0927
Commercial/Industrial and Public Utility Effective Rate	14.4165	13.7749	13.7749	13.7186
General Business and Public Utility Personal Property	15.0820	15.0820	14.4820	14.4820
Special Taxing Districts (1)				
Residential/Agricultural Effective Rate	4.8266	4.8283	5.1100	5.1134
Commercial/Industrial and Public Utility Effective Rate	4.8377	4.7883	4.7956	4.7728
General Business and Public Utility Personal Property	5.2500	5.2500	5.2500	5.2500

Source: Lorain County Auditor

(1) Lorain County Joint Vocational School District and Avon Lake Public Library

Collection Year 2013	Collection Year 2012	Collection Year 2011	Collection Year 2010	Collection Year 2009	Collection Year 2008
\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60
0.30	0.30	0.30	0.30	0.30	0.30
0.30	0.30	0.30	0.30	0.30	0.30
<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>
1.50	1.50	1.50	1.50	1.50	1.50
-	-	-	-	-	1.25
0.43	0.39	0.39	0.40	0.41	-
-	1.25	1.25	1.25	1.25	-
2.00	-	-	-	-	-
<u>3.93</u>	<u>3.14</u>	<u>3.14</u>	<u>3.15</u>	<u>3.16</u>	<u>2.75</u>
<u>\$ 8.13</u>	<u>\$ 7.34</u>	<u>\$ 7.34</u>	<u>\$ 7.35</u>	<u>\$ 7.36</u>	<u>\$ 6.95</u>
\$ 7.7630	\$ 6.8917	\$ 6.8907	\$ 6.8994	\$ 6.5797	\$ 6.1844
8.0090	7.2862	7.2847	7.2967	7.2115	6.7832
8.1300	7.3400	7.3400	7.3500	7.3600	6.9500
39.3201	36.3220	36.6250	36.7441	33.7194	33.8538
49.5474	48.4658	48.7681	48.9317	46.2283	46.1552
67.2300	65.5700	65.8900	66.0300	66.0300	64.0200
12.8534	12.2226	12.2143	11.5436	10.9380	10.9618
12.5193	12.4841	12.3890	11.9718	11.8436	11.9061
13.6550	13.6900	13.6900	13.3900	13.3900	13.3900
5.1161	4.9184	3.7588	3.7556	3.5562	3.5679
4.7762	4.8177	3.7564	3.7780	3.7243	3.7192
5.2500	5.2500	4.2500	4.2500	4.2500	4.2500

City of Avon Lake, Ohio
Property Tax Levies and Collections
Last Ten Years

Year	Current Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Current Tax Levy
2017	\$ 6,572,706	\$ 6,478,101	98.56%	\$ 131,722	\$ 6,609,823	100.56%	\$ 172,188	2.62%
2016	6,452,483	6,345,423	98.34%	117,559	6,462,982	100.16%	188,269	2.92%
2015	6,141,076	6,056,711	98.63%	152,679	6,209,390	101.11%	164,684	2.68%
2014	6,070,204	5,959,788	98.18%	130,919	6,090,707	100.34%	215,597	3.55%
2013	6,138,888	6,024,471	98.14%	139,194	6,163,665	100.40%	303,289	4.94%
2012	5,776,842	5,634,246	97.53%	119,655	5,753,901	99.60%	303,401	5.25%
2011	5,751,945	5,574,744	96.92%	129,590	5,704,334	99.17%	286,221	4.98%
2010	5,698,741	5,314,413	93.26%	115,039	5,429,452	95.27%	531,893	9.33%
2009	5,787,865	5,637,584	97.40%	95,795	5,733,379	99.06%	186,606	3.22%
2008	5,313,751	5,218,434	98.21%	87,601	5,306,035	99.85%	130,373	2.45%

Source: Lorain County Auditor

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County is aware of the requirement to report delinquent tax collections by levy year rather than by collection year. The County's current computer system tracks levy amounts by either current levy or delinquent levy. Once amounts become part of the delinquent levy, the ability to track information by levy year is lost. The County is looking at options to provide this information in the future.

City of Avon Lake, Ohio
Principal Taxpayers – Real Estate Tax
 2017 and 2008

2017		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
American Transmission Systems Inc	\$ 20,283,640	2.49 %
Orion Power Midwest LP	17,373,350	2.13 %
NRG Power Midwest LP	16,279,550	2.00 %
Cleveland Electric Illuminating Co	11,968,250	1.47 %
Ford Motor Company	4,757,750	0.58 %
Health Care REIT Inc	4,495,020	0.55 %
181 Somerset Realty LLC	4,356,650	0.53 %
Polyone Corporation	3,977,040	0.49 %
Hampshire Highlands One LLC	2,877,290	0.35 %
Columbia Gas of Ohio Inc	2,768,040	0.34 %
Total	\$ 89,136,580	10.93 %
Total Assessed Valuation	\$ 815,545,460	

2008		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Orion Power Midwest LP	\$ 84,515,250	11.06 %
Cleveland Electric	9,817,410	1.28 %
Ford Motor Company	7,510,160	0.98 %
American Transmission Systems Inc	4,379,710	0.57 %
Polyone Corporation	4,126,190	0.54 %
American Landmark LTD	3,405,920	0.45 %
Legacy Pointe LTD	3,245,530	0.42 %
Waterside Crossings LTD	2,892,920	0.38 %
Avon Lake Village LLC	2,720,690	0.36 %
Towne Care Center LLC	2,529,490	0.33 %
Total	\$ 125,143,270	16.37 %
Total Assessed Valuation	\$ 764,393,620	

Source: Lorain County Auditor

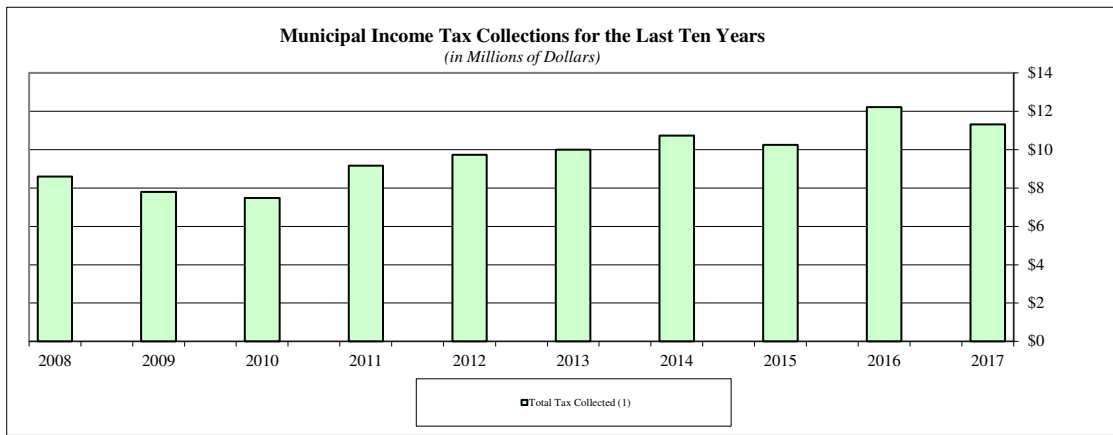
(1) The amounts presented represent the assessed values upon which 2017 and 2008 collections were based.

City of Avon Lake, Ohio
Municipal Income Tax Revenue Base and Collections
Cash Basis
Last Ten Years

Tax Year	Tax Rate	Total Tax Collected (1)
2017	1.50%	\$ 11,320,836
2016	1.50%	12,213,281
2015	1.50%	10,253,084
2014	1.50%	10,732,138
2013	1.50%	9,999,500
2012	1.50%	9,726,367
2011	1.50%	9,167,096
2010	1.50%	7,492,129
2009	1.50%	7,798,625
2008	1.50%	8,585,458

(1) The information was provided by the Regional Income Tax Agency (RITA) and is calculated on a cash basis.

Note: The City is prohibited by statute from presenting information regarding individual taxpayers.





City of Avon Lake, Ohio
*Ratio of Outstanding Debt to Total
 Personal Income and Debt Per Capita
 Last Ten Years*

Year	Governmental Activities						
	General Obligation Bonds (1)	Special Assessment Bonds	OWDA Loans	OPWC Loans	Notes Payable	Capital Leases	Other Debt
2017	\$5,121,540	\$659,522	\$8,709,698	\$181,664	\$0	\$278,757	\$78,302
2016	5,925,733	867,458	782,318	162,499	0	0	104,278
2015	6,745,040	1,147,817	226,302	175,416	626,204	0	130,132
2014	7,009,404	1,415,685	232,081	188,333	626,784	0	155,868
2013	7,807,179	1,675,983	237,675	70,000	2,510,728	0	181,491
2012	8,595,954	1,928,697	0	76,666	938,972	0	227,006
2011	9,063,612	2,055,283	0	83,333	1,073,610	7,821	134,418
2010	9,725,770	2,271,423	65,835	90,000	0	38,048	163,770
2009	10,234,263	2,404,937	126,919	100,000	0	54,741	201,545
2008	4,858,877	2,602,537	183,599	0	0	23,481	303,727

(1) Amounts include associated premiums

Note: Population and Personal Income data are presented on Demographic and Economic Statistics

Business-Type Activities							
General Obligation Bonds (1)	Capital Leases	OWDA Loans	Other Debt	Mortgage Revenue Bond	Total Debt	Percentage of Personal Income	Per Capita
\$2,579,327	\$0	\$108,833,549	\$0	\$3,876,454	\$130,318,813	14.12%	\$5,771
2,792,312	0	75,706,390	0	3,982,832	90,323,820	9.79%	4,000
3,005,297	0	49,041,258	0	4,727,210	65,824,676	7.13%	2,915
3,218,282	0	46,068,004	0	6,210,000	65,124,441	7.06%	2,884
4,225,645	8,870	40,682,410	0	6,595,000	63,994,981	6.94%	2,834
5,177,681	36,017	39,988,768	0	7,545,000	64,514,761	6.99%	2,857
5,727,803	4,711	38,472,429	247,638	8,460,000	65,330,658	7.08%	2,893
6,535,221	60,534	33,899,521	0	9,340,000	62,190,122	6.74%	2,754
7,294,431	102,571	15,141,625	0	10,195,000	45,856,032	7.82%	2,527
8,025,710	150,389	12,335,034	0	11,020,000	39,503,354	6.73%	2,177

City of Avon Lake, Ohio
*Ratio of General Obligation Bonded Debt to
 Estimated Actual Value and Net Bonded Debt per Capita
 Last Ten Years*

<u>Year</u>	<u>Population (1)</u>	<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Net Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
2017	22,581	\$2,388,375,477	\$7,700,867	0.32 %	\$341
2016	22,581	2,351,968,930	8,718,045	0.37 %	386
2015	22,581	2,183,313,959	9,750,337	0.45 %	432
2014	22,581	2,155,581,575	10,227,686	0.47 %	453
2013	22,581	2,147,197,005	22,380,176	1.04 %	991
2012	22,581	2,274,786,686	13,635,388	0.60 %	604
2011	22,581	2,261,504,474	14,672,215	0.65 %	650
2010	22,581	2,238,078,567	16,164,605	0.72 %	716
2009	18,145	2,330,246,973	17,528,694	0.75 %	966
2008	18,145	2,361,731,653	12,884,587	0.55 %	710

Sources:

(1) Source: U. S. Census

(a) Years 2008 and 2009 - 2000 Federal Census

(b) Years 2010 through 2017 - 2010 Federal Census

(2) Lorain County Auditor

(3) Includes all general obligation bonded debt with the exception of Special Assessment debt minus the debt service fund balance available to pay the general obligation debt.

City of Avon Lake, Ohio
*Computation of Direct and Overlapping
 Governmental Activities Debt
 December 31, 2017*

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
Direct - City of Avon Lake			
General Obligation Bonds, net	\$5,121,540	100.00%	\$ 5,121,540
Special Assessment Bonds, net	659,522	100.00%	659,522
OPWC Loan	181,664	100.00%	181,664
OWDA Loan	8,709,698	100.00%	8,709,698
Capital Leases	278,757	100.00%	278,757
Other Loans	<u>78,302</u>	100.00%	<u>78,302</u>
Total Direct Debt	<u>15,029,483</u>		<u>15,029,483</u>
Overlapping			
Avon Lake City School District (2)	41,640,596	100.00%	41,640,596
Lorain County (3)	<u>21,780,000</u>	13.61%	<u>2,964,258</u>
Total Overlapping Debt	<u>63,420,596</u>		<u>44,604,854</u>
Total	<u><u>\$ 78,450,079</u></u>		<u><u>\$ 59,634,337</u></u>

Source: Lorain County Auditor

- (1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.
- (2) Debt outstanding as of June 30, 2017
- (3) Debt outstanding as of December 31, 2016 (latest information available)

City of Avon Lake, Ohio

Legal Debt Margin

Last Ten Years

	2017	2016	2015	2014
Total Assessed Property Value	<u>\$ 866,801,580</u>	<u>\$ 849,549,850</u>	<u>\$ 787,761,430</u>	<u>\$ 777,469,000</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>91,014,166</u>	<u>89,202,734</u>	<u>82,714,950</u>	<u>81,634,245</u>
Debt Outstanding:				
General Obligation Bonds	\$ 5,121,540	\$ 5,925,733	\$ 6,745,040	\$ 7,009,404
General Obligation Bonds - Enterprise	2,579,327	2,792,312	3,005,297	3,218,282
Special Assessment Bonds	659,522	867,458	1,147,817	1,415,685
Notes Payable	8,303,351	14,435,160	5,879,628	5,976,740
OPWC Loans	181,664	162,499	175,416	188,333
OWDA Loans	8,709,698	782,318	226,302	232,081
OWDA Loans - Enterprise	108,833,549	75,706,390	49,041,258	46,068,004
Mortgage Revenue Bonds	3,876,454	3,982,832	4,274,210	6,210,000
Total Gross Indebtedness	<u>138,265,105</u>	<u>104,654,702</u>	<u>70,494,968</u>	<u>70,318,529</u>
Less:				
General Obligation Bonds - Enterprise	(2,579,327)	(2,792,312)	(3,005,297)	(3,218,282)
Special Assessment Bonds	(659,522)	(867,458)	(1,147,817)	(1,415,685)
OPWC Loans	(181,664)	(162,499)	(175,416)	(188,333)
OWDA Loans	(8,709,698)	(782,318)	(226,302)	(232,081)
OWDA Loans - Enterprise	(108,833,549)	(75,706,390)	(49,041,258)	(46,068,004)
Mortgage Revenue Bonds	(3,876,454)	(3,982,832)	(4,274,210)	(6,210,000)
General Obligation Bond Retirement Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Debt Applicable to Debt Limit	<u>13,424,891</u>	<u>20,360,893</u>	<u>12,624,668</u>	<u>12,986,144</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$ 77,589,275</u>	<u>\$ 68,841,841</u>	<u>\$ 70,090,282</u>	<u>\$ 68,648,101</u>
Legal Debt Margin as a Percentage of the Debt Limit	85.25%	77.17%	84.74%	84.09%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$ 47,674,087</u>	<u>\$ 46,725,242</u>	<u>\$ 43,326,879</u>	<u>\$ 42,760,795</u>
Total Gross Indebtedness	\$ 138,265,105	\$ 104,654,702	\$ 70,494,968	\$ 70,318,529
Less:				
General Obligation Bonds - Enterprise	(2,579,327)	(2,792,312)	(3,005,297)	(3,218,282)
Special Assessment Bonds	(659,522)	(867,458)	(1,147,817)	(1,415,685)
OPWC Loans	(181,664)	(162,499)	(175,416)	(188,333)
OWDA Loans	(8,709,698)	(782,318)	(226,302)	(232,081)
OWDA Loans - Enterprise	(108,833,549)	(75,706,390)	(49,041,258)	(46,068,004)
Mortgage Revenue Bonds	(3,876,454)	(3,982,832)	(4,274,210)	(6,210,000)
General Obligation Bond Retirement Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Debt Within 5 ½ % Limitations	<u>13,424,891</u>	<u>20,360,893</u>	<u>12,624,668</u>	<u>12,986,144</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$ 34,249,196</u>	<u>\$ 26,364,349</u>	<u>\$ 30,702,211</u>	<u>\$ 29,774,651</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	71.84%	56.42%	70.86%	69.63%

Source: City Financial Records

2013	2012	2011	2010	2009	2008
<u>\$ 785,299,050</u>	<u>\$ 829,553,680</u>	<u>\$ 825,938,460</u>	<u>\$ 817,590,679</u>	<u>\$ 862,936,929</u>	<u>\$ 860,876,802</u>
82,456,400	87,103,136	86,723,538	85,847,021	90,608,378	90,392,064
\$ 7,807,179	\$ 8,595,954	\$ 9,063,612	\$ 9,725,770	\$ 10,234,263	\$ 4,858,877
4,225,645	5,177,681	5,727,803	6,535,221	7,294,431	8,025,710
1,675,983	1,928,697	2,055,283	2,271,423	2,404,937	2,602,537
2,717,728	938,972	1,073,610	0	0	0
70,000	76,666	83,333	90,000	100,000	0
237,675	0	0	65,835	126,919	183,599
40,682,410	39,988,768	38,472,429	33,899,521	15,141,625	12,335,034
<u>6,595,000</u>	<u>7,545,000</u>	<u>8,460,000</u>	<u>9,340,000</u>	<u>10,195,000</u>	<u>11,020,000</u>
64,011,620	64,251,738	64,936,070	61,927,770	45,497,175	39,025,757
(4,225,645)	(5,177,681)	(5,727,803)	(6,535,221)	(7,294,431)	(8,025,710)
(1,675,983)	(1,928,697)	(2,055,283)	(2,271,423)	(2,404,937)	(2,602,537)
(70,000)	(76,666)	(83,333)	(90,000)	(100,000)	0
(237,675)	0	0	(65,835)	(126,919)	(183,599)
(40,682,410)	(39,988,768)	(38,472,429)	(33,899,521)	(15,141,625)	(12,335,034)
(6,595,000)	(7,545,000)	(8,460,000)	(9,340,000)	(10,195,000)	(11,020,000)
(177,555)	(138,247)	(119,200)	(96,386)	0	0
<u>10,347,352</u>	<u>9,396,679</u>	<u>10,018,022</u>	<u>9,629,384</u>	<u>10,234,263</u>	<u>4,858,877</u>
<u>\$ 72,109,048</u>	<u>\$ 77,706,457</u>	<u>\$ 76,705,516</u>	<u>\$ 76,217,637</u>	<u>\$ 80,374,115</u>	<u>\$ 85,533,187</u>
87.45%	89.21%	88.45%	88.78%	88.70%	94.62%
<u>\$ 43,191,448</u>	<u>\$ 45,625,452</u>	<u>\$ 45,426,615</u>	<u>\$ 44,967,487</u>	<u>\$ 47,461,531</u>	<u>\$ 47,348,224</u>
\$ 64,011,620	\$ 64,251,738	\$ 64,936,070	\$ 61,927,770	\$ 45,497,175	\$ 39,025,757
(4,225,645)	(5,177,681)	(5,727,803)	(6,535,221)	(7,294,431)	(8,025,710)
(1,675,983)	(1,928,697)	(2,055,283)	(2,271,423)	(2,404,937)	(2,602,537)
(70,000)	(76,666)	(83,333)	(90,000)	(100,000)	0
(237,675)	0	0	(65,835)	(126,919)	(183,599)
(40,682,410)	(39,988,768)	(38,472,429)	(33,899,521)	(15,141,625)	(12,335,034)
(6,595,000)	(7,545,000)	(8,460,000)	(9,340,000)	(10,195,000)	(11,020,000)
(177,555)	(138,247)	(119,200)	(96,386)	0	0
<u>10,347,352</u>	<u>9,396,679</u>	<u>10,018,022</u>	<u>9,629,384</u>	<u>10,234,263</u>	<u>4,858,877</u>
<u>\$ 32,844,096</u>	<u>\$ 36,228,773</u>	<u>\$ 35,408,593</u>	<u>\$ 35,338,103</u>	<u>\$ 37,227,268</u>	<u>\$ 42,489,347</u>
76.04%	79.40%	77.95%	78.59%	78.44%	89.74%

City of Avon Lake, Ohio
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>
2017	22,581	\$922,614,498	\$40,858	\$77,060	41.9	49.3%
2016	22,581	922,614,498	40,858	77,060	41.9	49.3%
2015	22,581	922,614,498	40,858	77,060	41.9	49.3%
2014	22,581	922,614,498	40,858	77,060	41.9	49.3%
2013	22,581	922,614,498	40,858	77,060	41.9	49.3%
2012	22,581	922,614,498	40,858	77,060	41.9	49.3%
2011	22,581	922,614,498	40,858	77,060	41.9	49.3%
2010	22,581	922,614,498	40,858	77,060	41.9	49.3%
2009	18,145	586,736,720	32,336	65,988	38.4	43.0%
2008	18,145	586,736,720	32,336	65,988	38.4	43.0%

(1) Source: U. S. Census

(a) Years 2008 and 2009 - 2000 Federal Census

(b) Years 2010 through 2017 - 2010 Federal Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/>"

(3) Source: Ohio Labor Market Information (www.ohiolmi.com) using annual averages per year

(4) Source: Lorain County Auditor, latest information available

(5) Computation of per capita personal income multiplied by population

School Enrollment (2)	Lorain County Unemployment Rate (3)	Average Value of Residential Property (4)	Total Assessed Property Value (4)
3,742	5.1%	\$235,270	\$ 866,801,580
3,700	5.8%	235,270	849,549,850
3,640	5.6%	218,583	787,761,430
3,543	5.7%	218,758	777,469,000
3,575	8.1%	217,034	785,299,050
3,718	8.1%	217,406	829,553,680
3,781	8.3%	231,737	825,938,460
3,689	9.4%	230,941	817,590,679
3,616	9.9%	230,180	862,936,929
3,487	7.2%	239,740	860,876,802

City of Avon Lake, Ohio
Principal Municipal Income Tax Withholders
Current and Nine Years Ago

2017

Employer	Number of Employees
Ford Motor Company	1,920
Polyone Corporation	762
Avon Lake City Schools	539
City of Avon Lake	359
Lubrizol Advances Materials	245
Grace Management Svcs Inc	223
Riser Foods Company/DBA	200
Thogus Products	145
Southwire Company LLC	115
Hinkley Lighting Inc.	111
Total	4,619
Total Estimated Employment within the City	N/A

2008

Employer	Number of Employees
Ford Motor Company	2,404
Avon Lake City Schools	764
Polyone Corporation	603
Babcock & Wilcox Construction	377
City of Avon Lake	339
CEVA Logistics US	236
Lubrizol Advances Materials	190
Discount Drug Mart	190
Watteredge LLC	138
Orion Power Operating Services	115
Total	5,356
Total Estimated Employment within the City	N/A

Source: Regional Income Tax Agency (RITA)
 N/A - Information not available

City of Avon Lake, Ohio
Full-Time City Employees by Function/Program
Last Seven Years (1)

Function/Program	2017	2016	2015	2014	2013	2012	2011
General Government							
Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance	5.50	5.50	6.50	6.50	5.00	4.50	4.50
Law	3.00	3.00	2.50	2.50	3.00	3.50	3.00
Administration	2.50	2.50	3.00	3.00	3.00	5.00	3.00
Engineer	5.50	5.50	5.50	5.50	5.00	5.00	4.50
Court	10.00	10.00	8.50	8.50	6.50	6.50	6.50
Security of Persons and Property							
Police	32.50	29.00	31.00	34.00	33.00	32.00	31.50
Police - Dispatchers/Office/Other	8.00	16.00	15.50	15.50	13.50	15.50	14.00
Police - Animal Wardens	1.00	-	0.50	0.50	1.00	0.50	0.50
Fire	28.00	28.00	28.00	28.00	28.00	29.00	29.00
Fire - Secretary - Other	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Leisure Time Activities							
Recreation	30.50	30.50	13.50	24.50	27.50	24.50	24.50
Municipal Pool	42.50	42.50	46.50	46.50	51.00	45.50	40.00
Cable Television	4.00	4.00	4.50	4.50	4.00	3.50	4.00
Community Environment							
Building	4.50	4.50	5.00	5.00	7.00	4.50	5.00
Economic Development	1.50	1.50	0.50	0.50	0.50	-	-
Transportation							
Service	28.50	28.50	28.00	27.50	27.00	31.00	28.00
Streets	9.50	9.50	11.00	11.50	11.00	11.00	11.00
Basic Utility Services							
Water	33.50	33.50	22.00	21.00	23.00	19.00	22.50
Sewer	21.50	21.50	28.00	27.50	25.50	32.50	26.50
Totals:	<u>279.00</u>	<u>282.50</u>	<u>267.00</u>	<u>279.50</u>	<u>281.50</u>	<u>280.00</u>	<u>265.00</u>

Source: City Payroll Department

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2010 is not available

City of Avon Lake, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2017	2016	2015
General Government			
<i>Council and Clerk</i>			
Number of Ordinances Introduced	203	168	158
Number of Resolutions Introduced	10	10	14
<i>Finance Department</i>			
Number of checks issued	5,606	4,480	5,420
Amount of checks issued	\$ 39,864,957	\$ 29,424,779	\$ 31,395,228
Community Environment			
<i>Building Department Indicators</i>			
Construction Permits Issued	2,191	1,902	1,888
Estimated Value of Construction	\$ 50,731,789	\$ 67,569,737	\$ 41,058,238
Amount of Revenue generated from permits	\$ 286,228	\$ 421,266	\$ 302,660
Number of contract registrations issued (A)	871	660	754
Annual Apartment/Rooming House License Fees (B)	0	0	0
Revenue generated from above (A, B)	\$ 87,100	\$ 66,300	\$ 75,700
Security of Persons & Property			
<i>Police</i>			
Total Calls for Services	11,657	11,651	14,571
Number of traffic citations issued	362	642	777
Number of parking citations issued	160	208	263
Number of criminal arrests	159	182	144
Number of accident reports completed	317	257	276
Part 1 Offenses (major offenses)	184	196	158
Animal Warden service calls responded to per annual report	n/a	n/a	62
DUI Arrests	24	39	46
Prisoners	191	245	68
Prisoner meal costs	\$ 62	\$ 176	\$ 468
Property damage accidents	57	63	59
Fatalities from Motor Vehicle Accidents	0	0	0
<i>Fire</i>			
Fire Calls	66	48	54
Overpressure, Overhear (no fire)	1	2	4
Rescue & EMS Incident	1,728	1,602	1,650
Hazardous Condition (no fire)	97	88	94
Service Call	363	296	327
Good Intent Call	137	163	129
False Alarm & False Call	239	214	173
Severe Weather & Natural Disaster	5	0	3
Special Incident Type	0	0	5
Miscellaneous Calls	0	0	0
Total Calls	<u>2,636</u>	<u>2,413</u>	<u>2,439</u>
Number of times Mutual Aid given to Fire and EMS	56	79	62
Number of times Mutual Aid received for Fire and EMS	73	67	54

2014	2013	2012	2011	2010	2009	2008
148	157	148	123	104	105	n/a
18	13	22	19	26	21	n/a
5,020	4,921	4,951	5,105	5,120	4,963	4,819
\$ 23,547,741	\$ 18,807,358	\$ 18,060,712	\$ 23,132,288	\$ 21,580,223	\$ 21,755,452	\$ 19,384,724
1,786	1,431	1,117	1,036	1,662	906	980
\$ 39,275,086	\$ 44,513,459	\$ 38,500,941	\$ 32,298,388	\$ 49,964,911	\$ 30,158,897	\$ 57,517,152
\$ 275,925	\$ 309,563	\$ 237,941	\$ 192,688	\$ 269,941	\$ 183,048	\$ 375,113
747	695	656	743	810	734	606
0	0	0	0	0	0	0
\$ 75,775	\$ 47,575	\$ 43,477	\$ 49,650	\$ 54,140	\$ 47,931	\$ 39,800
14,882	13,057	12,444	13,866	14,005	14,308	14,902
434	438	489	397	514	534	408
227	144	191	137	90	268	150
717	596	405	412	460	344	523
298	375	311	352	345	291	355
71	37	33	49	33	53	56
105	128	115	94	184	194	513
48	40	43	36	56	53	36
341	282	319	283	391	342	392
\$ 926	\$ 2,227	\$ 1,029	n/a	n/a	n/a	n/a
52	63	74	43	92	54	46
0	0	0	0	0	0	0
48	35	65	50	58	61	n/a
3	1	0	1	1	1	n/a
1,423	1,416	1,476	1,443	1,364	1,390	n/a
71	62	70	107	81	47	n/a
294	233	224	229	203	139	n/a
91	80	91	126	78	62	n/a
211	174	182	197	170	162	n/a
0	3	4	0	3	0	n/a
1	4	9	5	3	4	n/a
0	0	0	0	0	0	n/a
<u>2,142</u>	<u>2,008</u>	<u>2,121</u>	<u>2,158</u>	<u>1,961</u>	<u>1,866</u>	<u>0</u>
59	58	58	67	45	52	n/a
44	37	61	50	51	37	n/a

(Continued)

City of Avon Lake, Ohio
Operating Indicators by Function/Program
Last Ten Years
(Continued)

Function/Program	2017	2016	2015
Leisure Time Activities			
<i>Recreation</i>			
Pool:			
Total Attendance	37,155	41,528	35,761
Total Admission Income	\$ 70,620	\$ 74,294	\$ 164,271
Total Pass Sales	125,234	93,205	1,143
Total Pool Parties	12	12	0
Total Pool Party Income	\$ 1,600	\$ 1,800	\$ 1,950
Other Recreation Programs:			
Total Income from Sport related Programs	\$ 301,000	\$ 135,915	\$ 101,348
Total Income from Non-Sport related Programs	\$ 70,000	\$ 110,867	\$ 20,194
Total Income from Food Programs	\$ 79,380	\$ 77,267	\$ 66,530
Total Income from Youth & Family related Programs	\$ 11,000	\$ 7,341	\$ 6,141
Rental of Facilities:			
Total Income from Pavilion Rentals	\$ 3,000	\$ 8,115	\$ 8,225
Total Income from Lake House Rentals	\$ 47,700	\$ 32,170	\$ 18,708
<i>Cable Television</i>			
Bulletin Boards	452	334	406
Program Hours	413	397h 0m	388h 56m
Community Producers	17	15	24
Series:			
Public	15	15	16
Government	9	8	8
One Time/Specials:			
Public	33	27	8
Government	25	33	57
Studio Tours	8	2	1
Public Editor Used	34	28	25
Water			
Water rates per 1000 gallons, 1st 50,000 gallons of water used (2)	\$ 1.85	\$ 1.78	\$ 1.73
Total accounts within Avon Lake	8,590	8,855	8,355
Bulk customers outside of Avon Lake	7	7	7
Total water sales (billions of gallons)	7.678	7.428	7.020
Average daily production (millions of gallons)	21.0	20	20
Total miles of water line in Avon Lake	136	134	134
Total water revenues from within Avon Lake	\$ 2,121,284	\$ 2,237,628	\$ 1,437,738
Total water revenues from bulk customers outside of Avon Lake	\$ 8,583,127	\$ 8,083,827	\$ 8,712,715
Sewer			
Wastewater rates per 1000 gallons	\$ 4.80	\$ 4.17	\$ 3.63
Total accounts within Avon Lake	8,355	8,269	8,186
Bulk customers outside of Avon Lake	2	2	2
Total flow of wastewater treatment plant (billions of gallons)	1.800	1.700	1.678
Average daily flow (millions of gallons per day)	5	5	5
Tons of dry sludge removed	3,313	3,266	3,311
Total miles of sanitary and combined sewer in Avon Lake	104	103	103
Total wastewater pumping stations in Avon Lake	5	5	5
Total wastewater revenues from within Avon Lake	\$ 3,874,132	\$ 3,604,454	\$ 3,047,574
Total wastewater revenues from bulk customers outside of Avon Lake	\$ 699,787	\$ 587,422	\$ 502,313

Source: Information provided by the City's various departments.
n/a - Information is unavailable

	2014	2013	2012	2011	2010	2009	2008
	75,761	39,784	51,810	25,871	27,283	6,885	9,715
\$	150,363	\$ 137,257	\$ 143,946	\$ 140,962	\$ 119,160	\$ 36,969	\$ 58,327
	930	641	642	793	555	300	354
	41	55	53	46	59	9	23
\$	6,158	\$ 8,160	\$ 8,348	\$ 10,066	\$ 8,850	\$ 1,350	\$ 995
\$	70,207	\$ 49,972	\$ 41,000	\$ 34,626	\$ 35,079	\$ 21,432	\$ 17,210
\$	3,940	\$ 4,039	\$ 4,112	\$ 6,283	n/a	n/a	n/a
\$	2,421	\$ 2,972	\$ 2,568	\$ 2,948	n/a	n/a	n/a
\$	892	\$ 2,723	\$ 3,134	\$ 2,317	\$ 1,987	\$ 2,605	n/a
\$	9,325	\$ 9,475	\$ 8,500	\$ 8,000	n/a	n/a	n/a
\$	40,972	n/a	\$ 37,135	\$ 35,168	n/a	n/a	\$ 21,460
	544	350	229	386	306	334	227
	386h 33m	414h 35m	387h 29m	392h 40m	376h 31m	315h 16m	465h 55m
	20	21	17	16	11	15	24
	15	12	12	13	13	15	20
	12	11	11	12	11	15	15
	16	15	11	7	11	11	10
	39	33	22	23	21	22	30
	1	1	5	0	0	3	3
	6	11	13	7	3	13	80
\$	1.68	\$ 1.61	\$ 1.55	\$ 1.37	\$ 1.19	\$ 1.19	\$ 1.19
	8,311	8,251	8,192	8,124	8,082	8,034	7,962
	7	7	7	7	7	7	7
	6.831	7.159	8.086	7.548	7.532	7.314	7.676
	19	20	22	21	21	21	22
	134	133	133	132	131	131	131
\$	1,557,478	\$ 1,493,529	\$ 1,563,952	\$ 1,315,101	\$ 1,279,250	\$ 1,134,044	\$ 1,212,929
\$	7,860,528	\$ 7,320,250	\$ 7,557,323	\$ 6,306,417	\$ 6,020,174	\$ 5,960,861	\$ 6,054,225
\$	3.39	\$ 3.17	\$ 2.84	\$ 2.51	\$ 2.18	\$ 2.18	\$ 2.18
	8,140	8,054	7,990	7,929	7,885	7,831	7,768
	2	2	2	2	1	1	1
	1.699	1.942	2.042	2.229	1.760	1.663	1.835
	5	5	6	6	5	5	5
	2,492	2,536	2,781	2,233	1,891	2,043	1,805
	103	102	102	102	101	101	97
	5	5	5	5	5	5	5
\$	3,247,971	\$ 3,019,221	\$ 2,900,898	\$ 2,590,456	\$ 2,425,504	\$ 2,255,238	\$ 2,302,068
\$	444,078	\$ 411,844	\$ 385,622	\$ 323,587	\$ 257,500	\$ 252,431	\$ 240,316

City of Avon Lake, Ohio
Capital Asset Statistics by Function/Program
Last Eight Years (1)

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010
General Government								
Administrative Building	1	1	1	1	1	1	1	1
Police								
Stations	1	1	1	1	1	1	1	1
Vehicles	26	32	31	31	26	24	24	23
Fire								
Stations	1	1	1	1	1	1	1	1
Vehicles	13	13	15	15	13	13	11	11
Personal Water Craft (PWC)	2	2	2	2	2	2	2	2
Recreation								
Number of Parks	14	14	14	14	14	14	14	14
Parks (in acres)	226	226	226	226	226	226	226	226
Number of Lighted Tennis Courts (1 location)	4	4	4	4	4	4	4	4
Baseball/Softball Diamonds (2 locations)	11	11	11	11	11	11	11	11
Pool	1	1	1	1	1	1	1	1
Transportation								
Streets (miles)	117	117	117	117	116	114	113	108
Water								
Water Lines (miles)	134	134	134	134	133	133	132	131
Sewer and Storm Sewer								
Sanitary Sewers (miles)	103	103	103	103	102	102	102	101
Storm Sewers (miles)	88	88	88	88	87	86	86	86

Source: City's Department records
 (1) - Information prior to 2009 is unavailable.



Dave Yost • Auditor of State

CITY OF AVON LAKE

LORAIN 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
SEPTEMBER 25, 2018