

City of Canal Fulton, Ohio

Comprehensive Annual Financial Report



For the Year Ended December 31, 2015



Dave Yost • Auditor of State

City Council
City of Canal Fulton
155 East Market Street
Canal Fulton, OH 44614-0607

We have reviewed the *Independent Auditors' Report* of the City of Canal Fulton, Stark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2015 through December 31, 2015. 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 Canal Fulton is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 15, 2016

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CITY OF CANAL FULTON, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2015

Prepared by The Department of Finance

William Rouse
Director of Finance

Introductory Section

City of Canal Fulton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2015
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City of Canal Fulton

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Canal Fulton, Ohio 44614
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June 28, 2016

To the Citizens, Mayor and Members of Council
of the City of Canal Fulton, Ohio:

We are pleased to present our 2015 Comprehensive Annual Financial Report (CAFR) for the City of Canal Fulton for your review. This report, for the year ended December 31, 2015, has been prepared using generally accepted accounting principles for governments, and contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Canal Fulton (the City). This report represents the commitment of the City to adhere to nationally recognized standards of excellence in financial reporting. Ohio law requires that every general purpose local government prepare and publish their financial statements in accordance with generally accepted accounting principles (GAAP) and have an annual audit. This report is published to fulfill that requirement for the year ended December 31, 2015.

Responsibility for both the accuracy of the data and completeness and fairness of the entire presentation rests with the management of the City, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

State statutes require the City to be subjected to an annual examination by the Auditor of State. Either the Auditor of State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. Clark, Schaefer and Hackett was selected to perform these services and has issued an unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2015. The Independent Auditors' Report on the basic financial statements is included in the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' 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

History of Canal Fulton

The Village of Milan, named after Milan, Italy, was the first settlement west of the Tuscarawas River in Stark County. The Village, located on the present site of Canal Fulton, was platted and recorded in Canton, Ohio on March 23, 1814. Several years after this, plans for the construction of a canal connecting Lake Erie to the Ohio River were prepared. The canal route lay through Stark County and, as a result, its construction produced twenty-five new villages in the County from 1826-1836. The first of these villages founded was Fulton. It was located on the east side of the Tuscarawas River opposite Milan. In 1832, the name “Canal” was prefixed to Fulton as it conveyed a more dynamic quality. Several years later, the Village was incorporated and, in 1853, Canal Fulton, West Fulton and Milan merged to form one community.

The Ohio and Erie Canal was completed in 1832. The canal ran from Cleveland on Lake Erie to Portsmouth on the Ohio River. It was the first important commercial avenue in the State. The census of 1840 reported that Stark County, as a direct result of the canal, was being transformed into one of the nation’s greatest trade centers. Canal Fulton’s commercial activity primarily served the canal traffic and the exporters of farm produce. The Canal Era began to come to an end in 1869 with the arrival of the railroad. Canal Fulton had grown rapidly with its two main commercial ventures: canal work and coal mining. But, when these ceased, the population and commercial activity declined.

Today, Canal Fulton serves the surrounding rural area as an education, retail, and transportation center. Several industries are located in the City, but most of the residents commute to work outside the community. In the 1990’s, communities along the Ohio-Erie Canalway began working together to reconstruct the old canal towpath into a multi-use trail. Now with most of this trail completed, Canal Fulton has become a destination for cyclists, hikers, equestrian, and bird watchers throughout the region. Tourism has also become a factor in Canal Fulton’s commercial activity. Canal Fulton’s historic district, which is listed in the National Register of Historical Places, has over eighty sites including buildings and homes. Canal Fulton is also home to the St. Helena III, one of only four canal boats operating in Ohio. Visitors can cruise an original section of the canal where they see Lock IV, a canal lock that retains much of its original appearance.

Profile of the City

The City of Canal Fulton, encompassing an area of approximately 3.3 square miles, is located in the northwest portion of Stark County, Ohio. The City has a population of 5,479 as reported in 2010 by the Bureau of Census. Canal Fulton is a “home-rule” city as defined by the State of Ohio Revised Code and operates pursuant to its Charter under a Mayor, City Council, and City Manager form of government. The representative branch of the City’s government consists of the Mayor and six City Council members who are elected at large to staggered four-year terms. The Mayor presides over all meetings of City Council and appoints the City Manager, upon confirmation of City Council, who serves as the Chief Administrative Officer of the City. The Mayor also appoints the Director of Law, the Director of Finance, the Police Chief, the Fire

Chief, and members to a number of boards and commissions, upon confirmation of City Council. The Mayor does not have the authority to vote on ordinances or resolutions unless there is a tie among City Council members, nor does the Mayor have the power to veto legislation passed by City Council. City Council establishes compensation of City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes.

The City provides a full range of municipal services to its citizens, including police and fire protection, emergency medical service, parks and recreation, street maintenance and repairs, zoning and other general government services. In addition, water and sanitary sewer services are provided under the enterprise fund concept with user charges set to ensure adequate coverage of operating expenses, payments on debt and adequate infrastructure maintenance, repair, replacement and expansion. Health services are provided by the Stark County Health Department. Solid waste collection is provided by private contractors selected by customers (the City does not contract with those private contractors).

The City owns five parks offering residents a variety of activities to improve health and fitness. Various features include a small fishing pond, walking trails, children playgrounds, picnic areas, tennis courts, baseball fields, basketball courts, and enclosed fenced areas for dog exercise. Several gazebos and pavilions are available for special occasions.

The City's residents are served by a diversified set of transportation options, including State Routes 21, 93 and 236, and I-77 in Canton. It is served by Amtrak for passenger rail service located in nearby Alliance, and is served by passenger and freight air services at Akron-Canton Regional Airport, located approximately 10 miles from the City. Public mass transit for the area is provided by the Stark Area Regional Transit Authority (SARTA) which offers fixed route and curbside service within and between the cities of Stark County.

Youth education is provided locally by the Northwest Local School District and Saints Philip and James, a Holy Cross Academy Catholic School. Additionally, several public and private two-year and four-year colleges and universities are within commuting distance, including the University of Mount Union, the University of Akron, Kent State University, Northeastern Ohio College of Medicine, Walsh University, Malone College and the Stark State College of Technology. Several museums and attractions are located within a 20 minute drive from the City including the Pro Football Hall of Fame, the McKinley Presidential Library and Museum, the Akron Zoo and the Akron Art Museum. These and other area attractions offer a variety of cultural and educational programs to the residents of Canal Fulton.

Economic Condition

Summary of Local Economy

While there is some commercial property within the City, Canal Fulton is generally classified as a bedroom community with most residents commuting to work outside the City. As a result, the City's local economy is dependent on conditions throughout Stark County and the surrounding areas. The economic conditions in Stark County have been steadily improving in recent years as

evidenced by the decline in the countywide unemployment rate from 11.2 percent during the recession years of 2008 and 2009 to 5.3 percent in 2015. The improving economy has had a positive impact on the City’s income tax collections, which accounts for over 60 percent of the funding for the City’s general government operations. The following table shows the City’s income tax collections the last five years by component:

Income Tax Collections

Year of Collection	Collections from Individual Returns	Collections from Business Net Profit Returns	Collections from Payroll Withholdings	Total Collections
2011	\$748,789	\$125,807	\$1,151,156	\$2,025,752
2012	865,874	138,164	1,211,004	2,215,042
2013	828,246	166,361	1,248,925	2,243,532
2014	866,349	171,789	1,265,245	2,303,383
2015	902,118	216,211	1,300,300	2,418,629

Note: All income tax information is presented on a cash basis.

The table above shows that the City’s total income tax collections have grown each year since 2011, achieving an average annual growth rate of 3.9 percent. Furthermore, the table shows that the collections from payroll withholdings and business net profits have increased every year since 2011, which is an indirect indication that local economic conditions within the City have been positive in recent years.

The City’s residential tax base consists of approximately 2,400 housing units and includes new construction as well as a collection of century homes located in the historic district. Although the assessed property values within the City have not yet fully recovered from the recession, the City was not significantly impacted by the foreclosure and vacant housing crisis that impacted other areas of the County. The U.S. Census Bureau reports that the City’s homeowner vacancy rate was 3.5 percent during the 2010 census, which was essentially unchanged from the 2000 census. This is further illustrated by the City’s total population reported in the 2010 census (5,479) remaining relatively stable when compared to the 2000 census (5,061). Given the City’s status as a bedroom community, this stability has been important in ensuring consistent tax revenues and the overall health of the community. This relationship is demonstrated in the table above with the growth in income tax collections from individual returns.

Moving forward, several businesses within the City are currently expanding their operations and the City expects some growth in new housing construction over the next several years. This economic growth will be beneficial to the City and community, and the City is working to encourage and assist these expansions. Additionally, the City is undertaking several major transportation and infrastructure improvement projects that will also help facilitate future growth.

Long-Term Financial Planning

As part of the annual budget process, the City Manager and City Council review a three-year financial forecast, which serves as a planning tool to identify and prepare for future needs and funding.

With the recent growth in income tax revenues, the City has made it a priority to set aside resources to help maintain long-term financial stability. Specifically, the City established the capital projects reserve fund in 2015 to be used in accumulating resources to replace vehicles and equipment in the future. The City transferred \$60,000 into this fund during 2015. Similarly, the City set aside \$50,000 for emergencies during 2015, increasing the total balance set aside for emergencies to \$200,000. The \$200,000 balance represents approximately 7 percent of the 2015 general fund expenditures on a cash basis.

Relevant Financial Policies

The following is relevant legislation that governs the City's financial operations:

- Section 181.03 of the City's administrative code specifies that 93.3 percent of income tax collections be distributed to the general fund and the remaining 6.7 percent be placed in the police fund.
- Ordinance 3-14 stipulates that 70.0 percent of water utility charges be used for water operations, 14.0 percent for water debt service, and 16.0 percent for water capital projects.
- Ordinance 32-15 stipulates that 87.0 percent of sewer utility charges be used for sewer operations, 6.5 percent for sewer debt service, and 6.5 percent for sewer capital projects.
- Ordinance 31-15 establishes employee pay rates and allocates personnel costs among the various governmental and enterprise funds.

Major Initiatives

The City worked on the following initiatives in 2015:

- The City continued engineering and design work on the project to widen the Cherry and Locust Street intersection. This project is expected to be completed in 2016 and cost approximately \$2.9 million. Federal and State grants are expected to contribute 92.5 percent of construction costs.
- The City received loan commitments from the Ohio Public Works Commission (OPWC) totaling approximately \$829,000 to replace waterlines on Wooster and Milan Streets and Poplar and Steiner Streets; and to abandon an old waterline on Locust Street. The design work for these projects was completed in 2015 and construction is expected to be completed in 2016. The OPWC loans are interest free and will be repaid over a 20 year period.

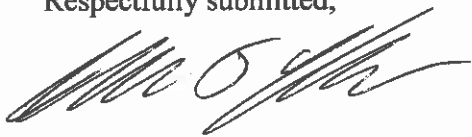
- The City purchased an old elementary school building in 2015 that had been abandoned and subjected to a Sheriff's auction. The City developed plans during 2015 to have the building demolished in an effort to eliminate blight and prepare the property for future economic development possibilities. The building purchase and planning work cost the City approximately \$53,000 in 2015, and final demolition is expected to cost \$145,000 and be completed in 2016.
- Major capital purchases in 2015 included a new police vehicle, a new Freightliner dump truck for the Street Department, and new defibrillator and chest compression machines for the Fire Department.
- In addition to the projects listed above, the City completed several street repairs, an extensive chip and seal program, and storm sewer drainage improvements at other locations throughout the City.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting for comprehensive annual financial reports that meet certain qualifications. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current comprehensive annual financial report meets the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for a certificate.

Successful preparation of a report of this scope could not have been accomplished without the dedication of the Finance Department staff. Further appreciation is extended to the Mayor, the City Manager, City Council, the Stark County Auditor's Office, and the Local Government Services Section of Auditor of State Dave Yost's Office. In addition, we would like to thank the residents and taxpayers of the City for entrusting us with the administration of their local government.

Respectfully submitted,



William Rouse
Finance Director
City of Canal Fulton

**City of Canal Fulton
Stark County, Ohio**

*Principal Officials
December 31, 2015*

Elected Officials

Mayor
City Council President
City Council Member
City Council Member
City Council Member
City Council Member
City Council Member

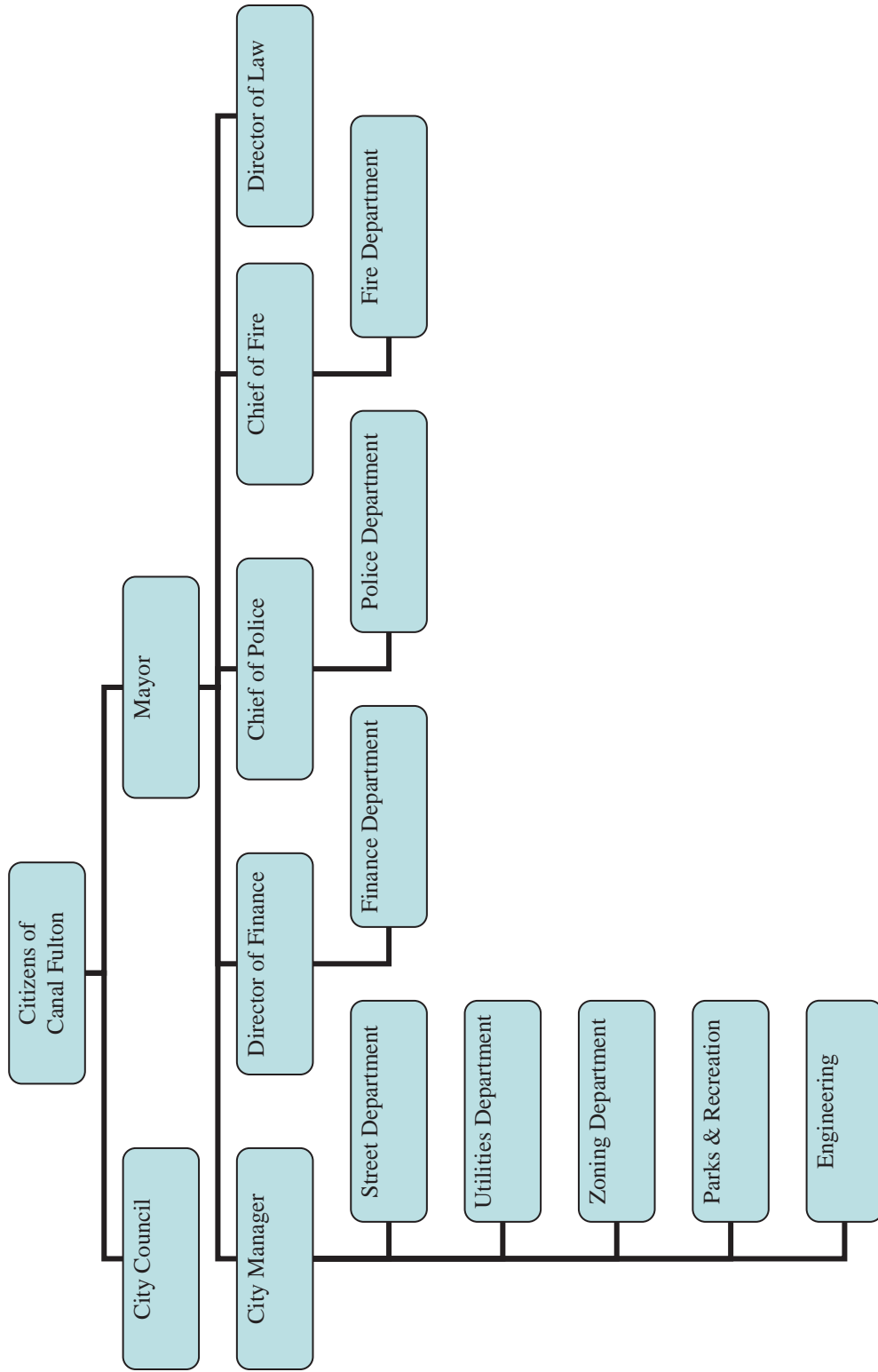
Joseph Schultz
Sean Craney
Susan Mayberry
Scott Svab
Danny Losch
Nellie Cihon
Daniel Bucher

Appointed Officials

City Manager
Director of Finance
Director of Law
Chief of Police
Chief of Fire

Mark Cozy
William Rouse
Scott Fellmeth
Doug Swartz
Raymond Durkee

**City of Canal Fulton
Organization Chart – December 31, 2015**



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Financial Section

INDEPENDENT AUDITORS' REPORT

City Council
City of Canal Fulton, Ohio
155 East Market Street
Canal Fulton, Ohio 44614

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 Canal Fulton, Ohio (the City) as of and for the year ended December 31, 2015, 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.

Auditors' 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 auditors' 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 entity'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 entity'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.

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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 Canal Fulton, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the General, Police and Fire/EMS Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during the year ended December 31, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (page 5 - 16) and the schedules of the City's proportionate share of net pension liabilities and contributions (page 67 – 70) 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 accompanying combining statements, individual fund schedules, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund 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 statements and individual fund 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 28, 2016 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2016

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City of Canal Fulton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The discussion and analysis for the City of Canal Fulton's (the City) financial statements provide an overall review of the financial activity of the City for the twelve months ended December 31, 2015. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the basic financial statements and the notes to the basic financial statements.

Financial Highlights

Financial highlights for 2015 are as follows:

- The 2015 income tax collections were approximately \$2.5 million, which is 8.8 percent higher than 2014. This increase is due to regional economic growth and revitalization of commercial properties within the City.
- The City established a capital projects reserve fund in 2015 to be used in accumulating resources to replace vehicles and equipment in the future. The City placed \$60,000 in this fund during 2015.
- During 2012, the City began implementation of a comprehensive water rate increase, which was approved by City Council in December 2011 and is being phased-in over five years. In 2015, the fourth year of the phase-in, the total water fee collections equaled \$886,090, which is 3.6 percent higher than 2014.
- In December 2012, City Council approved a sewer rate increase, which is being phased-in over four years. In 2015, the third year of the phase-in, the total sewer collections equaled \$979,301, which is 13.7 percent higher than 2014.
- During 2015, the City made substantial investments in its road infrastructure. The City completed design work for widening the Cherry and Locust Street intersection, which is expected to be completed in 2016 and cost approximately \$2.9 million. Federal and State grants are expected to contribute 92.5 percent of construction costs. The City also invested approximately \$149,000 in its chip and seal and concrete road maintenance programs, which represented a 60 percent increase from 2014.

Using this Annual Financial Report

This report consists of a series of financial statements and notes to those statements. These statements are prepared and organized in a manner that allows the reader to look at the financial activities of the City of Canal Fulton as a whole and also allows the reader to obtain a more detailed view of the City's operations, if they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2015 and how they affected the operations of the City as a whole.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

City of Canal Fulton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Reporting the City of Canal Fulton as a Whole

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting.

This method takes into account all revenues when they are earned and all expenses when they are incurred. These transactions are booked when they occur and not when the actual cash is received for revenues or when invoices are paid for expenses.

These two statements report the City's net position and changes in that position. The change in net position is important since it is an indication of whether the financial position of the City is improving or declining. However, to properly evaluate the operation of the City, certain non-cash items should be taken into consideration. These items would include the current economic situation as a whole, the current tax base for the City and the age and condition of the City's buildings and infrastructure.

In the Statement of Net Position and the Statement of Activities, the City is divided into two major activities:

Governmental Activities – Most of the City's programs and services are reported here, including general government, police, fire, transportation and leisure time activities.

Business-Type Activities – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The City's business-type activities are water and sewer.

Reporting on the Most Significant Funds of the City of Canal Fulton

Fund Financial Statements

The analysis of the City's major funds begins on page 12. Fund financial statements give a detailed report of the activities within the funds. The City currently has nineteen funds, as presented in this report. These funds are in existence to provide a multitude of services to the citizens of Canal Fulton. Some funds provide for streets, police, fire and emergency medical service protection, capital improvements, water service and sewer service. Some also provide for the purchase of capital assets, while others provide for the payment of principal and interest on debt. Each fund is in some ways an entity unto itself. Each fund, other than the general fund, has a designated revenue stream and designated uses for the monies within the fund.

In this report, the focus is on six major funds, the general fund, the police fund, the fire/EMS fund, the road improvement projects fund, the water fund, and the sewer fund.

Governmental Funds All of the City's major activities (excluding the Utility Department) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the modified accrual method. This method reports cash and like-cash items that can be converted into cash. This shows what level of financial resources are available or will be available to provide the services that the general government will provide in the near future. These services include police, fire

City of Canal Fulton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

and emergency medical service protection, as well as improving and maintaining the City's streets. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities. The City of Canal Fulton has two enterprise operations under the proprietary classification. They are the water fund and the sewer fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Canal Fulton's own programs.

The City of Canal Fulton as a Whole

The Statement of Net Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2015 as it compares to 2014.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and Other Assets	\$3,929,067	\$3,230,698	\$1,752,076	\$1,638,710	\$5,681,143	\$4,869,408
Capital Assets, Net	11,317,940	10,828,304	8,081,436	8,018,819	19,399,376	18,847,123
<i>Total Assets</i>	<u>15,247,007</u>	<u>14,059,002</u>	<u>9,833,512</u>	<u>9,657,529</u>	<u>25,080,519</u>	<u>23,716,531</u>
Deferred Outflows of Resources						
Pension	240,647	161,208	86,372	60,398	327,019	221,606
Liabilities						
Current and Other Liabilities	175,396	142,691	124,813	51,608	300,209	194,299
Long-Term Liabilities:						
Due Within One Year	126,707	92,375	133,693	136,292	260,400	228,667
Due in More than One Year:						
Net Pension Liability	1,797,162	1,704,085	495,152	483,968	2,292,314	2,188,053
Other Amounts	2,144,702	1,116,852	1,297,582	1,377,210	3,442,284	2,494,062
<i>Total Liabilities</i>	<u>4,243,967</u>	<u>3,056,003</u>	<u>2,051,240</u>	<u>2,049,078</u>	<u>6,295,207</u>	<u>5,105,081</u>
Deferred Inflows of Resources						
Property Taxes	297,226	300,938	0	0	297,226	300,938
Pension	6,835	0	8,698	0	15,533	0
<i>Total Deferred Inflows of Resources</i>	<u>304,061</u>	<u>300,938</u>	<u>8,698</u>	<u>0</u>	<u>312,759</u>	<u>300,938</u>
Net Position						
Net Investment in Capital Assets	9,570,228	9,686,893	6,621,541	6,542,902	16,191,769	16,229,795
Restricted for:						
Capital Projects	425,433	229,167	0	0	425,433	229,167
Debt Service	17,928	0	0	0	17,928	0
Street Repair and Maintenance	396,260	476,418	0	0	396,260	476,418
Police Protection	259,268	193,117	0	0	259,268	193,117
Other Purposes	9,843	10,104	0	0	9,843	10,104
Unclaimed Monies	1,956	2,825	0	0	1,956	2,825
Unrestricted	258,710	264,745	1,238,405	1,125,947	1,497,115	1,390,692
<i>Total Net Position</i>	<u>\$10,939,626</u>	<u>\$10,863,269</u>	<u>\$7,859,946</u>	<u>\$7,668,849</u>	<u>\$18,799,572</u>	<u>\$18,532,118</u>

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During 2015, the City 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 new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

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.

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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 and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$12,406,146 to \$10,863,269 for governmental activities and from \$8,092,419 to \$7,668,849 for business-type activities.

Total assets increased in 2015 as a result of an increase in capital assets as additions outpaced depreciation and deletions.

Long-term liabilities increased due to a new street improvement note as well as an increase in the net pension liability.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall position of the City has improved over the prior year, as evidenced by an increase in net position. Management continues to diligently plan expenses, staying carefully within the City's revenues in an effort to maintain excellent levels of service within the constraints of the budget.

Table 2 shows the change in net position for 2015 as it compares to 2014.

Table 2
Change in Net Position

	Governmental Activities		Business - Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for Services and Sales	\$191,578	\$193,556	\$1,865,391	\$1,716,159	\$2,056,969	\$1,909,715
Operating Grants and Contributions	348,481	415,134	0	0	348,481	415,134
Capital Grants and Contributions	5,200	387,758	0	10,286	5,200	398,044
Total Program Revenues	545,259	996,448	1,865,391	1,726,445	2,410,650	2,722,893
General Revenues:						
Property Taxes	286,857	303,610	0	0	286,857	303,610
Income Taxes	2,494,217	2,293,306	0	0	2,494,217	2,293,306
Grants and Entitlements	119,315	113,121	0	0	119,315	113,121
Gain on Sale of Capital Assets	15,000	0	0	0	15,000	0
Interest	4,875	2,178	0	0	4,875	2,178
Other	61,075	64,497	6,507	34,289	67,582	98,786
Total General Revenues	2,981,339	2,776,712	6,507	34,289	2,987,846	2,811,001
Total Revenues	3,526,598	3,773,160	1,871,898	1,760,734	5,398,496	5,533,894

(continued)

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Table 2
Change in Net Position (continued)

	Governmental		Business - Type		Total	
	2015	2014	2015	2014	2015	2014
Program Expenses						
General Government	1,016,114	897,594	0	0	1,016,114	897,594
Security of Persons and Property	1,811,002	1,743,433	0	0	1,811,002	1,743,433
Transportation	507,694	562,997	0	0	507,694	562,997
Leisure Time Activities	123,410	136,787	0	0	123,410	136,787
Interest and Fiscal Charges	56,621	51,445	0	0	56,621	51,445
Water	0	0	680,771	680,780	680,771	680,780
Sewer	0	0	935,430	786,729	935,430	786,729
Total Program Expenses	3,514,841	3,392,256	1,616,201	1,467,509	5,131,042	4,859,765
Increase in Net Position						
Before Transfers	11,757	380,904	255,697	293,225	267,454	674,129
Transfers	64,600	(55,000)	(64,600)	55,000	0	0
Increase in Net Position	76,357	325,904	191,097	348,225	267,454	674,129
Net Position Beginning of Year	10,863,269	N/A	7,668,849	N/A	18,532,118	N/A
Net Position End of Year	<u>\$10,939,626</u>	<u>\$10,863,269</u>	<u>\$7,859,946</u>	<u>\$7,668,849</u>	<u>\$18,799,572</u>	<u>\$18,532,118</u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$221,606 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$233,535. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental	Business-Type	Total
	Activities	Activities	
Total 2015 program expenses under GASB 68	\$3,514,841	\$1,616,201	\$5,131,042
Pension expense under GASB 68	(179,674)	(53,861)	(233,535)
2015 contractually required contribution	159,201	59,952	219,153
Adjusted 2015 program expenses	3,494,368	1,622,292	5,116,660
Total 2014 program expenses under GASB 27	3,392,256	1,467,509	4,859,765
Increase in program expenses not related to pension	<u>\$102,112</u>	<u>\$154,783</u>	<u>\$256,895</u>

In 2015, total revenues were less than total revenues in the prior year. A large part of this decrease is due to a decrease in capital grants and contributions related to the resurfacing of Locust Street, which was completed in 2014.

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Governmental expenses were higher in 2015 than in the prior year. The major contributing factors to these increases were increases in personal services related to security of persons and property expenses and general government expenses. These expenses increased as a result of higher than normal wage increases for fire department staff and payments to a consulting group for a community campus feasibility study.

Governmental Activities

The funding for governmental activities comes from several different sources, the most significant being the City's municipal income tax. Other prominent sources are property taxes, intergovernmental revenue, and charges for services.

The City's income tax was established to be effective January 1, 1984 at a rate of 0.5 percent. This rate was later increased to 0.75 percent effective January 1, 1996 and further increased to 1 percent effective January 1, 2001. In the November 2004 election, the voters of Canal Fulton elected to increase the income tax rate to 1.1 percent effective January 1, 2005. Lastly, effective on January 1, 2007, the income tax rate moved from the previous 1.1 percent to 1.5 percent. Also, January 1, 2003, the City allowed a 50 percent credit of the City's income tax rate for taxes paid to other political subdivisions in Ohio. On a full accrual basis, the City received income tax revenue of \$2,494,217.

The operations of the City's police and fire departments account for the largest expenses of the governmental activities. The City's police department is a full-time 24-hour a day, 365-days a year department, with a chief, secretary, and nine patrolmen comprising the full-time employees and two part-time patrolmen. The fire department is staffed by part-time firefighters. The remaining amount that is needed to operate the police and fire departments is subsidized by the general fund and income tax revenue.

Business-Type Activities

The City operates a Utility Department consisting of water and sewer services. The water utility includes a water treatment plant, the water distribution system, and the water utility administration. The sewer utility includes the wastewater collection system, wastewater treatment plant, and sewer utility administration.

The water utility services 2,122 customer accounts, which include customers within the City as well as customers outside of the City. The City owns and maintains the water treatment plant, which is located within the City, and the water lines of the distribution system, which are primarily located within the City, used to service the customers of the water utility.

Residential water customers within the City pay a water rate of \$2.32 per thousand gallons of usage plus a minimum fixed-rate charge of \$18.75 per month. Residential water customers outside the City pay a water rate of \$5.80 per thousand gallons of usage plus a minimum fixed-rate charge of \$18.75 per month. In December 2011, City Council approved a five-year phased-in water rate increase, which increases the minimum fixed-rate monthly charge during January of each year starting in 2012 and ending in 2016. Starting in January 2017, the per gallon water usage charge and minimum fixed-rate monthly charge will be subject to inflationary increases based upon the Consumer Price Index (CPI).

The City's water treatment plant treats an average of 435,000 gallons of water per day with a capacity to treat an additional 400,000 gallons per day. The raw water is supplied by five wells in the well field co-located with the water treatment plant, which was built in 1989.

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The sewer utility services 1,963 customer accounts. The City owns and maintains the sewer lines of the collection system, which are located primarily within the City, and the wastewater treatment plant, which is located in neighboring Lawrence Township.

Sewer customers with a water meter pay a sewer rate of \$2.82 per thousand gallons of usage plus a minimum fixed-rate charge of \$18.03 per month. Sewer customers without a water meter pay an unmetered flat sewer rate of \$30.72 per month. As of December 31, 2015, there were 52 sewer customer accounts paying the flat sewer rate. In December 2012, City Council approved a four-year phased-in sewer rate increase, which increases the minimum fixed-rate monthly charge during January of each year starting in 2013 and ending in 2016. Starting in January 2017, the per gallon sewer usage charge and minimum fixed-rate monthly charge will be subject to inflationary increases based upon the Consumer Price Index (CPI).

The City's wastewater treatment plant treats an average of 575,000 gallons of wastewater per day with a capacity to treat an additional 925,000 gallons per day. The wastewater treatment plant was built in 1983.

Through the Joint User Cost System with the Stark County Metropolitan Sewer District, the City receives wastewater from a portion of the Stark County Metropolitan Sewer District system located in northwestern Stark County and then processes this wastewater at the City's wastewater treatment plant. The Stark County Metropolitan Sewer District subsequently reimburses the City forty-percent of capital expenditures incurred for the wastewater treatment plant. In addition, the Stark County Metropolitan Sewer District reimburses the City for the operating expenses incurred within the Joint User Costs System based upon the number of City and Stark County Metropolitan Sewer District users connected to the sewer system.

As of December 31, 2015, the Joint User Cost System had 3,321 single family home equivalent connections, of which the combined total of all City sewer customers comprised 83.5 percent of the single family home equivalent connections and the remaining 16.5 percent were located in the Stark County Metropolitan Sewer District. In 2015, the City sewer utility received \$224,284 (on a cash basis) from the Stark County Metropolitan Sewer District for the operations of the Joint User Cost System.

The revenues and expenses for both of these utilities are reported under the business-type activities in Table 2. The majority of revenues are derived from charges for services. In 2015, revenues of \$1,871,898 were more than the total expenses for the utilities of \$1,616,201, resulting in income before transfers of \$255,697 for the business-type activities. Expenses for sewer increased significantly due to repairs and maintenance as well as the replenishment of materials and supplies at the sewer plant.

The City's Funds

Information about the City's governmental funds begins on page 20. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$3,498,920 and expenditures of \$4,059,877. The City's general fund reflected a decrease in fund balance of \$175,241, which was due to increases in expenditures and transfers out to other funds outpacing increases in total revenue, and carries forward an ending fund balance of \$1,088,595. The police and fire/ems funds had increases in fund balance with ending fund balances of \$270,236 and \$162,277, respectively. The road improvement projects fund had a positive change in fund balance with an ending fund balance of \$441,279. The decrease in general fund was largely due to its support of other fund activities through transfers out. Corresponding transfers in to the police and fire/ems funds were the main cause of the increases to the fund balances in those funds. The increase in the road improvement projects fund was due to the issue of notes at a premium, the proceeds of which were not fully spent during the year.

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Information about the proprietary funds starts on page 27. These funds are accounted for on an accrual basis. All enterprise funds had operating revenues of \$1,871,898 and an operating income of \$274,744.

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 costs and other non-payroll costs appropriation groups within each department as established by appropriation ordinance passed by City Council. Any budgetary modifications at this level may only be made by supplemental appropriation ordinance of City Council. City Council approves an annual budget resolution detailing its initial expenditure budget at the more detailed expense line-item level than the original appropriation ordinance. The budget resolution grants the Finance Director authority to shift the budget expenditures between individual expense line-items as long as the total appropriations of the appropriation groups are not violated and the changes are reported to City Council monthly. Inter-fund transfers and advances are approved for their total annual amount as a part of the annual appropriation ordinance and supplemental appropriation ordinances passed by City Council. Monthly posting of inter-fund transfers and advances as well as their year-to-date totals are reported to City Council monthly.

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 largest funds, which are the general, water, and sewer funds. Council receives a monthly report showing the beginning fund balance for all funds at the beginning of the year, monthly and year-to-date revenues, and the current fund balance.

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

For the general fund, original and final budgeted revenues were \$2,077,323 and \$2,519,524, respectively, and actual revenue collections were \$2,590,660. The increase in budgeted to actual revenue was primarily due to higher income taxes revenue.

Also in the general fund, the original budgeted expenditures and final budgeted expenditures were \$926,507 and \$1,301,457, respectively. The actual expenditures were \$1,192,861. The main difference between actual expenditures and final appropriations was mainly due to diligent oversight of expenditures in the general government line item. The City's ending unencumbered cash balance in the general fund was \$199,732 above the final budgeted amount.

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Capital Assets and Debt Administration

Capital Assets

Table 3
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$3,023,152	\$3,023,152	\$234,514	\$234,514	\$3,257,666	\$3,257,666
Construction in Progress	685,285	194,288	261,524	199,800	946,809	394,088
Buildings and Improvements	2,738,409	2,829,789	2,141,077	2,026,096	4,879,486	4,855,885
Equipment and Machinery	148,497	141,873	74,709	67,861	223,206	209,734
Vehicles	318,169	182,531	70,739	41,776	388,908	224,307
Infrastructure						
Storm Sewers	2,008,634	2,051,041	0	0	2,008,634	2,051,041
Roads	2,395,794	2,405,630	0	0	2,395,794	2,405,630
Sewer Lines	0	0	2,473,494	2,537,924	2,473,494	2,537,924
Water Lines	0	0	2,825,379	2,910,848	2,825,379	2,910,848
Totals	<u>\$11,317,940</u>	<u>\$10,828,304</u>	<u>\$8,081,436</u>	<u>\$8,018,819</u>	<u>\$19,399,376</u>	<u>\$18,847,123</u>

Total capital assets for the City at December 31, 2015, were valued at \$19,399,376, which reflects an increase of \$552,253 from the 2014 ending balance of \$18,847,123. The primary cause for this increase in capital assets is due to a large increase in construction in progress including road widening and storm sewer projects. See Note 14 in the financial statements for more information regarding the City's capital assets.

Debt

The outstanding debt for the City as of December 31, 2015, was \$3,585,322. This balance reflects an increase of \$960,989 from the previous year's balance of \$2,624,333, which is an increase of 36.62 percent.

Table 4
Outstanding Debt at December 31

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$891,368	\$962,005	\$0	\$0	\$891,368	\$962,005
Water Bonds	0	0	437,298	472,554	437,298	472,554
OPWC Loans	130,841	137,727	953,685	1,003,363	1,084,526	1,141,090
Notes	1,007,460	0	0	0	1,007,460	0
Capital Lease	164,670	48,684	0	0	164,670	48,684
Totals	<u>\$2,194,339</u>	<u>\$1,148,416</u>	<u>\$1,390,983</u>	<u>\$1,475,917</u>	<u>\$3,585,322</u>	<u>\$2,624,333</u>

The general obligation bonds are for fire station construction bonds. The fire station bonds will be repaid in 2025. Property tax revenue and general revenues will be used to repay these bonds.

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The water bonds category includes a 20 year bond with interest rates of 3 – 4.5 percent. This bond will be retired in 2025 and is for the construction of a waterline to the Northwest Local School District campus.

The OPWC Loans are comprised of nine separate, zero percent interest loans. The purpose of these loans are for the construction and improvement of various water and sewer projects, which the most notable is the Water Treatment Plant project. These loans will be repaid over a period of 30 years by user fees. The loans will be retired anywhere from 2022 to 2041.

The notes are for street improvement. They mature in one year.

See Note 15 in the financial statements for more information regarding the City's debt.

Current Financial Issues

Over the past twenty years, income tax collections (on a cash basis) have increased from \$425,403 in 1993, to \$2,418,629 in 2015. This is largely attributed to the voter approved, four tenths of a percent increase that began in 2008. In addition, the Northwest Local School District became the City's largest employer in June 2008 through annexation. The voters also approved a one tenth of a percent income tax rate levy dedicated to the Police Department. The remaining one and four tenths of a percent income tax rate levies are receipted into the general fund, from where it is distributed to various City departments and funds via transfers in the annual appropriation ordinances adopted by City Council. Transfers from the general fund to the various funds are used to support the operating expenses and capital improvements for all City departments except the water and sewer utilities. Because income taxes represent the primary source for funding the City's traditional government functions (Police, Fire, Administration, etc.), it is vital that the City continue to monitor income tax collections to ensure future growth.

The City worked on several road improvements during 2015 including the design work to widen the Cherry and Locust Streets intersection, and the annual chip and seal and concrete road maintenance program. The Cherry and Locust Street intersection project is expected to cost approximately \$2.9 million with Federal and State grants paying 92.5 percent. It is anticipated that this project will be completed in 2016. The City also invested approximately \$149,000 in its chip and seal and concrete road maintenance programs, which represented a 60 percent increase from 2014.

The majority of the City's debt consists of bonds and zero percent interest OPWC loans owed by the water and sewer utilities, which will be repaid from user fees charged by the respective utility. In 2015, the City issued \$1.0 million in bond anticipation notes to pay the up-front engineering and design costs associated with the Cherry and Locust Street intersection project. The City anticipates repaying the majority of the bond anticipation note in 2017 through the Federal and State grants associated with this project, and then issuing long-term bonds for the remainder. The long-term bonds will subsequently be repaid from General Fund resources.

City Council adopted ordinances in 2011 and 2012 that created five-year phase in plans for increasing the water and sewer rates. The increase in water fees has enabled the City to stop the historical practice of subsidizing the water utility via transfers from the general fund. Similarly, the sewer rate increase has enabled the sewer utility to make substantial investments in capital upgrades including needed building repairs, reconstruction of the influent bar screen, and required maintenance to sewer infrastructure. Once complete, the rate increases should allow both utilities to build reserves to fund future capital improvements and meet the increased debt service requirements.

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In addition to building reserve balances in the utility funds, the combination of strong income tax collections and prudent budget management allowed the City to reserve an additional \$50,000 for emergencies during 2015, increasing the total balance reserved for emergencies to \$200,000. This reserve was originally established by City Council in 2010 to accumulate resources to help the City better withstand downturns in the local economy or the sudden loss of key revenues. Similarly, City Council created a capital projects reserve fund in 2015 to accumulate resources to help replace vehicles and equipment in the future. The City placed \$60,000 in this fund during 2015.

In conclusion, between the growth in income tax collections, the scheduled rate increases for the utilities, and prudent management; the City has taken appropriate steps to ensure that it continues to maintain financial stability and is prepared to meet future challenges.

Contacting the City's Finance Department

This report is intended to provide our citizens and anyone interested in the financial aspects of the City of Canal Fulton a general overview of our financial operation. If there are any questions, please feel free to contact the Finance Director, William Rouse, City of Canal Fulton, 155 East Market Street, Canal Fulton, Ohio 44614, telephone (330) 854-6761 or website at www.cityofcanalfulton.org.

City of Canal Fulton, Ohio

Statement of Net Position

December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,696,437	\$1,597,594	\$4,294,031
Accrued Interest Receivable	1,768	0	1,768
Accounts Receivable	17,410	150,450	167,860
Intergovernmental Receivable	240,929	0	240,929
Materials and Supplies Inventory	25,867	4,032	29,899
Income Taxes Receivable	638,588	0	638,588
Property Taxes Receivable	308,068	0	308,068
Nondepreciable Capital Assets	3,708,437	496,038	4,204,475
Depreciable Capital Assets, Net	7,609,503	7,585,398	15,194,901
<i>Total Assets</i>	<u>15,247,007</u>	<u>9,833,512</u>	<u>25,080,519</u>
Deferred Outflows of Resources			
Pension	240,647	86,372	327,019
Liabilities			
Accounts Payable	80,388	27,091	107,479
Accrued Wages	18,764	7,842	26,606
Contracts Payable	27,160	68,912	96,072
Intergovernmental Payable	28,671	11,579	40,250
Vacation Benefits Payable	7,453	3,816	11,269
Accrued Interest Payable	12,960	5,573	18,533
Long-Term Liabilities:			
Due Within One Year	126,707	133,693	260,400
Due In More Than One Year:			
Net Pension Liability	1,797,162	495,152	2,292,314
Other Amounts	2,144,702	1,297,582	3,442,284
<i>Total Liabilities</i>	<u>4,243,967</u>	<u>2,051,240</u>	<u>6,295,207</u>
Deferred Inflows of Resources			
Property Taxes	297,226	0	297,226
Pension	6,835	8,698	15,533
<i>Total Deferred Inflows of Resources</i>	<u>304,061</u>	<u>8,698</u>	<u>312,759</u>
Net Position			
Net Investment in Capital Assets	9,570,228	6,621,541	16,191,769
Restricted for:			
Capital Projects	425,433	0	425,433
Debt Service	17,928	0	17,928
Street Repair and Maintenance	396,260	0	396,260
Police Protection	259,268	0	259,268
Other Purposes	9,843	0	9,843
Unclaimed Monies	1,956	0	1,956
Unrestricted	258,710	1,238,405	1,497,115
<i>Total Net Position</i>	<u>\$10,939,626</u>	<u>\$7,859,946</u>	<u>\$18,799,572</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Activities
For the Year Ended December 31, 2015

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$1,016,114	\$16,811	\$9,285	\$0
Security of Persons and Property	1,811,002	131,280	8,622	0
Transportation	507,694	306	330,533	20
Leisure Time Activities	123,410	43,181	41	5,180
Interest and Fiscal Charges	56,621	0	0	0
<i>Total Governmental Activities</i>	<u>3,514,841</u>	<u>191,578</u>	<u>348,481</u>	<u>5,200</u>
Business-Type Activities:				
Water	680,771	886,090	0	0
Sewer	935,430	979,301	0	0
<i>Total Business-Type Activities</i>	<u>1,616,201</u>	<u>1,865,391</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u><u>\$5,131,042</u></u>	<u><u>\$2,056,969</u></u>	<u><u>\$348,481</u></u>	<u><u>\$5,200</u></u>

General Revenues

Property Taxes Levied for:

General Purposes

Capital Projects

Income Tax Levied for:

General Purposes

Other Purposes

Grants and Entitlements not

Restricted to Specific Programs

Gain on Sale of Capital Assets

Interest

Other

Total General Revenues

Transfers

*Total General Revenues and
Transfers*

Change in Net Position

*Net Position Beginning of Year
(Restated - See Note 3)*

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$990,018)	\$0	(\$990,018)
(1,671,100)	0	(1,671,100)
(176,835)	0	(176,835)
(75,008)	0	(75,008)
(56,621)	0	(56,621)
<u>(2,969,582)</u>	<u>0</u>	<u>(2,969,582)</u>
0	205,319	205,319
0	43,871	43,871
<u>0</u>	<u>249,190</u>	<u>249,190</u>
<u>(2,969,582)</u>	<u>249,190</u>	<u>(2,720,392)</u>
188,988	0	188,988
97,869	0	97,869
2,327,106	0	2,327,106
167,111	0	167,111
119,315	0	119,315
15,000	0	15,000
4,875	0	4,875
61,075	6,507	67,582
<u>2,981,339</u>	<u>6,507</u>	<u>2,987,846</u>
<u>64,600</u>	<u>(64,600)</u>	<u>0</u>
<u>3,045,939</u>	<u>(58,093)</u>	<u>2,987,846</u>
76,357	191,097	267,454
<u>10,863,269</u>	<u>7,668,849</u>	<u>18,532,118</u>
<u>\$10,939,626</u>	<u>\$7,859,946</u>	<u>\$18,799,572</u>

City of Canal Fulton, Ohio

Balance Sheet

Governmental Funds

December 31, 2015

	General	Police	Fire/ EMS	Road Improvement Projects	Other Governmental Funds
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$963,544	\$280,442	\$159,054	\$459,959	\$831,482
Accrued Interest Receivable	1,768	0	0	0	0
Accounts Receivable	3,535	0	13,875	0	0
Intergovernmental Receivable	60,983	0	0	0	179,946
Income Taxes Receivable	595,803	42,785	0	0	0
Property Taxes Receivable	213,510	0	0	0	94,558
Materials and Supplies Inventory	0	0	0	0	25,867
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	1,956	0	0	0	0
Total Assets	\$1,841,099	\$323,227	\$172,929	\$459,959	\$1,131,853
Liabilities					
Accounts Payable	\$39,045	\$4,686	\$3,381	\$0	\$33,276
Accrued Wages	3,231	9,476	4,360	0	1,697
Contracts Payable	8,480	0	0	18,680	0
Intergovernmental Payable	14,313	8,710	2,911	0	2,737
Total Liabilities	65,069	22,872	10,652	18,680	37,710
Deferred Inflows of Resources					
Property Taxes	206,377	0	0	0	90,849
Unavailable Revenue	481,058	30,119	0	0	157,754
Total Deferred Inflows of Resources	687,435	30,119	0	0	248,603
Fund Balances					
Nonspendable	1,956	0	0	0	25,867
Restricted	0	270,236	0	441,279	729,713
Committed	0	0	162,277	0	88,105
Assigned	154,679	0	0	0	1,855
Unassigned	931,960	0	0	0	0
Total Fund Balances	1,088,595	270,236	162,277	441,279	845,540
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,841,099	\$323,227	\$172,929	\$459,959	\$1,131,853

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2015*

	Total Governmental Fund Balances	\$2,807,927
Total Governmental Funds	<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,317,940
\$2,694,481	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
1,768	Delinquent Property Taxes	10,842
17,410	Income Taxes	449,541
240,929	Intergovernmental	208,548
638,588	Total	668,931
308,068	Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(7,453)
25,867	Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(12,960)
1,956	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
\$3,929,067	General Obligation Bonds	(885,000)
\$80,388	Premiums on Bonds	(6,368)
18,764	Notes Payable	(1,000,000)
27,160	Premiums on Notes	(7,460)
28,671	OPWC Loan Payable	(130,841)
154,983	Capital Lease Payable	(164,670)
297,226	Compensated Absences	(77,070)
668,931	Total	(2,271,409)
966,157	The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
27,823	Deferred Outflows - Pension	240,647
1,441,228	Deferred Inflows - Pension	(6,835)
250,382	Net Pension Liability	(1,797,162)
156,534	Total	(1,563,350)
931,960	<i>Net Position of Governmental Activities</i>	\$10,939,626
2,807,927		
\$3,929,067		

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Police	Fire/ EMS	Road Improvement Projects	Other Governmental Funds
Revenues					
Property Taxes	\$188,364	\$0	\$0	\$0	\$98,326
Income Taxes	2,269,858	163,000	0	0	0
Charges for Services	6,689	0	128,368	0	42,194
Fines, Licenses and Permits	11,415	588	0	0	2,324
Intergovernmental	120,975	45,784	0	0	351,506
Interest	4,603	0	0	0	272
Contributions and Donations	680	2,688	150	0	61
Other	3,131	26,415	6,083	0	25,446
<i>Total Revenues</i>	<u>2,605,715</u>	<u>238,475</u>	<u>134,601</u>	<u>0</u>	<u>520,129</u>
Expenditures					
Current:					
General Government	943,871	0	0	0	26,409
Security of Persons and Property	0	1,115,187	486,585	0	105,028
Transportation	17,227	0	0	0	537,594
Leisure Time Activities	55,518	0	0	0	42,963
Capital Outlay	0	0	0	558,721	18,796
Debt Service:					
Principal Retirement	0	0	0	0	95,818
Interest and Fiscal Charges	0	0	0	0	48,700
Issuance Costs	0	0	0	7,460	0
<i>Total Expenditures</i>	<u>1,016,616</u>	<u>1,115,187</u>	<u>486,585</u>	<u>566,181</u>	<u>875,308</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,589,099</u>	<u>(876,712)</u>	<u>(351,984)</u>	<u>(566,181)</u>	<u>(355,179)</u>
Other Financing Sources (Uses)					
Notes Issued	0	0	0	1,000,000	0
Premium on Note Issuance	0	0	0	7,460	0
Sale of Capital Assets	0	0	0	0	15,000
Inception of Capital Lease	0	0	0	0	134,918
Transfers In	0	982,000	370,000	0	476,940
Transfers Out	(1,764,340)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,764,340)</u>	<u>982,000</u>	<u>370,000</u>	<u>1,007,460</u>	<u>626,858</u>
<i>Net Change in Fund Balances</i>	(175,241)	105,288	18,016	441,279	271,679
<i>Fund Balances Beginning of Year</i>	<u>1,263,836</u>	<u>164,948</u>	<u>144,261</u>	<u>0</u>	<u>573,861</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,088,595</u></u>	<u><u>\$270,236</u></u>	<u><u>\$162,277</u></u>	<u><u>\$441,279</u></u>	<u><u>\$845,540</u></u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015*

Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$661,021
\$286,690	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
2,432,858	Governmental funds report capital outlay as an expenditure.	
177,251	However, in the statement of activities, the cost of those	
14,327	assets is allocated over their estimated useful lives as	
518,265	depreciation expense. This is the amount by which	
4,875	capital outlay exceeded depreciation in the current period.	
3,579	Capital Asset Additions	877,001
61,075	Current Year Depreciation	<u>(387,365)</u>
3,498,920	Total	489,636
	Revenues in the statement of activities that do not provide	
	current financial resources are not reported as revenues	
	in the funds.	
970,280	Delinquent Property Taxes	167
1,706,800	Income Taxes	61,359
554,821	Intergovernmental	<u>(48,848)</u>
98,481	Total	12,678
577,517	Repayment of long-term obligations is an expenditure in the	
	governmental funds, but the repayment reduces	
95,818	long-term liabilities in the statement of net position.	95,818
48,700	Other financing sources in the governmental funds that increase	
7,460	long-term liabilities in the statement of net position are not	
4,059,877	reported as revenues in the statement of activities.	(1,142,378)
(560,957)	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.	
1,000,000	Accrued Interest	(8,558)
7,460	Amortization of Premiums on Bonds	<u>637</u>
15,000	Total	(7,921)
134,918	Some expenses reported in the statement of activities,	
1,828,940	do not require the use of current financial resources	
(1,764,340)	and therefore are not reported as expenditures	
	in governmental funds.	
	Compensated Absences	(16,259)
	Vacation Benefits Payable	<u>4,235</u>
1,221,978	Total	(12,024)
661,021	Contractually required contributions are reported as expenditures	
2,146,906	in governmental funds; however, the statement of net position	
2,807,927	reports these amounts as deferred outflows	159,201
	Except for amounts reported as deferred inflows/outflows, changes	
	in the net pension liability are reported as pension expense in	
	the statement of activities	<u>(179,674)</u>
	<i>Change in Net Position of Governmental Activities</i>	<u><u>\$76,357</u></u>

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$153,260	\$185,885	\$188,364	\$2,479
Income Taxes	1,807,118	2,191,800	2,256,581	64,781
Charges for Services	7,462	9,050	6,689	(2,361)
Fines, Licenses, and Permits	5,338	6,475	7,880	1,405
Intergovernmental	92,241	111,876	119,706	7,830
Interest	660	800	4,302	3,502
Contributions and Donations	412	500	680	180
Other	10,832	13,138	6,458	(6,680)
<i>Total Revenues</i>	2,077,323	2,519,524	2,590,660	71,136
Expenditures				
Current:				
General Government	836,378	1,211,328	1,120,992	90,336
Transportation	18,500	18,500	17,227	1,273
Leisure Time Activities	71,629	71,629	54,642	16,987
<i>Total Expenditures</i>	926,507	1,301,457	1,192,861	108,596
<i>Excess of Revenues Over Expenditures</i>	1,150,816	1,218,067	1,397,799	179,732
Other Financing Sources (Uses)				
Advances In	412,245	500,000	528,000	28,000
Transfers In	24,735	30,000	0	(30,000)
Transfers Out	(1,699,840)	(1,786,340)	(1,764,340)	22,000
<i>Total Other Financing Sources (Uses)</i>	(1,262,860)	(1,256,340)	(1,236,340)	20,000
<i>Net Change in Fund Balance</i>	(112,044)	(38,273)	161,459	199,732
<i>Fund Balance Beginning of Year</i>	559,440	559,440	559,440	0
Prior Year Encumbrances Appropriated	46,912	46,912	46,912	0
<i>Fund Balance End of Year</i>	\$494,308	\$568,079	\$767,811	\$199,732

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$156,464	\$156,464	\$162,048	\$5,584
Fines, Licenses and Permits	1,036	1,036	588	(448)
Intergovernmental	0	0	45,960	45,960
Contributions and Donations	0	0	2,688	2,688
Other	26,500	26,500	26,415	(85)
<i>Total Revenues</i>	184,000	184,000	237,699	53,699
Expenditures				
Current:				
Security of Persons and Property	1,184,393	1,184,393	1,138,239	46,154
<i>Excess of Revenues Under Expenditures</i>	(1,000,393)	(1,000,393)	(900,540)	99,853
Other Financing Sources				
Transfers In	982,000	982,000	982,000	0
<i>Net Change in Fund Balance</i>	(18,393)	(18,393)	81,460	99,853
<i>Fund Balance Beginning of Year</i>	168,132	168,132	168,132	0
Prior Year Encumbrances Appropriated	20,209	20,209	20,209	0
<i>Fund Balance End of Year</i>	<u>\$169,948</u>	<u>\$169,948</u>	<u>\$269,801</u>	<u>\$99,853</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire/EMS Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$111,000	\$131,000	\$128,180	(\$2,820)
Contributions and Donations	0	0	150	150
Other	1,000	1,000	6,083	5,083
<i>Total Revenues</i>	112,000	132,000	134,413	2,413
Expenditures				
Current:				
Security of Persons and Property	533,248	533,248	494,295	38,953
<i>Excess of Revenues Under Expenditures</i>	(421,248)	(401,248)	(359,882)	41,366
Other Financing Sources				
Transfers In	370,000	370,000	370,000	0
<i>Net Change in Fund Balance</i>	(51,248)	(31,248)	10,118	41,366
<i>Fund Balance Beginning of Year</i>	139,731	139,731	139,731	0
Prior Year Encumbrances Appropriated	4,140	4,140	4,140	0
<i>Fund Balance End of Year</i>	<u>\$92,623</u>	<u>\$112,623</u>	<u>\$153,989</u>	<u>\$41,366</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio

Statement of Fund Net Position

Proprietary Funds

December 31, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$807,959	\$789,635	\$1,597,594
Materials and Supplies Inventory	662	3,370	4,032
Accounts Receivable	81,493	68,957	150,450
<i>Total Current Assets</i>	<u>890,114</u>	<u>861,962</u>	<u>1,752,076</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	220,415	275,623	496,038
Depreciable Capital Assets, Net	3,672,801	3,912,597	7,585,398
<i>Total Noncurrent Assets</i>	<u>3,893,216</u>	<u>4,188,220</u>	<u>8,081,436</u>
<i>Total Assets</i>	<u>4,783,330</u>	<u>5,050,182</u>	<u>9,833,512</u>
Deferred Outflows of Resources			
Deferred Outflows - Pension	43,186	43,186	86,372
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	10,406	16,685	27,091
Accrued Wages	3,921	3,921	7,842
Contracts Payable	1,448	67,464	68,912
Intergovernmental Payable	5,918	5,661	11,579
Vacation Benefits Payable	1,908	1,908	3,816
Accrued Interest Payable	5,573	0	5,573
General Obligation Bonds Payable	35,000	0	35,000
OPWC Loans Payable	46,613	52,080	98,693
<i>Total Current Liabilities</i>	<u>110,787</u>	<u>147,719</u>	<u>258,506</u>
<i>Long-Term Liabilities:</i>			
General Obligation Bonds Payable	402,298	0	402,298
OPWC Loans Payable	374,465	480,527	854,992
Compensated Absences Payable	18,479	21,813	40,292
Net Pension Liability	247,576	247,576	495,152
<i>Total Long-Term Liabilities</i>	<u>1,042,818</u>	<u>749,916</u>	<u>1,792,734</u>
<i>Total Liabilities</i>	<u>1,153,605</u>	<u>897,635</u>	<u>2,051,240</u>
Deferred Inflows of Resources			
Deferred Inflows - Pension	4,349	4,349	8,698
Net Position			
Net Investment in Capital Assets	3,033,392	3,588,149	6,621,541
Unrestricted	635,170	603,235	1,238,405
<i>Total Net Position</i>	<u>\$3,668,562</u>	<u>\$4,191,384</u>	<u>\$7,859,946</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015*

	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$886,090	\$979,301	\$1,865,391
Other	463	6,044	6,507
<i>Total Operating Revenues</i>	<u>886,553</u>	<u>985,345</u>	<u>1,871,898</u>
Operating Expenses			
Personal Services	272,850	272,750	545,600
Fringe Benefits	101,202	101,312	202,514
Contractual Services	121,783	307,011	428,794
Materials and Supplies	39,422	86,844	126,266
Depreciation	126,439	167,480	293,919
Other	28	33	61
<i>Total Operating Expenses</i>	<u>661,724</u>	<u>935,430</u>	<u>1,597,154</u>
<i>Operating Income</i>	224,829	49,915	274,744
Non-Operating Expenses			
Interest and Fiscal Charges	(19,047)	0	(19,047)
<i>Income before Transfers</i>	205,782	49,915	255,697
Transfers Out	(29,700)	(34,900)	(64,600)
<i>Change in Net Position</i>	176,082	15,015	191,097
<i>Net Position Beginning of Year (Restated - See Note 3)</i>	<u>3,492,480</u>	<u>4,176,369</u>	<u>7,668,849</u>
<i>Net Position End of Year</i>	<u><u>\$3,668,562</u></u>	<u><u>\$4,191,384</u></u>	<u><u>\$7,859,946</u></u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Water	Sewer	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$881,515	\$984,457	\$1,865,972
Other Cash Receipts	545	5,650	6,195
Cash Payments to Employees for Services	(375,607)	(375,487)	(751,094)
Cash Payments for Goods and Services	(156,725)	(324,168)	(480,893)
Other Cash Payments	(28)	(33)	(61)
<i>Net Cash Provided by Operating Activities</i>	<u>349,700</u>	<u>290,419</u>	<u>640,119</u>
Cash Flows from Capital and Related Financing Activities			
OPWC Loans Issued	0	55,884	55,884
Principal Paid on Bonds	(35,000)	0	(35,000)
Interest Paid on Bonds	(19,714)	0	(19,714)
Principal Paid on OPWC Loans	(57,750)	(47,812)	(105,562)
Payments for Capital Acquisitions	(156,913)	(199,623)	(356,536)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(269,377)</u>	<u>(191,551)</u>	<u>(460,928)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	80,323	98,868	179,191
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>727,636</u>	<u>690,767</u>	<u>1,418,403</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$807,959</u></u>	<u><u>\$789,635</u></u>	<u><u>\$1,597,594</u></u>

(continued)

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2015

	Water	Sewer	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$224,829	\$49,915	\$274,744
Adjustments:			
Depreciation	126,439	167,480	293,919
(Increase) Decrease in Assets:			
Materials and Supplies Inventory	157	799	956
Accounts Receivable	(4,575)	(5,442)	(10,017)
Intergovernmental Receivable	82	10,204	10,286
Decrease in Deferred Outflows of Resources - Pension	3,525	3,525	7,050
Increase (Decrease) in Liabilities:			
Accounts Payable	2,687	1,486	4,173
Contracts Payable	1,448	67,464	68,912
Accrued Wages	832	833	1,665
Intergovernmental Payable	180	(69)	111
Vacation Benefits Payable	(623)	(622)	(1,245)
Compensated Absences Payable	1,290	1,417	2,707
Net Pension Liability	(4,564)	(4,564)	(9,128)
Decrease in Deferred Inflows of Resources - Pension	(2,007)	(2,007)	(4,014)
<i>Net Cash Provided by Operating Activities</i>	<u>\$349,700</u>	<u>\$290,419</u>	<u>\$640,119</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2015

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$14,734</u>
Liabilities	
Deposits Held and Due to Others	<u>\$14,734</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 – Description of the City and Reporting Entity

As a result of the 2000 census, Canal Fulton, formerly known as the Village of Canal Fulton, became the City of Canal Fulton. The City of Canal Fulton (the "City") is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operated under a Mayor-City Manager-Council form of government. The Mayor and Council are elected to staggered four year terms. The City Manager is appointed by the Mayor.

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 consists of all funds, departments, boards and agencies that are not legally separate from the City. The primary government provides the following services to its citizens: water and sewer utilities, park operations (leisure time activities), street maintenance and repairs, police and fire protection and emergency medical services.

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 organizations. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. There are no component units included as part of this report.

The City participates in the Local Organized Governments Cooperation, which is defined as a joint venture, the Northwest Stark Senior Citizens Commission, which is defined as a related organization, as well as the Stark County Regional Planning Commission, the Stark Council of Governments, and the Stark County District Board of Health as jointly governed organizations. These organizations are presented in Notes 11, 12, and 13 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Canal Fulton have been prepared in conformity with generally accepted accounting principles (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 more significant of the City's accounting policies are described below.

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 Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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.

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

Fund Financial Statements 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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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. The City's funds are classified as either governmental, proprietary or fiduciary.

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

General Fund The general fund accounts for and reports all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of Canal Fulton and/or the general laws of Ohio.

Police Fund The police fund accounts for and reports income taxes levied and restricted for expenditures related to police protection in the City.

Fire/EMS Fund The fire/EMS fund accounts for and reports charges for services committed to expenditures related to fire protection and emergency medical services in the City.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Road Improvement Projects Fund The road improvements projects fund accounts for and reports proceeds of debt restricted for road capital projects in the City.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City has no internal service funds.

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 the residents and commercial users located within the City.

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

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. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's only fiduciary fund, an agency fund, is used to account for performance bonds and security deposits.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 pension. The deferred outflows of resources related to pension are explained in Note 19.

In addition to liabilities, the statement of net position reports 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 revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 operations. These amounts have been recorded as a deferred inflow 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 income taxes, delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 21. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 19)

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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.

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. Interest in the pool is presented as “equity in pooled cash and cash equivalents”. The City had no investments during the year or at year-end.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2015 amounted to \$4,603, which includes \$3,227 assigned from other City funds.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. 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.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	50 years
Equipment and Machinery	5-10 years
Vehicles	5-15 years
Infrastructure	20-75 years

The City's current infrastructure consists of roads, storm sewers and water and sewer lines. Pursuant to GASB Statement No. 34, which includes guidance based upon an entity's size, the City only reports the infrastructure acquired after 2002.

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. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Since the City's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination payments and those the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments after seven years of service). The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after ten years of accumulated service.

Pensions

For purposes of measuring the net pension liability, 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.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and net pension liability that will be paid from

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Fund Balances

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by ordinance, City charter, or by State Statute. State Statute authorizes the Finance Director to assign fund balance for purchases on order provided amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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.

Net Position

Net position represents the difference between all other elements in the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the St. Helena canal boat.

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

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 water and sewer services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Estimates

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

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the original and final amended certificate of estimated resources in effect at the time the original and final appropriations were passed by Council.

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

Note 3 – Change in Accounting Principle and Restatement of Net Position

For 2015, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business-Type Activities
Net Position December 31, 2014	\$12,406,146	\$8,092,419
Adjustments:		
Net Pension Liability	(1,704,085)	(483,968)
Deferred Outflow - Payments Subsequent to Measurement Date	161,208	60,398
Restated Net Position December 31, 2014	\$10,863,269	\$7,668,849

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise</u>
Net Position December 31, 2014	\$3,704,265	\$4,388,154	\$8,092,419
Adjustments:			
Net Pension Liability	(241,984)	(241,984)	(483,968)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>30,199</u>	<u>30,199</u>	<u>\$60,398</u>
Restated Net Position December 31, 2014	<u><u>\$3,492,480</u></u>	<u><u>\$4,176,369</u></u>	<u><u>\$7,668,849</u></u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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 generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the GAAP basis and budget basis are as follows:

1. Revenues and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances In and Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
4. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the major special revenue funds.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Net Change in Fund Balance
 General and Major Special Revenue Funds

	<u>General</u>	<u>Police</u>	<u>Fire/EMS</u>
GAAP Basis	(\$175,241)	\$105,288	\$18,016
Net Adjustment for Revenue Accruals	(15,055)	(776)	(188)
Advances In	528,000	0	0
Net Adjustment for Expenditure Accruals	21,444	(12,411)	(2,645)
Encumbrances	<u>(197,689)</u>	<u>(10,641)</u>	<u>(5,065)</u>
Budget Basis	<u>\$161,459</u>	<u>\$81,460</u>	<u>\$10,118</u>

Note 5 – Deposits and Investments

The City is a charter City and has elected to follow the provisions of State statute. State statutes classify monies held by the City into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not 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.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of the City’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

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

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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; and
3. Obligations of City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage and the use of leverage and short selling are also prohibited.

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 treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a 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 \$4,308,765. Of the bank balance of \$4,380,015, \$500,000 was covered by Federal depository insurance and \$3,880,015 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 6 – Receivables

Receivables at December 31, 2015, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, and accounts (billings for utility service). No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes were levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2015, was \$3.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

	Assessed Value
Real Property	<u>\$84,040,930</u>
Public Utility Property	<u>1,560,960</u>
Total	<u><u>\$85,601,890</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Canal Fulton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2015 and for which there is an enforceable legal claim. In the general fund and general obligation debt retirement debt service fund, the entire receivable has been offset by deferred inflows of resources – property taxes since the current taxes were not levied to finance 2015 operations and the collection of delinquent taxes during the available period are not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Income Taxes

The City levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency or business activities within the City. The City allows a credit of 50 percent for the income tax paid to another municipality to a maximum of half the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, income tax proceeds, after income tax department expenditures, are credited to the general fund and the police special revenue fund.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amount
<i>Governmental Activities:</i>	
Gasoline Tax	\$128,574
Homestead and Rollback	42,406
Permissive Motor Vehicle License Tax	38,445
Local Government	30,011
Grants	1,493
	\$240,929

Note 7 – Interfund Transfers

Interfund transfers for the year ended December 31, 2015, consisted of the following:

Transfer to	Transfer From			Total
	General	Water	Sewer	
Police	\$982,000	\$0	\$0	\$982,000
Fire/EMS	370,000	0	0	370,000
Other Governmental Funds	412,340	29,700	34,900	476,940
Total	\$1,764,340	\$29,700	\$34,900	\$1,828,940

The transfers to the police and fire/EMS special revenue funds were to supplement the operations of those funds. The transfers to the other governmental funds were to supplement the operations of those funds and various capital projects within the City.

Note 8 – Contingencies

Litigation

The City is not party to legal proceedings as of December 31, 2015.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2015.

Note 9 – 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 2015, the City contracted with The Ohio Municipal Joint Self Insurance Pool for various types of insurance.

The coverage and deductible are as follows:

Type of Coverage	Deductible	Coverage
General Liability	\$1,000	\$3,000,000
Employers Liability	0	1,000,000
Employee Benefits	1,000	1,000,000
Law Enforcement Officers Liability	5,000	3,000,000
Public Officials Liability	1,000	3,000,000
Automobile	0	3,000,000
Property	1,000	14,654,133
Electronic Equipment/Media Coverage	500	73,000
Public Employee Dishonesty	500	10,000
Boiler and Machinery	1,000	14,654,133
Emergency Medical Services Liability	1,000	3,000,000
Municipal Attorney and Law Director	1,000	1,000,000

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 10 – Other Employee Benefits

Compensated Absences

Vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn ten or more days of vacation per year, depending upon length of service. Only five vacation days may be carried over to the following year. All accumulated unused vacation time is paid upon termination of employment.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Employees earn sick leave at a rate of 4.6 hours for each completed pay period of 80 hours. Sick leave accumulation is unlimited, but upon retirement, a non-union employee can be paid twenty-five percent of accumulated, unused sick leave to a maximum of 120 days and a union employee can be paid twenty-five percent of accumulated sick leave.

Medical and Dental Insurance

The City provides medical, dental, and vision benefits to employees through The Health Plan, MetLife, and Vision Service Plan, respectively. The City also provides \$25,000 of life insurance for employees through Lincoln Financial. The City's portion of monthly premiums for 2015 were \$913.36 for family, \$648.84 for employee and spouse, \$531.28 for employee and children, and \$296.15 for single.

Note 11 – Joint Venture

The City participates in the Local Organized Governments in Cooperation (LOGIC), a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the City, Jackson Township, Lawrence Township, City of Massillon, and Hills and Dales Village, with each participant providing one representative to serve on the board. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The board has total authority over the operation of LOGIC, including budgeting, appropriating, contracting, and designating management. Continued existence of LOGIC is dependent on the City's continued participation; however, the City does not have an equity interest in the LOGIC. LOGIC does not provide specific financial benefits or impose specific financial burdens on the City. During 2015, the City made contributions of \$92,462, but does not have an equity interest in LOGIC. Financial statements of LOGIC may be obtained from Local Organized Governments in Cooperation, 2601 Cleveland Avenue, Canton, Ohio 44709.

Note 12 – Related Organization

Four of the nine members of the Northwest Stark Senior Citizens Commission (Senior Citizens Commission) are appointed by the Mayor of the City. Four of the nine members of the Senior Citizens Commission are elected by the members of the Northwest Stark Senior Center. These eight members of the Senior Citizens Commission elect the remaining member. The Senior Citizens Commission administers its own staff and does not rely on the City to finance deficits. The City is not financially accountable for the Senior Citizens Commission nor is the Senior Citizens Commission financially dependent on the City. The City paid \$777 to the Senior Citizens Commission in 2015 as an electricity reimbursement. Financial information may be obtained by contacting the Senior Citizens Commission at 853 Locust Street, Canal Fulton, Ohio 44614.

Note 13 – Jointly Governed Organizations

Stark County Regional Planning Commission

The City participates in the Stark County Regional Planning Commission (Planning Commission), which is a statutorily created political subdivision of the State. The Planning Commission is jointly governed among Stark County, and other cities, villages, and townships. Of the 85 member board, the City appoints one member. The degree of control exercised by any participating government is limited to its representation on the board. The principal aim of the Planning Commission is to provide comprehensive planning, both long and short-term range, dealing with the economic and physical environment of Stark County. The board exercises total authority for the day-to-day operations of the Planning Commission. These include budgeting, appropriating, contracting and designating management. The City has no financial responsibility for any of the Planning Commission's liabilities. In 2015, the City contributed a total of \$1,689 to the Planning Commission. Complete financial statements can be obtained from the Stark County Regional Planning Commission, 201 3rd Street NE, Suite 201, Canton, Ohio 44702.

Stark Council of Governments

The City participates in the Stark Council of Governments (Council) which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County and its municipalities and townships which direct the operations of the Stark County Metropolitan Narcotics Unit and the Stark County Crime Laboratory. Of the 27 members, the City has one appointed member. Each member's control over the operation of the Council is limited to its representation on the board. The board exercises total authority over the operation of the Council including budgeting, appropriation, contracting, and designating management. The Council is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City did not contribute any funds to the Council in 2015. Complete financial statements can be obtained from the Stark Council of Governments, P.O. Box 21451 Canton, Ohio 44701-1451.

Stark County District Board of Health

The City participates in the Stark County District Board of Health (Health District) which is a statutorily created political subdivision of the State. The Health District is jointly governed by Stark County townships, villages, the City of Canal Fulton, the City of Louisville, and the City of North Canton. Of the 8 board members, the City has one appointed member. The board is made up of various professionals who are equally representative of the general health district. The board exercises total authority over the operation of the Health District including budgeting, appropriation, contracting, and designating management. The Health District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City contributed \$24,749 to the Health District in 2015. Complete financial statements can be obtained from the Stark County Combined General Health District, 3951 Convenience Circle NW, Canton, Ohio 44718.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 14 – Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

	Balance 12/31/2014	Additions	Deductions	Balance 12/31/2015
Governmental Activities:				
Capital Assets not being depreciated:				
Land	\$3,023,152	\$0	\$0	\$3,023,152
Construction in Progress	194,288	490,997	0	685,285
Total Capital Assets not being depreciated	<u>3,217,440</u>	<u>490,997</u>	<u>0</u>	<u>3,708,437</u>
Capital Assets being depreciated:				
Buildings and Improvements	5,064,588	12,032	0	5,076,620
Equipment and Machinery	550,473	54,486	(6,300)	598,659
Vehicles	1,296,560	170,691	(94,817)	1,372,434
Infrastructure:				
Storm Sewers	4,144,477	0	0	4,144,477
Roads	3,023,833	148,795	0	3,172,628
Total Capital Assets being depreciated	<u>14,079,931</u>	<u>386,004</u>	<u>(101,117)</u>	<u>14,364,818</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,234,799)	(103,412)	0	(2,338,211)
Equipment and Machinery	(408,600)	(47,862)	6,300	(450,162)
Vehicles	(1,114,029)	(35,053)	94,817	(1,054,265)
Infrastructure:				
Storm Sewers	(2,093,436)	(42,407)	0	(2,135,843)
Roads	(618,203)	(158,631)	0	(776,834)
Total Accumulated Depreciation	<u>(6,469,067)</u>	<u>(387,365) *</u>	<u>101,117</u>	<u>(6,755,315)</u>
Total Capital Assets being Depreciated, net	<u>7,610,864</u>	<u>(1,361)</u>	<u>0</u>	<u>7,609,503</u>
Governmental Activities Capital Assets, Net	<u>\$10,828,304</u>	<u>\$489,636</u>	<u>\$0</u>	<u>\$11,317,940</u>

* Depreciation expense was charged to governmental activities as follows:

General Government	\$68,627
Security of Persons and Property	106,990
Transportation	186,701
Leisure Time Activities	25,047
Total Depreciation Expense	<u>\$387,365</u>

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

	Balance 12/31/2014	Additions	Deductions	Balance 12/31/2015
<i>Business-Type Activities:</i>				
Capital Assets not being depreciated:				
Land	\$234,514	\$0	\$0	\$234,514
Construction in Progress	199,800	274,551	(212,827)	261,524
Total Capital Assets not being depreciated	<u>434,314</u>	<u>274,551</u>	<u>(212,827)</u>	<u>496,038</u>
Capital Assets being depreciated:				
Buildings and Improvements	4,419,546	237,253	0	4,656,799
Equipment and Machinery	162,124	17,960	0	180,084
Vehicles	213,010	39,599	0	252,609
Infrastructure:				
Sewer Lines	5,142,341	0	0	5,142,341
Water Lines	6,134,211	0	0	6,134,211
Total Capital Assets being depreciated	<u>16,071,232</u>	<u>294,812</u>	<u>0</u>	<u>16,366,044</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,393,450)	(122,272)	0	(2,515,722)
Equipment and Machinery	(94,263)	(11,112)	0	(105,375)
Vehicles	(171,234)	(10,636)	0	(181,870)
Infrastructure:				
Sewer Lines	(2,604,417)	(64,430)	0	(2,668,847)
Water Lines	(3,223,363)	(85,469)	0	(3,308,832)
Total Accumulated Depreciation	<u>(8,486,727)</u>	<u>(293,919)</u>	<u>0</u>	<u>(8,780,646)</u>
Total Capital Assets, being depreciated, net	<u>7,584,505</u>	<u>893</u>	<u>0</u>	<u>7,585,398</u>
Business-Type Activities Capital Assets, Net	<u><u>\$8,018,819</u></u>	<u><u>\$275,444</u></u>	<u><u>(\$212,827)</u></u>	<u><u>\$8,081,436</u></u>

Note 15 – Long-Term Obligations

Debt Issue	Rate	Issue Amount	Date of Maturity
<i>Governmental Activities:</i>			
Fire Station Bonds 1 - 2006	4.25-5%	\$750,000	December 1, 2025
Fire Station Bonds 2 - 2006	4.25-5	750,000	December 1, 2025
OPWC Wooster Street Storm Sewer - 2014	0	137,727	January 1, 2035
Street Improvement Bond Anticipation Notes	1.25	1,000,000	May 7, 2016
<i>Business-Type Activities:</i>			
Northwest Waterline Bonds - 2005	3.0-4.5	730,000	March 15, 2025
OPWC Canal Street Waterline Loan - 1995	0	123,156	July 1, 2015
OPWC Market Street Waterline Loan - 1995	0	322,455	July 1, 2015
OPWC Water Treatment Plant Loan - 2003	0	600,595	July 1, 2024
OPWC Milan Street Waterline Loan - 2006	0	331,649	January 1, 2026
OPWC Denshire Sanitary Sewer Loan - 2003	0	417,195	July 1, 2022
OPWC Solids Handling Improvement Loan - 2003	0	376,100	January 1, 2023
OPWC High Street Sanitary Sewer Loan - 2009	0	116,357	January 1, 2041
OPWC WWTP Screening Improvements - 2014	0	170,750	July 1, 2035

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

The changes in the City's long-term obligations during the year consist of the following:

	Restated Amount Outstanding 12/31/2014	Additions	Deletions	Amount Outstanding 12/31/2015	Amounts Due in One Year
<i>Governmental Activities:</i>					
<u>General Obligation Bonds:</u>					
Fire Station Bonds 1	\$480,000	\$0	\$35,000	\$445,000	\$35,000
Premium on Fire Station Bonds 1	4,952	0	450	4,502	0
Fire Station Bonds 2	475,000	0	35,000	440,000	35,000
Premium on Fire Station Bonds 2	2,053	0	187	1,866	0
Total General Obligation Bonds	962,005	0	70,637	891,368	70,000
<u>Other Long-Term Obligations:</u>					
OPWC - Wooster Street Storm Sewer	137,727	0	6,886	130,841	6,886
Bond Anticipation Notes	0	1,000,000	0	1,000,000	0
Premium on Street Improvement Notes	0	7,460	0	7,460	0
Capital Leases	48,684	134,918	18,932	164,670	47,066
Compensated Absences	60,811	16,259	0	77,070	2,755
Total Other Long-Term Obligations	247,222	1,158,637	25,818	1,380,041	56,707
<u>Net Pension Liability:</u>					
OPERS	380,261	8,787	0	389,048	0
OP&F	1,323,824	84,290	0	1,408,114	0
Total Net Pension Liability	1,704,085	93,077	0	1,797,162	0
Total Governmental Activities	\$2,913,312	\$1,251,714	\$96,455	\$4,068,571	\$126,707
<i>Business-Type Activities:</i>					
<u>General Obligation Bonds:</u>					
Northwest Waterline Bonds					
Serial Bonds	\$225,000	\$0	\$35,000	\$190,000	\$35,000
Term Bonds	245,000	0	0	245,000	0
Premium on Northwest Waterline Bonds	2,554	0	256	2,298	0
Total General Obligation Bonds	472,554	0	35,256	437,298	35,000
<u>OPWC Loans:</u>					
Water - Canal Street	3,076	0	3,076	0	0
Water - Market Street	8,061	0	8,061	0	0
Water - Treatment Plant	285,280	0	30,029	255,251	30,029
Water - Milan Street	182,411	0	16,584	165,827	16,584
Sewer - Denshire Sanitary	156,445	0	20,858	135,587	20,859
Sewer - Solids Handling Improvement	150,441	0	18,806	131,635	18,805
Sewer - High Street Sanitary	102,783	0	3,879	98,904	3,879
Sewer - WWTP Screening Improvements	114,866	55,884	4,269	166,481	8,537
Total OPWC Loans	1,003,363	55,884	105,562	953,685	98,693
Compensated Absences	37,585	14,769	12,062	40,292	0
Net Pension Liability - OPERS:					
Water	241,984	5,592	0	247,576	0
Sewer	241,984	5,592	0	247,576	0
Total Net Pension Liability - OPERS	483,968	11,184	0	495,152	0
Total Business-Type Activities	\$1,997,470	\$81,837	\$152,880	\$1,926,427	\$133,693

The fire station bonds 1 and 2, the OPWC Wooster Street Storm Water loan, and the capital leases are paid from the general obligation debt retirement fund.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

On March 15, 2005, the City issued \$730,000 of Water Improvement Bonds for the purpose of constructing a waterline for the Northwest Local School District. The bonds are subject to mandatory sinking fund redemption before maturity. Interest payments, at rates ranging from 3 percent to 4.5 percent per year are payable on March 15 and September 15 of each year, until the principal amount is paid.

Redemption Provisions

Mandatory Sinking Fund Redemption The Northwest waterline bonds maturing on March 15, 2025 are term bonds and are subject to mandatory sinking redemption requirements on March 15 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$55,000 to be paid at maturity on March 15, 2025):

Year	Principal Amount
2021	\$45,000
2022	45,000
2023	50,000
2024	50,000

The City has pledged future water revenues net of expenses to repay OPWC loans. These loans are payable solely from net revenues and are payable through 2026. Annual principal payments on these loans are expected to require less than 17 percent of net revenues and less than 7 percent of total revenues. The total principal remaining to be paid on the loans is \$421,078. Principal paid for the current year was \$57,750, total net revenues were \$351,268, and total revenues were \$886,553.

The City has pledged future sewer revenues net of expenses to repay OPWC loans. These loans are payable solely from net revenues and are payable through 2041. Annual principal payments on these loans are expected to require less than 23 percent of net revenues and less than 6 percent of total revenues. The total principal remaining to be paid on the loans is \$532,607. Principal paid for the current year was \$47,812, total net revenues were \$217,395, and total revenues were \$985,345.

The City pays obligations related to employee compensation from the fund benefitting from their service. The compensated absences liability will be paid from the general fund, the street maintenance, police, and fire/EMS special revenue funds, and the water and sewer enterprise funds.

The City issued \$1,000,000 in bond anticipation street improvement notes in 2015. The bonds were sold at a premium of \$7,460. The notes were issued for the purpose of financing the up-front costs associated with the Cherry and Locust Street intersection project. The notes will be rolled over in 2016 (See Note 22). It is the City's intent to finance its share of the project costs with long-term bonds.

As of December 31, 2015, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$7,696,278 and the unvoted legal debt margin was \$2,416,184.

City of Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Principal and interest requirements to retire the City’s long-term obligations outstanding at December 31, 2015, are as follows:

Governmental Activities					
General Obligation Bonds					
Year	Principal		Interest		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2016	\$70,000	\$43,900			\$6,886
2017	70,000	40,750			6,886
2018	80,000	37,250			6,886
2019	80,000	33,250			6,886
2020	90,000	29,250			6,886
2021-2025	495,000	76,500			34,430
2026-2030	0	0			34,430
2031-2035	0	0			27,551
Total	\$885,000	\$260,900			\$130,841

Business-Type Activities					
General Obligation Bonds					
Year	Serial		Term		OPWC Loans
	Principal	Interest	Principal	Interest	
2016	\$35,000	\$18,312	\$0	\$0	\$98,693
2017	35,000	16,869	0	0	98,694
2018	40,000	15,276	0	0	98,694
2019	40,000	13,576	0	0	98,694
2020	40,000	11,876	0	0	98,694
2021-2025	0	0	245,000	28,686	319,000
2026-2030	0	0	0	0	62,085
2031-2035	0	0	0	0	57,807
2036-2040	0	0	0	0	19,395
2041	0	0	0	0	1,929
Total	\$190,000	\$75,909	\$245,000	\$28,686	\$953,685

Note 16 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

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General	\$197,689
Police	10,641
Fire/EMS	5,065
Road Improvements Capital Projects	156,177
Other Governmental Funds	156,408
Water	725,794
Sewer	87,716
Total	\$1,339,490

Note 17 – 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 government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Police	Fire/ EMS	Road Improvement Capital Projects	Other Governmental Funds	Total
<u>Nonspendable:</u>						
Unclaimed Monies	\$1,956	\$0	\$0	\$0	\$0	\$1,956
Inventory	0	0	0	0	25,867	25,867
<i>Total Nonspendable</i>	1,956	0	0	0	25,867	27,823
<u>Restricted to:</u>						
Transportation	0	0	0	0	240,978	240,978
Public Safety	0	270,236	0	0	25,379	295,615
St. Helena II	0	0	0	0	9,843	9,843
Capital Projects	0	0	0	441,279	425,433	866,712
Debt Service	0	0	0	0	28,080	28,080
<i>Total Restricted</i>	0	270,236	0	441,279	729,713	1,441,228
<u>Committed to:</u>						
Public Safety	0	0	162,277	0	0	162,277
Parks and Recreation	0	0	0	0	28,105	28,105
Capital Improvements	0	0	0	0	60,000	60,000
<i>Total Committed</i>	0	0	162,277	0	88,105	250,382
<u>Assigned to:</u>						
Capital Projects	0	0	0	0	1,855	1,855
Purchases on Order:						
City Administration	145,526	0	0	0	0	145,526
Engineering	6,617	0	0	0	0	6,617
Buildings	2,536	0	0	0	0	2,536
<i>Total Assigned</i>	154,679	0	0	0	1,855	156,534
Unassigned	931,960	0	0	0	0	931,960
Total Fund Balances	\$1,088,595	\$270,236	\$162,277	\$441,279	\$845,540	\$2,807,927

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Note 18 – Capital Leases

During 2012, the City entered into a capital lease with FirstMerit Bank, N.A., for a snow plow. This lease will end in 2017. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The capital asset was capitalized at the present value of the minimum lease payments at the time the lease was entered into.

During 2015, the City entered into a capital lease with Huntington Public Capital Corporation for a dump truck. This lease will end in 2020. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The capital asset was capitalized at the present value of the minimum lease payments at the time the lease was entered into.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Vehicles	\$227,965
Less: Accumulated depreciation	(33,807)
Total	\$194,158

The leases provides for minimum, annual lease payments as follows:

	Governmental Activities
2016	\$49,503
2017	39,213
2018	28,921
2019	28,921
2020	28,919
Total Minimum Lease Payment	175,477
Less: Amount Representing Interest	(10,807)
Present Value of Minimum Lease Payments	\$164,670

Note 19 – Defined Benefit Pension Plans

Net Pension Liability

The net pension liability 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-

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term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police, 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. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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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 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

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

	<u>State and Local</u>
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u><u>14.0 %</u></u>
Employee	<u><u>10.0 %</u></u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$107,058 for 2015. Of this amount, \$10,355 is reported as an intergovernmental payable.

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Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF 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 OPF 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:

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	Police
2015 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	
January 1, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %
 2015 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
 Total Employer	 19.50 %
Employee:	
January 1, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$112,095 for 2015. Of this amount \$1,475 is reported as an intergovernmental payable.

Pension Liabilities, 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, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$884,200	\$1,408,114	\$2,292,314
Proportion of the Net Pension Liability	0.007331%	0.0271815%	
Pension Expense	\$96,180	\$137,355	\$233,535

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$47,178	\$60,688	\$107,866
City contributions subsequent to the measurement date	107,058	112,095	219,153
Total Deferred Outflows of Resources	\$154,236	\$172,783	\$327,019
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$15,533	\$0	\$15,533

\$219,153 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. 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	Total
Year Ending December 31:			
2016	\$4,627	\$15,172	\$19,799
2017	4,627	15,172	19,799
2018	10,595	15,172	25,767
2019	11,796	15,172	26,968
Total	\$31,645	\$60,688	\$92,333

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, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

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 2014 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 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$1,626,676	\$884,200	\$258,858

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF'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, 2014, are presented below:

Valuation Date	January 1, 2014
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

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 OPF's target asset allocation as of December 31, 2014 are summarized below:

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

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF'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	\$1,947,636	\$1,408,114	\$951,305

Social Security System

As of December 31, 2015, thirty-one part-time firefighters have elected to be covered by Social Security rather than OPERS or Ohio Police and Fire Pension Fund. The part-time firefighters' liability is 6.2 percent of wages paid.

Note 20 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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. See OPERS' CAFR referenced below for additional information.

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 Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> by writing to OPERS, 277 East Town Street, Columbus, Ohio 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 postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contributions 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 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care 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 to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

City of Canal Fulton, Ohio
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Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was \$17,843, \$21,172, and \$10,240, respectively. For 2015, 98.49 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF 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.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent of covered payroll for police. Active members do not make contributions to the OPEB Plan.

OPF 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 premium 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 OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the employer contribution allocated to the health care plan was 0.5 percent of covered payroll. The amount of employer contribution 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 Sections 115 and 401(h).

The OPF Board of Trustees is also 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 Canal Fulton, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

The City's contribution to OPF for the years ended December 31, 2015, 2014, and 2013 were \$115,045, \$110,965, and \$119,491, respectively, of which \$2,950, \$2,845, and \$22,162, respectively, was allocated to the healthcare plan. For 2015, 98.68 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

Note 21 – Compliance

Contrary to Ohio Revised Code Section 5705.39, the water enterprise fund had original appropriations of \$1,639,030 in excess of certified available resources of \$1,604,636, leaving an excess of \$34,394.

Note 22 – Subsequent Event

On April 5, 2016, City Council passed Ordinance 6-16, which authorizes the rollover of the Bond Anticipation Notes issued in 2015. The new notes were issued on May 5, 2016, for \$1,000,000 at a premium of \$6,400 and with an interest rate of 1.85 percent.

City of Canal Fulton, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Two Years (1)

	2014	2013
City's Proportion of the Net Pension Liability	0.007331%	0.007331%
City's Proportionate Share of the Net Pension Liability	\$884,200	\$864,229
City's Covered-Employee Payroll	\$898,775	\$864,297
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	98.38%	99.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

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

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

	2014	2013
City's Proportion of the Net Pension Liability	0.02718150%	0.02718150%
City's Proportionate Share of the Net Pension Liability	\$1,408,114	\$1,323,824
City's Covered-Employee Payroll	\$598,700	\$612,772
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.20%	216.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) Information prior to 2013 is not available.

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

City of Canal Fulton, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$107,058	\$107,853	\$112,359
Contributions in Relation to the Contractually Required Contribution	<u>(107,058)</u>	<u>(107,853)</u>	<u>(112,359)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$892,150	\$898,775	\$864,297
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

City of Canal Fulton, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$112,095	\$113,753	\$97,329
Contributions in Relation to the Contractually Required Contribution	<u>(112,095)</u>	<u>(113,753)</u>	<u>(97,329)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$589,974	\$598,700	\$612,772
Contributions as a Percentage of Covered-Employee Payroll	19.00%	19.00%	15.88%

(1) Information prior to 2013 is not available.

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Special revenue funds are used 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.

Street Maintenance – To account for and report State gasoline tax and motor vehicle registration fees restricted for maintenance of streets within the City.

State Highway Fund – To account for and report State gasoline tax and motor vehicle registration fees restricted for maintenance of State highways within the City.

Motor Vehicle License Fund – To account for and report the motor vehicle license tax that is restricted for street maintenance.

Enforcement and Education Fund – To account for the collection of fines that are restricted to educating the public about the dangers of and enforcing the laws against operating a motor vehicle while under the influence of alcohol and to reinforce the “Say No to Drugs” message.

Law Enforcement Trust Fund – To account for and report restricted monies received from drug fines and forfeited bonds restricted for security of persons and property.

Canal Boat Fund – To account for and report charges for services that are restricted for canal boat maintenance and costs of events held on the canal.

Nonmajor Debt Service Fund

Debt service funds are used to account for and report financial resources that restricted, committed, or assigned to expenditures for principal and interest.

General Obligation Debt Retirement Fund – To account for and report property taxes, other revenues, and transfers from the general fund restricted for debt payments.

Nonmajor Capital Projects Funds

Capital projects funds are used 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.

Locust Street Project Fund – To account for transfers assigned to the engineering and planning phase of a proposed Locust Street project.

Parks/Recreation Capital Projects Fund – To account for and report intergovernmental receipts committed for the purpose of improving existing park and recreation facilities.

Downtown Capital Improvement Fund – To account for and report initial debt proceeds restricted for related capital outlays according to the debt covenants.

Capital Projects Reserve Fund – To account for and report monies committed by City Council for the purchase of capital assets.

Capital Improvements Fund – To account for and report property tax and grant monies restricted for the purchase of capital assets.

City of Canal Fulton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$288,009	\$28,080	\$515,393	\$831,482
Intergovernmental Receivable	167,019	12,927	0	179,946
Property Taxes Receivable	0	94,558	0	94,558
Materials and Supplies Inventory	25,867	0	0	25,867
<i>Total Assets</i>	<u>\$480,895</u>	<u>\$135,565</u>	<u>\$515,393</u>	<u>\$1,131,853</u>
Liabilities				
Accounts Payable	\$33,276	\$0	\$0	\$33,276
Accrued Wages	1,697	0	0	1,697
Intergovernmental Payable	2,737	0	0	2,737
<i>Total Liabilities</i>	<u>37,710</u>	<u>0</u>	<u>0</u>	<u>37,710</u>
Deferred Inflows of Resources				
Property Taxes	0	90,849	0	90,849
Unavailable Revenue	141,118	16,636	0	157,754
<i>Total Deferred Inflows of Resources</i>	<u>141,118</u>	<u>107,485</u>	<u>0</u>	<u>248,603</u>
Fund Balances				
Nonspendable	25,867	0	0	25,867
Restricted	276,200	28,080	425,433	729,713
Committed	0	0	88,105	88,105
Assigned	0	0	1,855	1,855
<i>Total Fund Balances</i>	<u>302,067</u>	<u>28,080</u>	<u>515,393</u>	<u>845,540</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$480,895</u>	<u>\$135,565</u>	<u>\$515,393</u>	<u>\$1,131,853</u>

City of Canal Fulton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$0	\$98,326	\$0	\$98,326
Charges for Services	42,194	0	0	42,194
Fines, Licenses and Permits	2,324	0	0	2,324
Intergovernmental	332,955	14,051	4,500	351,506
Interest	272	0	0	272
Contributions and Donations	41	0	20	61
Other	10,406	1,090	13,950	25,446
<i>Total Revenues</i>	<u>388,192</u>	<u>113,467</u>	<u>18,470</u>	<u>520,129</u>
Expenditures				
Current:				
General Government	0		26,409	26,409
Security of Persons and Property	192	0	104,836	105,028
Transportation	430,606	0	106,988	537,594
Leisure Time Activities	42,963	0	0	42,963
Capital Outlay	0	2,305	16,491	18,796
Debt Service:				
Principal Retirement	0	95,818	0	95,818
Interest and Fiscal Charges	0	48,700	0	48,700
<i>Total Expenditures</i>	<u>473,761</u>	<u>146,823</u>	<u>254,724</u>	<u>875,308</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(85,569)</u>	<u>(33,356)</u>	<u>(236,254)</u>	<u>(355,179)</u>
Other Financing Sources				
Sale of Capital Assets	15,000	0	0	15,000
Inception of Capital Lease	0	0	134,918	134,918
Transfers In	0	27,840	449,100	476,940
<i>Total Other Financing Sources</i>	<u>15,000</u>	<u>27,840</u>	<u>584,018</u>	<u>626,858</u>
<i>Net Change in Fund Balances</i>	<u>(70,569)</u>	<u>(5,516)</u>	<u>347,764</u>	<u>271,679</u>
<i>Fund Balances Beginning of Year</i>	<u>372,636</u>	<u>33,596</u>	<u>167,629</u>	<u>573,861</u>
<i>Fund Balances End of Year</i>	<u>\$302,067</u>	<u>\$28,080</u>	<u>\$515,393</u>	<u>\$845,540</u>

City of Canal Fulton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Street Maintenance	State Highway	Motor Vehicle License	Enforcement and Education
Assets				
Equity in Pooled Cash and Cash Equivalents	\$192,208	\$19,156	\$41,273	\$15,405
Intergovernmental Receivable	118,931	9,643	38,445	0
Materials and Supplies Inventory	25,867	0	0	0
<i>Total Assets</i>	<u>\$337,006</u>	<u>\$28,799</u>	<u>\$79,718</u>	<u>\$15,405</u>
Liabilities				
Accounts Payable	\$31,215	\$1,483	\$578	\$0
Accrued Wages	1,697	0	0	0
Intergovernmental Payable	2,587	0	0	0
<i>Total Liabilities</i>	<u>35,499</u>	<u>1,483</u>	<u>578</u>	<u>0</u>
Deferred Inflows of Resources				
Unavailable Revenue	100,498	8,148	32,472	0
Fund Balances				
Nonspendable	25,867	0	0	0
Restricted	175,142	19,168	46,668	15,405
<i>Total Fund Balances</i>	<u>201,009</u>	<u>19,168</u>	<u>46,668</u>	<u>15,405</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$337,006</u>	<u>\$28,799</u>	<u>\$79,718</u>	<u>\$15,405</u>

Law Enforcement Trust	Canal Boat	Nonmajor Special Revenue Funds
\$9,974	\$9,993	\$288,009
0	0	167,019
0	0	25,867
<u>\$9,974</u>	<u>\$9,993</u>	<u>\$480,895</u>
\$0	\$0	\$33,276
0	0	1,697
0	150	2,737
<u>0</u>	<u>150</u>	<u>37,710</u>
<u>0</u>	<u>0</u>	<u>141,118</u>
0	0	25,867
<u>9,974</u>	<u>9,843</u>	<u>276,200</u>
<u>9,974</u>	<u>9,843</u>	<u>302,067</u>
<u>\$9,974</u>	<u>\$9,993</u>	<u>\$480,895</u>

City of Canal Fulton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015

	Street Maintenance	State Highway	Motor Vehicle License	Enforcement and Education
Revenues				
Charges for Services	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	0	357
Intergovernmental	238,711	19,357	74,887	0
Interest	186	23	63	0
Contributions and Donations	0	0	0	0
Other	4,148	0	5,791	0
<i>Total Revenues</i>	<u>243,045</u>	<u>19,380</u>	<u>80,741</u>	<u>357</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	192
Transportation	282,886	21,170	126,550	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>282,886</u>	<u>21,170</u>	<u>126,550</u>	<u>192</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(39,841)	(1,790)	(45,809)	165
Other Financing Sources				
Sale of Capital Assets	15,000	0	0	0
<i>Net Change in Fund Balances</i>	(24,841)	(1,790)	(45,809)	165
<i>Fund Balances Beginning of Year</i>	<u>225,850</u>	<u>20,958</u>	<u>92,477</u>	<u>15,240</u>
<i>Fund Balances End of Year</i>	<u>\$201,009</u>	<u>\$19,168</u>	<u>\$46,668</u>	<u>\$15,405</u>

Law Enforcement Trust	Canal Boat	Total Nonmajor Special Revenue Funds
\$0	\$42,194	\$42,194
1,967	0	2,324
0	0	332,955
0	0	272
0	41	41
0	467	10,406
1,967	42,702	388,192
0	0	192
0	0	430,606
0	42,963	42,963
0	42,963	473,761
1,967	(261)	(85,569)
0	0	15,000
1,967	(261)	(70,569)
8,007	10,104	372,636
\$9,974	\$9,843	\$302,067

City of Canal Fulton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2015

	Locust Street Project	Parks/ Recreation Capital Projects	Downtown Capital Improvement	Capital Projects Reserve
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,855	\$28,105	\$70,397	\$60,000
Fund Balances				
Restricted	\$0	\$0	\$70,397	\$0
Committed	0	28,105	0	60,000
Assigned	1,855	0	0	0
<i>Total Fund Balances</i>	1,855	28,105	70,397	60,000
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	\$1,855	\$28,105	\$70,397	\$60,000

<u>Capital Improvements</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>\$355,036</u>	<u>\$515,393</u>
\$355,036	\$425,433
0	88,105
<u>0</u>	<u>1,855</u>
<u>355,036</u>	<u>515,393</u>
<u>\$355,036</u>	<u>\$515,393</u>

City of Canal Fulton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2015

	Locust Street Project	Parks/ Recreation Capital Projects	Downtown Capital Improvement	Capital Projects Reserve
Revenues				
Intergovernmental	\$0	\$4,500	\$0	\$0
Contributions and Donations	0	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>4,500</u>	<u>0</u>	<u>0</u>
Expenditures				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	9,942	2,160	4,389	0
<i>Total Expenditures</i>	<u>9,942</u>	<u>2,160</u>	<u>4,389</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(9,942)</u>	<u>2,340</u>	<u>(4,389)</u>	<u>0</u>
Other Financing Sources				
Inception of Capital Lease	0	0	0	0
Transfers In	99,100	0	0	60,000
<i>Total Other Financing Sources</i>	<u>99,100</u>	<u>0</u>	<u>0</u>	<u>60,000</u>
<i>Net Change in Fund Balances</i>	89,158	2,340	(4,389)	60,000
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(87,303)</u>	<u>25,765</u>	<u>74,786</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,855</u></u>	<u><u>\$28,105</u></u>	<u><u>\$70,397</u></u>	<u><u>\$60,000</u></u>

Capital Improvements	Total Nonmajor Capital Projects Funds
\$0	\$4,500
20	20
13,950	13,950
13,970	18,470
26,409	26,409
104,836	104,836
106,988	106,988
0	16,491
238,233	254,724
(224,263)	(236,254)
134,918	134,918
290,000	449,100
424,918	584,018
200,655	347,764
154,381	167,629
\$355,036	\$515,393

Fund Description – 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 equal liabilities) and thus do not involve measurement of results of operations.

Agency Fund

Escrow Fund - This fund accounts for performance bonds and security deposits.

City of Canal Fulton, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2015

	Beginning Balance 12/31/14	Additions	Deductions	Ending Balance 12/31/15
Escrow				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$13,064	\$8,568	\$6,898	\$14,734
Liabilities				
Deposits Held and Due to Others	\$13,064	\$8,568	\$6,898	\$14,734

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

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$153,260	\$185,885	\$188,364	\$2,479
Income Taxes	1,807,118	2,191,800	2,256,581	64,781
Charges for Services	7,462	9,050	6,689	(2,361)
Fines, Licenses and Permits	5,338	6,475	7,880	1,405
Intergovernmental	92,241	111,876	119,706	7,830
Interest	660	800	4,302	3,502
Contributions and Donations	412	500	680	180
Other	10,832	13,138	6,458	(6,680)
<i>Total Revenues</i>	2,077,323	2,519,524	2,590,660	71,136
Expenditures				
Current:				
General Government				
City Council				
Personal Services	10,952	10,953	10,599	354
Contractual Services	1,000	1,000	224	776
Other	700	700	71	629
City Council Total	12,652	12,653	10,894	1,759
Mayor's Office				
Personal Services	109,051	109,051	95,338	13,713
Contractual Services	105,499	433,399	422,304	11,095
Materials and Supplies	11,000	10,108	7,612	2,496
Capital Outlay	800	42	0	42
Other	5,300	3,998	3,600	398
Mayor's Office Total	231,650	556,598	528,854	27,744
Finance Department				
Personal Services	61,337	61,337	54,967	6,370
Contractual Services	40,404	40,604	37,147	3,457
Materials and Supplies	4,400	4,200	1,484	2,716
Capital Outlay	1,000	1,000	250	750
Finance Department Total	107,141	107,141	93,848	13,293
Legal Department				
Personal Services	17,036	17,036	16,523	513
Contractual Services	57,084	57,084	50,443	6,641
Law Department Total	\$74,120	\$74,120	\$66,966	\$7,154

(continued)

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineering Department				
Contractual Services	\$79,686	\$134,687	\$134,449	\$238
Materials and Supplies	9,238	4,238	4,238	0
Engineering Department Total	88,924	138,925	138,687	238
Land/Buildings				
Personal Services	48,571	48,572	41,807	6,765
Contractual Services	57,651	55,950	50,393	5,557
Materials and Supplies	6,000	7,573	6,710	863
Other	1,000	1,127	1,117	10
Land/Buildings Total	\$113,222	\$113,222	\$100,027	\$13,195
Community Service				
Personal Services	\$19,967	\$19,967	\$14,871	\$5,096
Contractual Services	1,000	700	334	366
Materials and Supplies	2,600	3,220	3,200	20
Capital Outlay	500	180	180	0
Community Service Total	24,067	24,067	18,585	5,482
Income Tax				
Personal Services	91,952	91,952	72,300	19,652
Contractual Services	40,850	44,464	43,344	1,120
Materials and Supplies	4,000	2,500	1,801	699
Capital Outlay	800	0	0	0
Other	47,000	45,686	45,686	0
Income Tax Total	184,602	184,602	163,131	21,471
General Government Total	836,378	1,211,328	1,120,992	90,336
Transportation				
Contractual Services	18,500	18,500	17,227	1,273
Leisure Time Activities				
Personal Services	38,759	38,759	28,825	9,934
Contractual Services	28,070	28,670	22,563	6,107
Materials and Supplies	4,200	4,200	3,254	946
Capital Outlay	600	0	0	0
Leisure Time Activities Total	71,629	71,629	54,642	16,987
<i>Total Expenditures</i>	926,507	1,301,457	1,192,861	108,596
<i>Excess of Revenues Over Expenditures</i>	\$1,150,816	\$1,218,067	\$1,397,799	\$179,732

(continued)

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Advances In	\$412,245	\$500,000	\$528,000	\$28,000
Transfers In	24,735	30,000	0	(30,000)
Transfers Out	(1,699,840)	(1,786,340)	(1,764,340)	22,000
<i>Total Other Financing Sources (Uses)</i>	(1,262,860)	(1,256,340)	(1,236,340)	20,000
<i>Net Change in Fund Balance</i>	(112,044)	(38,273)	161,459	199,732
<i>Fund Balance Beginning of Year</i>	559,440	559,440	559,440	0
Prior Year Encumbrances Appropriated	46,912	46,912	46,912	0
<i>Fund Balance End of Year</i>	\$494,308	\$568,079	\$767,811	\$199,732

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$156,464	\$156,464	\$162,048	\$5,584
Fines, Licenses and Permits	1,036	1,036	588	(448)
Intergovernmental	0	0	45,960	45,960
Contributions and Donations	0	0	2,688	2,688
Other	26,500	26,500	26,415	(85)
<i>Total Revenues</i>	<u>184,000</u>	<u>184,000</u>	<u>237,699</u>	<u>53,699</u>
Expenditures				
Current:				
Security of Persons and Property				
Personal Services	975,984	975,984	944,819	31,165
Contractual Services	150,625	144,877	135,930	8,947
Materials and Supplies	44,205	42,528	37,273	5,255
Capital Outlay	8,579	21,004	20,217	787
Other	5,000	0	0	0
<i>Total Expenditures</i>	<u>1,184,393</u>	<u>1,184,393</u>	<u>1,138,239</u>	<u>46,154</u>
<i>Excess of Revenues Under Expenditures</i>	(1,000,393)	(1,000,393)	(900,540)	99,853
Other Financing Sources				
Transfers In	982,000	982,000	982,000	0
<i>Net Change in Fund Balance</i>	(18,393)	(18,393)	81,460	99,853
<i>Fund Balance Beginning of Year</i>	168,132	168,132	168,132	0
Prior Year Encumbrances Appropriated	20,209	20,209	20,209	0
<i>Fund Balance End of Year</i>	<u>\$169,948</u>	<u>\$169,948</u>	<u>\$269,801</u>	<u>\$99,853</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire/EMS Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$111,000	\$131,000	\$128,180	(\$2,820)
Contributions and Donations	0	0	150	150
Other	1,000	1,000	6,083	5,083
<i>Total Revenues</i>	<u>112,000</u>	<u>132,000</u>	<u>134,413</u>	<u>2,413</u>
Expenditures				
Current:				
Security of Persons and Property				
Personal Services	347,808	353,515	344,092	9,423
Contractual Services	138,940	137,822	120,595	17,227
Materials and Supplies	33,500	30,411	22,334	8,077
Capital Outlay	13,000	10,640	6,789	3,851
Other	0	860	485	375
<i>Total Expenditures</i>	<u>533,248</u>	<u>533,248</u>	<u>494,295</u>	<u>38,953</u>
<i>Excess of Revenues Under Expenditures</i>	(421,248)	(401,248)	(359,882)	41,366
Other Financing Sources				
Transfers In	370,000	370,000	370,000	0
<i>Net Change in Fund Balance</i>	(51,248)	(31,248)	10,118	41,366
<i>Fund Balance Beginning of Year</i>	139,731	139,731	139,731	0
Prior Year Encumbrances Appropriated	4,140	4,140	4,140	0
<i>Fund Balance End of Year</i>	<u>\$92,623</u>	<u>\$112,623</u>	<u>\$153,989</u>	<u>\$41,366</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Improvement Projects Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	0	1,000,000	696,218	303,782
<i>Excess of Revenues Under Expenditures</i>	0	(1,000,000)	(696,218)	303,782
Other Financing Sources				
Proceeds of Notes	0	1,000,000	1,000,000	0
<i>Net Change in Fund Balance</i>	0	0	303,782	303,782
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$303,782</u>	<u>\$303,782</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$446,646	\$869,725	\$881,515	\$11,790
OPWC Loans Issued	426,759	831,000	0	(831,000)
Other	3,595	7,000	545	(6,455)
<i>Total Revenues</i>	877,000	1,707,725	882,060	(825,665)
Expenses				
Personal Services	422,167	421,665	375,607	46,058
Contractual Services	149,017	202,192	184,289	17,903
Materials and Supplies	52,234	53,409	46,455	6,954
Capital Outlay	891,000	848,927	808,688	40,239
Other	1,000	433	28	405
Debt Service:				
Principal Retirement	103,900	103,900	92,750	11,150
Interest and Fiscal Charges	19,712	19,714	19,714	0
<i>Total Expenses</i>	1,639,030	1,650,240	1,527,531	122,709
<i>Excess of Revenues Over (Under) Expenses Before Transfers and Advances</i>	(762,030)	57,485	(645,471)	(702,956)
Advances In	0	0	29,700	29,700
Transfers Out	0	(29,700)	(29,700)	0
<i>Total Transfers and Advances</i>	0	(29,700)	0	29,700
<i>Net Change in Fund Equity</i>	(762,030)	27,785	(645,471)	(673,256)
<i>Fund Equity Beginning of Year</i>	681,385	681,385	681,385	0
Prior Year Encumbrances Appropriated	46,251	46,251	46,251	0
<i>Fund Equity (Deficit) End of Year</i>	(\$34,394)	\$755,421	\$82,165	(\$673,256)

City of Canal Fulton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$880,500	\$900,500	\$984,457	\$83,957
OPWC Loans Issued	0	0	55,884	55,884
Other	0	0	5,650	5,650
<i>Total Revenues</i>	880,500	900,500	1,045,991	145,491
Expenses				
Personal Services	422,169	386,769	375,487	11,282
Contractual Services	323,338	298,506	254,394	44,112
Materials and Supplies	74,714	102,329	91,403	10,926
Capital Outlay	163,903	265,710	265,710	0
Other	1,000	1,000	33	967
Debt Service:				
Principal Retirement	52,246	52,246	47,812	4,434
<i>Total Expenses</i>	1,037,370	1,106,560	1,034,839	71,721
<i>Excess of Revenues Over (Under) Expenses Before Transfers and Advances</i>	(156,870)	(206,060)	11,152	217,212
Advances In	0	0	34,900	34,900
Transfers Out	0	(34,900)	(34,900)	0
<i>Total Transfers and Advances</i>	0	(34,900)	0	34,900
<i>Net Change in Fund Equity</i>	(156,870)	(240,960)	11,152	252,112
<i>Fund Equity Beginning of Year</i>	597,510	597,510	597,510	0
Prior Year Encumbrances Appropriated	93,255	93,255	93,255	0
<i>Fund Equity End of Year</i>	\$533,895	\$449,805	\$701,917	\$252,112

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$236,800	\$236,800	\$241,737	\$4,937
Interest	0	0	186	186
Other	2,000	2,000	4,148	2,148
<i>Total Revenues</i>	238,800	238,800	246,071	7,271
Expenditures				
Current:				
Transportation				
Personal Services	164,080	170,081	157,210	12,871
Contractual Services	86,586	81,675	71,624	10,051
Materials and Supplies	43,500	42,410	37,872	4,538
<i>Total Expenditures</i>	294,166	294,166	266,706	27,460
<i>Excess of Revenues Under Expenditures</i>	(55,366)	(55,366)	(20,635)	34,731
Other Financing Sources				
Sale of Capital Assets	0	0	15,000	15,000
<i>Net Change in Fund Balance</i>	(55,366)	(55,366)	(5,635)	49,731
<i>Fund Balance Beginning of Year</i>	167,488	167,488	167,488	0
Prior Year Encumbrances Appropriated	18,486	18,486	18,486	0
<i>Fund Balance End of Year</i>	\$130,608	\$130,608	\$180,339	\$49,731

City of Canal Fulton, 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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$19,000	\$19,000	\$19,600	\$600
Interest	0	0	23	23
<i>Total Revenues</i>	<u>19,000</u>	<u>19,000</u>	<u>19,623</u>	<u>623</u>
Expenditures				
Current:				
Transportation				
Contractual Services	22,000	21,414	17,921	3,493
Materials and Supplies	2,700	3,286	3,286	0
<i>Total Expenditures</i>	<u>24,700</u>	<u>24,700</u>	<u>21,207</u>	<u>3,493</u>
<i>Net Change in Fund Balance</i>	(5,700)	(5,700)	(1,584)	4,116
<i>Fund Balance Beginning of Year</i>	<u>20,740</u>	<u>20,740</u>	<u>20,740</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$15,040</u></u>	<u><u>\$15,040</u></u>	<u><u>\$19,156</u></u>	<u><u>\$4,116</u></u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$72,420	\$72,420	\$74,649	\$2,229
Interest	0	0	63	63
Other	0	0	5,791	5,791
<i>Total Revenues</i>	72,420	72,420	80,503	8,083
Expenditures				
Current:				
Transportation				
Contractual Services	20,000	18,736	12,163	6,573
Materials and Supplies	118,832	120,096	119,413	683
<i>Total Expenditures</i>	138,832	138,832	131,576	7,256
<i>Net Change in Fund Balance</i>	(66,412)	(66,412)	(51,073)	15,339
<i>Fund Balance Beginning of Year</i>	77,910	77,910	77,910	0
Prior Year Encumbrances Appropriated	8,832	8,832	8,832	0
<i>Fund Balance End of Year</i>	\$20,330	\$20,330	\$35,669	\$15,339

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Licenses and Permits	\$1,500	\$1,500	\$357	(\$1,143)
Expenditures				
Current:				
Security of Persons and Property				
Materials and Supplies	1,500	1,500	192	1,308
<i>Net Change in Fund Balance</i>	0	0	165	165
<i>Fund Balance Beginning of Year</i>	15,240	15,240	15,240	0
<i>Fund Balance End of Year</i>	<u>\$15,240</u>	<u>\$15,240</u>	<u>\$15,405</u>	<u>\$165</u>

City of Canal Fulton, 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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$2,000	\$2,000	\$1,967	(\$33)
Expenditures				
Current:				
Security of Persons and Property				
Capital Outlay	2,000	2,000	0	2,000
<i>Net Change in Fund Balance</i>	0	0	1,967	1,967
<i>Fund Balance Beginning of Year</i>	8,007	8,007	8,007	0
<i>Fund Balance End of Year</i>	<u>\$8,007</u>	<u>\$8,007</u>	<u>\$9,974</u>	<u>\$1,967</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Canal Boat Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$45,000	\$45,000	\$42,199	(\$2,801)
Contributions and Donations	500	500	41	(459)
Other	0	0	467	467
<i>Total Revenues</i>	45,500	45,500	42,707	(2,793)
Expenditures				
Current:				
Leisure Time Activities				
Personal Services	26,485	26,485	26,020	465
Contractual Services	22,000	23,000	15,780	7,220
Materials and Supplies	2,600	1,638	1,229	409
Capital Outlay	0	962	0	962
Other	2,000	1,000	144	856
<i>Total Expenditures</i>	53,085	53,085	43,173	9,912
<i>Net Change in Fund Balance</i>	(7,585)	(7,585)	(466)	7,119
<i>Fund Balance Beginning of Year</i>	9,209	9,209	9,209	0
Prior Year Encumbrances Appropriated	1,250	1,250	1,250	0
<i>Fund Balance End of Year</i>	\$2,874	\$2,874	\$9,993	\$7,119

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Debt Retirement Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$125,403	\$125,403	\$98,326	(\$27,077)
Intergovernmental	11,340	11,340	14,051	2,711
Other	0	0	1,090	1,090
<i>Total Revenues</i>	<u>136,743</u>	<u>136,743</u>	<u>113,467</u>	<u>(23,276)</u>
Expenditures				
Capital Outlay	3,500	2,900	2,305	595
Debt Service:				
Principal Retirement	97,840	96,790	95,818	972
Interest and Fiscal Charges	47,050	48,700	48,700	0
<i>Total Debt Service</i>	<u>144,890</u>	<u>145,490</u>	<u>144,518</u>	<u>972</u>
<i>Total Expenditures</i>	<u>148,390</u>	<u>148,390</u>	<u>146,823</u>	<u>1,567</u>
<i>Excess of Revenues Under Expenditures</i>	(11,647)	(11,647)	(33,356)	(21,709)
Other Financing Sources				
Transfers In	27,840	27,840	27,840	0
<i>Net Change in Fund Balance</i>	16,193	16,193	(5,516)	(21,709)
<i>Fund Balance Beginning of Year</i>	<u>33,596</u>	<u>33,596</u>	<u>33,596</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$49,789</u>	<u>\$49,789</u>	<u>\$28,080</u>	<u>(\$21,709)</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Locust Street Project Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	22,618	29,118	29,118	0
<i>Excess of Revenues Under Expenditures</i>	(22,618)	(29,118)	(29,118)	0
Other Financing Sources (Uses)				
Transfers In	0	6,500	99,100	92,600
Advances Out	0	0	(92,600)	(92,600)
<i>Total Other Financing Sources (Uses)</i>	0	6,500	6,500	0
<i>Net Change in Fund Balance</i>	(22,618)	(22,618)	(22,618)	0
<i>Fund Balance Beginning of Year</i>	823	823	823	0
Prior Year Encumbrances Appropriated	22,618	22,618	22,618	0
<i>Fund Balance End of Year</i>	<u>\$823</u>	<u>\$823</u>	<u>\$823</u>	<u>\$0</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Parks and Recreation Capital Projects Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$0	\$0	\$4,500	\$4,500
Expenditures				
Capital Outlay	10,000	10,000	5,845	4,155
<i>Net Change in Fund Balance</i>	(10,000)	(10,000)	(1,345)	(4,155)
<i>Fund Balance Beginning of Year</i>	26,549	26,549	26,549	0
<i>Fund Balance End of Year</i>	<u>\$16,549</u>	<u>\$16,549</u>	<u>\$25,204</u>	<u>(\$4,155)</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Downtown Capital Improvement Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	10,000	10,000	6,280	3,720
<i>Net Change in Fund Balance</i>	(10,000)	(10,000)	(6,280)	3,720
<i>Fund Balance Beginning of Year</i>	74,786	74,786	74,786	0
<i>Fund Balance End of Year</i>	<u>\$64,786</u>	<u>\$64,786</u>	<u>\$68,506</u>	<u>\$3,720</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Projects Reserve Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Under Expenditures</i>	0	0	0	0
Other Financing Sources				
Transfers In	0	60,000	60,000	0
<i>Net Change in Fund Balance</i>	0	60,000	60,000	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$0</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$8,694	\$25,000	\$24,750	(\$250)
Contributions and Donations	0	0	20	20
Other	101,777	292,678	13,950	(278,728)
<i>Total Revenues</i>	<u>110,471</u>	<u>317,678</u>	<u>38,720</u>	<u>(278,958)</u>
Expenditures				
Current:				
General Government				
Capital Outlay	77,000	119,500	112,079	7,421
Security of Persons and Property				
Capital Outlay	168,278	168,278	143,736	24,542
Transportation				
Capital Outlay	444,048	578,853	122,148	456,705
<i>Total Expenditures</i>	<u>689,326</u>	<u>866,631</u>	<u>377,963</u>	<u>488,668</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(578,855)</u>	<u>(548,953)</u>	<u>(339,243)</u>	<u>209,710</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	48,684	140,000	134,918	(5,082)
Advances Out	0	(500,000)	(500,000)	0
Transfers In	100,846	290,000	290,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>149,530</u>	<u>(70,000)</u>	<u>(75,082)</u>	<u>(5,082)</u>
<i>Net Change in Fund Balance</i>	(429,325)	(618,953)	(414,325)	204,628
<i>Fund Balance Beginning of Year</i>	259,422	259,422	259,422	0
Prior Year Encumbrances Appropriated	376,826	376,826	376,826	0
<i>Fund Balance End of Year</i>	<u>\$206,923</u>	<u>\$17,295</u>	<u>\$221,923</u>	<u>\$204,628</u>

Statistical Section

Statistical Section

This part of the City of Canal Fulton, Ohio'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-S11
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the municipal income tax.	S12-S19
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.	S20-S27
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.	S28-S31
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S32-S38

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

City of Canal Fulton, Ohio*Net Position By Component**Last Ten Years**(Accrual Basis of Accounting)*

	2015	2014 (1)	2013	2012
Governmental Activities				
Net Investment in Capital Assets	\$9,570,228	\$9,686,893	\$9,286,839	\$8,417,409
Restricted:				
Capital Projects	425,433	229,167	141,739	203,907
Debt Service	17,928	0	0	0
Street Repair and Maintenance	396,260	476,418	445,553	448,063
Police Protection	259,268	193,117	194,407	204,411
St Helena II Canal Boat	0	0	0	0
Other Purposes	9,843	10,104	14,168	11,386
Unclaimed Monies	1,956	2,825	2,825	2,825
Unrestricted	258,710	264,745	1,994,711	1,876,011
<i>Total Governmental Activities Net Position</i>	<u>10,939,626</u>	<u>10,863,269</u>	<u>12,080,242</u>	<u>11,164,012</u>
Business Type - Activities				
Net Investment in Capital Assets	6,621,541	6,542,902	6,523,767	6,484,989
Unrestricted	1,238,405	1,125,947	1,220,427	1,022,573
<i>Total Business-Type Activities Net Position</i>	<u>7,859,946</u>	<u>7,668,849</u>	<u>7,744,194</u>	<u>7,507,562</u>
Primary Government				
Net Investment in Capital Assets	16,191,769	16,229,795	15,810,606	14,902,398
Restricted	1,110,688	911,631	798,692	870,592
Unrestricted (1)	1,497,115	1,390,692	3,215,138	2,898,584
<i>Total Primary Government Net Position</i>	<u>\$18,799,572</u>	<u>\$18,532,118</u>	<u>\$19,824,436</u>	<u>\$18,671,574</u>

(1) The City reported the impact of GASB Statement No. 68 on net position beginning in 2014.

2011	2010	2009	2008	2007	2006
\$8,522,496	\$7,596,631	\$9,423,905	\$8,658,572	\$6,604,888	\$4,742,691
277,209	454,281	471,700	401,786	453,021	1,845,995
0	24,664	55,191	99,416	62,738	31,786
390,788	311,691	282,808	301,756	188,663	222,733
27,444	52,068	61,410	46,508	14,310	8,647
0	0	0	0	2,053	2,053
21,524	172,576	114,031	80,910	25,100	0
2,731	0	0	0	0	0
1,403,426	632,023	547,985	858,343	734,188	280,299
10,645,618	9,243,934	10,957,030	10,447,291	8,084,961	7,134,204
6,527,679	6,588,454	6,140,494	6,132,427	6,727,343	6,594,026
754,749	766,240	1,003,937	927,981	2,167,516	2,309,777
7,282,428	7,354,694	7,144,431	7,060,408	8,894,859	8,903,803
15,050,175	14,185,085	15,564,399	14,790,999	13,332,231	11,336,717
719,696	1,015,280	985,140	930,376	745,885	2,111,214
2,158,175	1,398,263	1,551,922	1,786,324	2,901,704	2,590,076
\$17,928,046	\$16,598,628	\$18,101,461	\$17,507,699	\$16,979,820	\$16,038,007

City of Canal Fulton, Ohio

Changes in Net Position

Last Ten Years

(Accrual Basis of Accounting)

	2015 (1)	2014	2013	2012
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$16,811	\$23,265	\$12,625	\$65,015
Security of Persons and Property	131,280	126,494	124,829	132,350
Transportation	306	451	274	1,461
Leisure Time Activities	43,181	43,346	40,977	43,426
Community Environment	0	0	0	0
Subtotal - Charges for Services	<u>191,578</u>	<u>193,556</u>	<u>178,705</u>	<u>242,252</u>
Operating Grants and Contributions:				
General Government	9,285	17,832	1,323	2,172
Security of Persons and Property	8,622	46,069	5,293	7,717
Transportation	330,533	351,170	322,892	314,221
Leisure Time Activities	41	63	439	243
Subtotal - Operating Grants and Contributions	<u>348,481</u>	<u>415,134</u>	<u>329,947</u>	<u>324,353</u>
Capital Grants and Contributions:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Transportation	20	375,769	765,074	0
Leisure Time Activities	5,180	11,989	250	75
Subtotal - Capital Grants and Contributions	<u>5,200</u>	<u>387,758</u>	<u>765,324</u>	<u>75</u>
<i>Total Governmental Activities Program Revenues</i>	<u>545,259</u>	<u>996,448</u>	<u>1,273,976</u>	<u>566,680</u>
Business-type Activities:				
Charges for Services:				
Water	886,090	855,225	834,882	791,011
Sewer	979,301	860,934	838,437	747,401
Capital Grants and Contributions				
Water	0	82	0	0
Sewer	0	10,204	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>1,865,391</u>	<u>1,726,445</u>	<u>1,673,319</u>	<u>1,538,412</u>
<i>Total Primary Government Program Revenues</i>	<u>2,410,650</u>	<u>2,722,893</u>	<u>2,947,295</u>	<u>2,105,092</u>
Expenses				
Governmental Activities:				
General Government	1,016,114	897,594	763,165	690,025
Security of Persons and Property	1,811,002	1,743,433	1,592,712	1,401,939
Transportation	507,694	562,997	481,443	439,701
Leisure Time Activities	123,410	136,787	124,813	140,071
Community Environment	0	0	0	0
Interest and Fiscal Charges	56,621	51,445	54,716	57,128
<i>Total Governmental Activities Expenses</i>	<u>3,514,841</u>	<u>3,392,256</u>	<u>3,016,849</u>	<u>2,728,864</u>
Business-Type Activities				
Water	680,771	680,780	648,508	608,981
Sewer	935,430	786,729	861,574	767,769
<i>Total Business-Type Activities Expenses</i>	<u>1,616,201</u>	<u>1,467,509</u>	<u>1,510,082</u>	<u>1,376,750</u>
<i>Total Primary Government Expenses</i>	<u>5,131,042</u>	<u>4,859,765</u>	<u>4,526,931</u>	<u>4,105,614</u>
Net (Expense)/Revenue				
Governmental Activities	(2,969,582)	(2,395,808)	(1,742,873)	(2,162,184)
Business-Type Activities	249,190	258,936	163,237	161,662
<i>Total Primary Government Net Expense</i>	<u>(2,720,392)</u>	<u>(2,136,872)</u>	<u>(1,579,636)</u>	<u>(2,000,522)</u>

2011	2010	2009	2008	2007	2006
\$39,013	\$26,864	\$32,559	\$23,478	\$108,526	\$31,784
106,513	148,066	141,191	70,672	65,040	46,298
2,711	563	736	8,186	2,021	787
41,009	38,695	38,212	2,412	29,648	50,579
0	3,300	0	0	0	0
189,246	217,488	212,698	104,748	205,235	129,448
825	770	20	178	184,046	2,273
32,812	13,472	14,230	30,595	16,222	30,595
315,034	312,045	315,141	369,309	106,210	96,446
21	0	0	18	17,718	364
348,692	326,287	329,391	400,100	324,196	129,678
0	0	0	0	35,116	54,766
0	0	0	0	65,113	0
459,472	358,120	228,900	0	0	0
0	14,500	0	0	234,300	65,113
459,472	372,620	228,900	0	334,529	119,879
997,410	916,395	770,989	504,848	863,960	379,005
655,213	670,823	670,236	648,315	639,807	740,220
736,079	730,132	746,411	728,021	784,151	650,726
0	0	0	0	0	0
32,654	188,705	0	0	0	0
1,423,946	1,589,660	1,416,647	1,376,336	1,423,958	1,390,946
2,421,356	2,506,055	2,187,636	1,881,184	2,287,918	1,769,951
699,287	653,963	673,710	643,930	699,134	498,718
1,544,127	1,407,459	1,449,525	1,421,490	1,209,811	1,287,370
391,491	510,360	452,405	431,528	303,953	340,700
123,679	105,905	77,588	62,259	51,362	66,603
0	5,293	0	0	0	0
58,840	36,376	65,877	93,956	116,301	80,634
2,817,424	2,719,356	2,719,105	2,653,163	2,380,561	2,274,025
700,984	655,865	742,334	798,077	726,968	668,231
856,600	842,909	821,204	859,123	712,631	722,975
1,557,584	1,498,774	1,563,538	1,657,200	1,439,599	1,391,206
4,375,008	4,218,130	4,282,643	4,310,363	3,820,160	3,665,231
(1,820,014)	(1,802,961)	(1,948,116)	(2,148,315)	(1,516,601)	(1,895,020)
(133,638)	90,886	(146,891)	(280,864)	(15,641)	(260)
(1,953,652)	(1,712,075)	(2,095,007)	(2,429,179)	(1,532,242)	(1,895,280)

(continued)

City of Canal Fulton, Ohio

*Changes in Net Position
Last Ten Years (continued)
(Accrual Basis of Accounting)*

	2015	2014	2013	2012
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$188,988	\$184,963	\$184,194	\$232,614
Law Enforcement	0	0	0	0
Fire Protection	0	0	0	0
Capital Projects	97,869	118,647	95,904	111,663
Municipal Income Taxes levied for:				
General Purposes	2,327,106	2,139,654	2,099,510	2,051,620
Other Purposes	167,111	153,652	150,770	147,229
Law Enforcement	0	0	0	0
Grants and Entitlements not Restricted to				
Specific Programs	119,315	113,121	145,860	133,897
Gain on Sale of Capital Assets	15,000	0	0	0
Interest	4,875	2,178	1,232	80
Other	61,075	64,497	41,633	63,475
<i>Total Governmental Activities</i>	<u>2,981,339</u>	<u>2,776,712</u>	<u>2,719,103</u>	<u>2,740,578</u>
Business-Type Activities				
Interest	0	0	0	0
Other	6,507	34,289	13,395	3,472
<i>Total Business-Type Activities</i>	<u>6,507</u>	<u>34,289</u>	<u>13,395</u>	<u>3,472</u>
<i>Total Primary Government</i>	<u>2,987,846</u>	<u>2,811,001</u>	<u>2,732,498</u>	<u>2,744,050</u>
Transfers				
Governmental Activities	64,600	(55,000)	(60,000)	(60,000)
Business-Type Activities	(64,600)	55,000	60,000	60,000
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Items				
Northwest Waterline Receivable	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position				
Governmental Activities	76,357	325,904	916,230	518,394
Business-type Activities	191,097	348,225	236,632	225,134
	<u>\$267,454</u>	<u>\$674,129</u>	<u>\$1,152,862</u>	<u>\$743,528</u>

(1) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

2011	2010	2009	2008	2007	2006
\$194,529	\$209,245	\$219,122	\$210,737	\$360,794	\$200,835
0	0	13	61,601	66,230	67,197
0	0	13	61,601	66,230	67,881
93,374	100,437	103,965	135,049	0	0
1,999,600	1,716,864	1,846,588	1,702,376	1,493,572	1,106,368
0	0	0	0	0	0
136,525	155,569	129,101	150,892	0	0
307,238	374,840	219,672	393,107	302,301	224,832
0	0	0	0	0	0
102	1,653	4,960	40,471	168,336	113,047
75,290	24,713	154,421	94,351	9,895	30,374
2,806,658	2,583,321	2,677,855	2,850,185	2,467,358	1,810,534
0	0	0	0	255	1,632
1,372	4,377	10,914	3,388	6,442	2,189
1,372	4,377	10,914	3,388	6,697	3,821
2,808,030	2,587,698	2,688,769	2,853,573	2,474,055	1,814,355
(60,000)	(115,000)	(220,000)	(107,699)	0	0
60,000	115,000	220,000	107,699	0	0
0	0	0	0	0	0
0	0	0	(893,775)	0	0
926,644	665,360	509,739	594,171	950,757	(84,486)
(72,266)	210,263	84,023	(1,063,552)	(8,944)	3,561
\$854,378	\$875,623	\$593,762	(\$469,381)	\$941,813	(\$80,925)

City of Canal Fulton, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2015	2014	2013	2012
General Fund				
Nonspendable	\$1,956	\$2,825	\$2,825	\$2,825
Assigned	154,679	93,874	3,436	2,509
Unassigned	931,960	1,167,137	1,360,605	1,206,894
Reserved	N/A	N/A	N/A	N/A
Unreserved (Deficit)	N/A	N/A	N/A	N/A
Total General Fund	1,088,595	1,263,836	1,366,866	1,212,228
All Other Governmental Funds				
Nonspendable	25,867	25,386	17,868	25,942
Restricted	1,441,228	741,365	687,320	747,026
Committed	250,382	170,026	210,813	249,540
Assigned	1,855	33,596	16,071	21,041
Unassigned (Deficit)	0	(87,303)	0	0
Reserved	N/A	N/A	N/A	N/A
Unreserved, Undesignated, Reported in:				
Special Revenue funds	N/A	N/A	N/A	N/A
Debt Service funds	N/A	N/A	N/A	N/A
Capital Projects funds (Deficit)	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	1,719,332	883,070	932,072	1,043,549
Total Governmental Funds	\$2,807,927	\$2,146,906	\$2,298,938	\$2,255,777

Note: During 2010, the City implemented GASB Statement No. 54.

2011	2010	2009	2008	2007	2006
\$2,731	N/A	N/A	N/A	N/A	N/A
1,943	N/A	N/A	N/A	N/A	N/A
722,384	N/A	N/A	N/A	N/A	N/A
N/A	\$34,758	\$31,342	\$48,417	\$14,335	\$74,703
N/A	287,679	200,450	(102,512)	446,300	224,024
727,058	322,437	231,792	(54,095)	460,635	298,727
20,566	N/A	N/A	N/A	N/A	N/A
593,271	N/A	N/A	N/A	N/A	N/A
240,565	N/A	N/A	N/A	N/A	N/A
40,050	N/A	N/A	N/A	N/A	N/A
0	N/A	N/A	N/A	N/A	N/A
N/A	64,583	28,306	53,743	130,416	62,364
N/A	387,719	323,377	276,072	155,396	89,406
N/A	39,642	71,335	124,570	62,738	28,030
N/A	422,097	455,275	341,899	356,473	1,069,400
894,452	914,041	878,293	796,284	705,023	1,249,200
\$1,621,510	\$1,236,478	\$1,110,085	\$742,189	\$1,165,658	\$1,547,927

City of Canal Fulton, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2015	2014	2013	2012
Revenues				
Property Taxes	\$286,690	\$303,213	\$281,651	\$340,925
Income Taxes	2,432,858	2,266,371	2,240,289	2,209,364
Charges for Services	177,251	171,066	176,795	170,362
Fines, Licenses and Permits	14,327	22,490	11,531	70,872
Intergovernmental	518,265	853,520	1,228,594	479,962
Special Assessments	0	0	0	0
Interest	4,875	2,178	1,232	80
Contributions and Donations	3,579	4,572	6,624	4,698
Other	61,075	64,497	41,633	63,475
<i>Total Revenues</i>	<u>3,498,920</u>	<u>3,687,907</u>	<u>3,988,349</u>	<u>3,339,738</u>
Expenditures				
Current:				
General Government	970,280	806,201	697,133	619,642
Security of Persons and Property:	1,706,800	1,627,886	1,497,832	1,303,885
Transportation	554,821	335,527	341,090	292,365
Community Environment	0	0	0	0
Leisure Time Activities	98,481	110,282	99,009	115,295
Capital Outlay	577,517	901,987	1,116,792	281,740
Debt Service:				
Principal Retirement	95,818	88,241	77,576	68,546
Interest and Fiscal Charges	48,700	52,542	55,756	57,045
Issuance Costs	7,460	0	0	0
<i>Total Expenditures</i>	<u>4,059,877</u>	<u>3,922,666</u>	<u>3,885,188</u>	<u>2,738,518</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(560,957)</u>	<u>(234,759)</u>	<u>103,161</u>	<u>601,220</u>
Other Financing Sources (Uses)				
Bond Anticipation Notes Issued	0	0	0	0
OPWC Loan Issued	0	137,727	0	0
Inception of Capital Lease	134,918	0	0	93,047
Proceeds of Loans	0	0	0	0
Refunding Bonds Issued	0	0	0	0
Current Refunding	0	0	0	0
Notes Issued	1,000,000	0	0	0
Premium on Bonds	0	0	0	0
Premium on Notes	7,460	0	0	0
Payment to Refunded Bond Escrow Account	0	0	0	0
Sale of Capital Assets	15,000	0	0	0
Transfers In	1,828,940	1,627,000	1,463,000	1,290,000
Transfers Out	(1,764,340)	(1,682,000)	(1,523,000)	(1,350,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,221,978</u>	<u>82,727</u>	<u>(60,000)</u>	<u>33,047</u>
<i>Net Change in Fund Balances</i>	<u>\$661,021</u>	<u>(\$152,032)</u>	<u>\$43,161</u>	<u>\$634,267</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	4.5%	4.5%	4.8%	5.1%

(1) The large increase in 2008 is due to the retirement of long-term notes with short-term note proceeds.

2011	2010	2009	2008	2007	2006
\$305,926	\$308,099	\$314,453	\$465,570	\$482,298	\$328,258
2,033,742	1,913,171	1,962,738	1,801,739	1,260,811	1,106,368
166,131	148,915	147,041	66,026	72,913	57,558
38,422	56,108	54,780	31,131	132,322	71,890
1,088,614	1,037,209	825,647	686,248	788,377	707,336
0	0	0	16,000	3,134	4,023
102	1,653	4,960	40,471	167,699	112,410
3,118	770	1,248	3,275	205,543	9,338
75,290	24,713	154,421	94,351	9,895	30,374
<u>3,711,345</u>	<u>3,490,638</u>	<u>3,465,288</u>	<u>3,204,811</u>	<u>3,122,992</u>	<u>2,427,555</u>
623,832	599,550	628,755	600,410	602,172	386,545
1,390,094	1,298,905	1,262,835	1,277,312	1,219,897	1,256,448
304,019	706,411	350,123	342,978	269,357	314,338
0	5,293	0	0	0	0
83,551	92,181	77,588	62,259	56,076	66,603
678,578	384,551	377,826	423,363	1,850,663	279,872
125,882	124,812	113,787	714,610	120,668	230,529
60,357	37,542	66,478	99,649	110,991	76,032
0	0	0	0	0	0
<u>3,266,313</u>	<u>3,249,245</u>	<u>2,877,392</u>	<u>3,520,581</u>	<u>4,229,824</u>	<u>2,610,367</u>
445,032	241,393	587,896	(315,770)	(1,106,832)	(182,812)
0	0	0	0	605,000	0
0	0	0	0	0	0
0	0	0	0	119,563	0
0	0	0	0	0	1,512,739
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,328,376	1,436,536	1,269,207	2,040,801	1,903,222	1,478,966
<u>(1,388,376)</u>	<u>(1,551,536)</u>	<u>(1,489,207)</u>	<u>(2,148,500)</u>	<u>(1,903,222)</u>	<u>(1,478,966)</u>
<u>(60,000)</u>	<u>(115,000)</u>	<u>(220,000)</u>	<u>(107,699)</u>	<u>724,563</u>	<u>1,512,739</u>
<u>\$385,032</u>	<u>\$126,393</u>	<u>\$367,896</u>	<u>(\$423,469)</u>	<u>(\$382,269)</u>	<u>\$1,329,927</u>
7.2%	5.7%	7.2%	26.3%	9.7%	13.2%

City of Canal Fulton, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Nine Years (1)

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2015	\$62,658,180	\$21,382,750	\$240,116,943	\$1,560,960	\$6,243,840
2014	61,875,110	21,604,180	238,512,257	1,432,390	5,729,560
2013	61,758,210	21,178,040	236,960,714	1,308,760	5,235,040
2012	71,120,910	23,447,950	270,196,744	1,193,020	4,772,080
2011	70,632,540	23,481,600	268,897,543	1,139,010	4,556,040
2010	70,219,520	23,924,300	268,982,343	1,096,830	4,387,320
2009	73,036,350	23,533,790	275,914,686	1,040,280	4,161,120
2008	71,700,860	23,990,610	273,404,200	1,003,530	4,014,120
2007	70,504,070	24,598,920	271,722,829	1,330,320	5,321,280

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 phased out beginning in 2006.

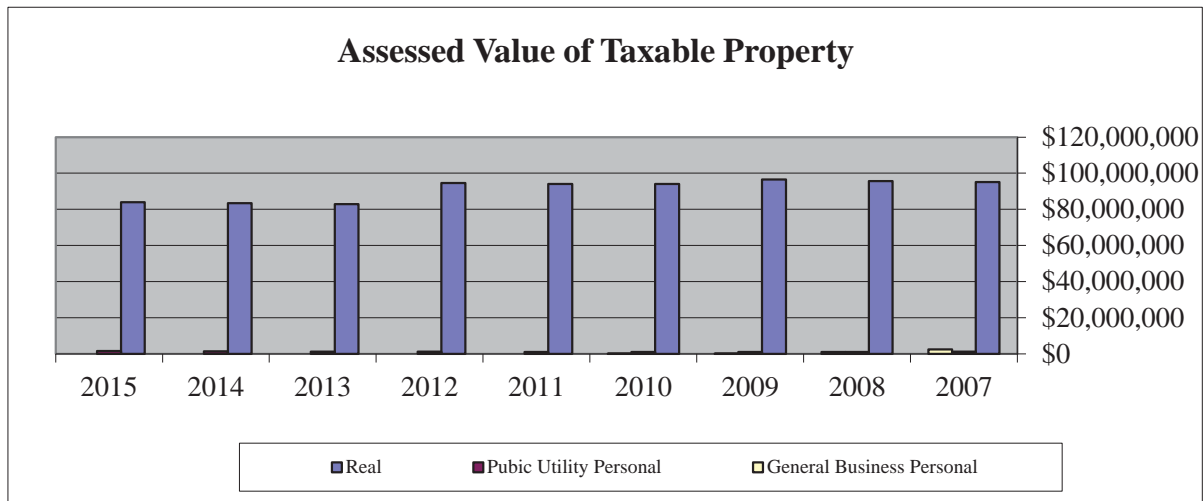
The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by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

(1) Information prior to 2007 is unavailable.

Source: Stark County Auditor

Tangible Personal Property

General Business		Total			Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$0	\$0	\$85,601,890	\$246,360,783	34.75%	\$3.80
0	0	84,911,680	244,241,817	34.77	4.10
0	0	84,245,010	242,195,754	34.78	3.80
0	0	95,761,880	274,968,823	34.83	3.70
0	0	95,253,150	273,453,583	34.83	3.70
51,550	206,200	95,292,200	273,575,863	34.83	3.70
103,180	412,720	97,713,600	280,488,527	34.84	3.70
1,106,934	4,427,736	97,801,934	281,846,056	34.70	6.00
2,491,485	9,965,940	98,924,795	287,010,050	34.47	2.50



City of Canal Fulton, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Eight Years (1)

	2015	2014	2013	2012
Unvoted Millage				
Operating	\$2.5000	\$2.5000	\$2.5000	\$2.5000
Debt	1.3000	1.6000	1.3000	1.2000
Total Unvoted Millage	\$3.8000	\$4.1000	\$3.8000	\$3.7000
Overlapping Rates by Taxing District				
Northwest Local School District				
Residential/Agricultural Real	\$35.8668	\$35.8785	\$36.0069	\$32.4480
Commercial/Industrial and Public Utility Real	36.6052	36.5338	36.5711	32.5809
General Business and Public Utility Personal	56.0000	56.0000	56.1000	55.0000
Stark County JVSD				
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000
Commercial/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Stark County				
Residential/Agricultural Real	9.2924	9.3007	9.3131	8.9180
Commercial/Industrial and Public Utility Real	10.0762	10.0757	10.0727	9.5921
General Business and Public Utility Personal	11.5000	11.5000	11.5000	11.5000
Canal Fulton Library				
Residential/Agricultural Real	1.9977	1.9971	0.9955	0.9668
Commercial/Industrial and Public Utility Real	2.0000	1.9986	1.0000	0.8522
General Business and Public Utility Personal	2.0000	2.0000	1.0000	1.0000
Stark County Parks				
Residential/Agricultural Real	0.9971	0.9986	1.0000	0.5000
Commercial/Industrial and Public Utility Real	1.0000	1.0000	1.0000	0.5000
General Business and Public Utility Personal	1.0000	1.0000	1.0000	0.5000

Source: Ohio Department of Taxation

(1) Information prior to 2008 was unavailable.

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Voted real property tax rates are reduced so that inflationary increases in value do not generate additional taxes.

Overlapping rates are those of local and county governments that apply to property owners within the City.

2011	2010	2009	2008
\$2.5000	\$2.5000	\$2.5000	\$2.5000
1.2000	1.2000	1.2000	3.5000
\$3.7000	\$3.7000	\$3.7000	\$6.0000

\$32.2261	\$32.7000	\$31.7457	\$32.4145
32.4888	32.7000	32.2651	32.4881
55.0000	55.5000	58.5000	59.2000

2.0000	2.0000	2.0000	2.0000
2.0000	2.0000	2.0000	2.0000
2.0000	2.0000	2.0000	2.0000

8.9134	8.9129	6.9852	6.9829
9.5212	9.4556	7.8365	7.6556
11.5000	11.5000	10.1000	10.1000

0.9542	0.9527	0.9230	0.9221
0.8452	0.8332	0.8556	0.8307
1.0000	1.0000	1.0000	1.0000

0.5000	0.5000	0.5000	0.4998
0.5000	0.5000	0.5000	0.5000
0.5000	0.5000	0.5000	0.5000

City of Canal Fulton, Ohio
Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections (1)	Percentage of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2015	\$325,287	\$320,379	98.49 %	\$7,339	\$327,718
2014	348,138	341,300	98.04	7,846	349,146
2013	320,428	315,135	98.35	7,804	322,939
2012	354,319	348,580	98.38	36,380	384,960
2011	352,391	337,894	95.89	12,027	349,921
2010	361,136	342,177	94.75	7,865	350,042
2009	357,752	348,115	97.31	9,776	357,891
2008	528,632	508,180	96.13	16,528	524,708
2007	540,787	502,018	92.83	13,581	515,599
2006	455,687	444,113	97.46	10,705	454,818

Source: Stark County Fiscal Officer

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

Note: The County's current reporting system does not track delinquency tax collections by tax year. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. Penalties and interest are applied to the total outstanding delinquent balance. The presentation will be updated as new information becomes available.

<u>Percentage of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
100.75 %	\$10,843	3.33 %
100.29	10,675	3.07
100.78	10,278	3.21
108.65	11,080	3.13
99.30	8,469	2.40
96.93	0	0.00
100.04	0	0.00
99.26	0	0.00
95.34	0	0.00
99.81	0	0.00

City of Canal Fulton, Ohio
Principal Real Estate Property Taxpayers
 2015 and 2010 (1)

<i>2015</i>		
Taxpayer	Real Property Assessed Valuation (2)	Percentage of Total Real Property Assessed Valuation
Schalmo Properties Inc.	\$4,414,090	5.25 %
Avalon Food Service Inc.	1,115,210	1.33
KHELP Properties LTD	631,180	0.75
Vandenberg E.K.	620,260	0.74
G & B Properties Inc.	544,640	0.65
Willison Realty, LLC	503,150	0.60
CFO Realty Accociates	470,760	0.56
Madison Home Associates	407,760	0.49
Oakes Galen SR Trustee	405,350	0.48
Lakeview Estates LTD	403,520	0.48
Total	\$9,515,920	11.33 %
Total Real Property Assessed Valuation	\$84,040,930	
<i>2010</i>		
Taxpayer	Real Property Assessed Valuation (2)	Percentage of Total Real Real Assessed Valuation
Schalmo Properties Inc.	\$5,408,950	5.75 %
NLP Acquisition LP	1,461,900	1.55
Avalon Food Service Inc.	1,079,760	1.15
KHELP Properties LTD	727,500	0.77
Vandenberg E.K.	680,200	0.72
G & B Properties Inc.	608,160	0.65
Schalmo Builders Inc.	550,920	0.59
Oakes Galen SR Trustee	533,000	0.57
Spirit SPE Portfolio LLC	498,620	0.53
IB Property Holdings LLC	455,000	0.48
Total	\$12,004,010	12.76 %
Total Real Property Assessed Valuation	\$94,143,820	

Source: Stark County Auditor

(1) Information prior to 2010 was unavailable.

(2) The amounts presented represent the assessed values upon which 2015 and 2010 collections were based.

City of Canal Fulton, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

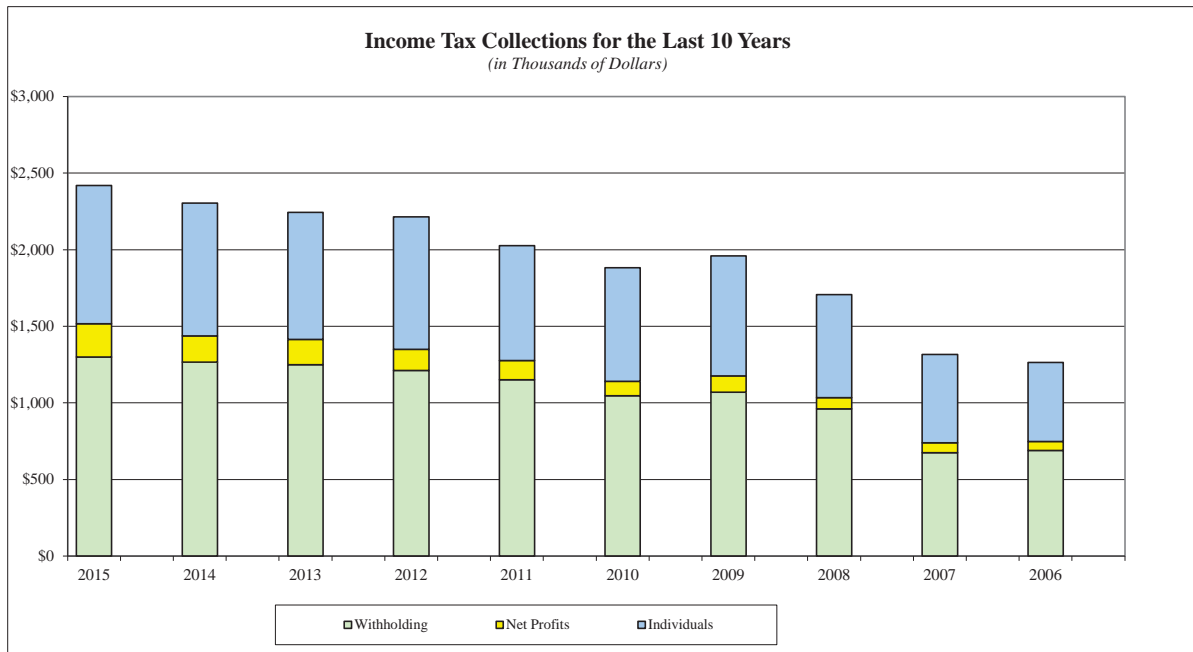
Tax Year	Tax Rate (1)	Total Tax Collected (2)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2015	1.50%	\$2,418,629	\$1,300,300	53.76%	\$216,211	8.94%	\$902,118	37.30%
2014	1.50	2,303,383	1,265,245	54.93	171,789	7.46	866,349	37.61
2013	1.50	2,243,532	1,248,925	55.67	166,361	7.42	828,246	36.92
2012	1.50	2,215,042	1,211,004	54.67	138,164	6.24	865,874	39.09
2011	1.50	2,025,753	1,151,156	56.83	125,807	6.21	748,789	36.96
2010	1.50	1,881,233	1,046,661	55.64	93,444	4.97	741,128	39.40
2009	1.50	1,960,101	1,070,354	54.61	105,066	5.36	784,682	40.03
2008	1.50	1,706,542	960,712	56.30	73,057	4.28	672,773	39.42
2007	1.10	1,315,964	674,897	51.29	64,932	4.93	576,134	43.78
2006	1.10	1,264,825	689,287	54.50	58,728	4.64	516,810	40.86

Source: City Income Tax Department

(1) The City's basic income tax rate may only be increased by a majority vote of the City's residents.

(2) Gross Collections - Cash Basis of Accounting

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



City of Canal Fulton, Ohio

Legal Debt Margin

Last Eight Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Assessed Property Value	<u>\$85,601,890</u>	<u>\$84,911,680</u>	<u>\$84,245,010</u>	<u>\$95,761,880</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$8,988,198</u>	<u>\$8,915,726</u>	<u>\$8,845,726</u>	<u>\$10,054,997</u>
Debt Outstanding:				
Various Purpose				
General Obligation Bonds	885,000	955,000	1,025,000	1,085,000
Water Improvement				
Enterprise Bonds	435,000	470,000	505,000	535,000
Various Purpose Notes	1,000,000	0	0	0
OPWC Loans	<u>1,084,526</u>	<u>1,141,090</u>	<u>1,000,932</u>	<u>1,113,368</u>
Total Gross Indebtedness	3,404,526	2,566,090	2,530,932	2,733,368
Less:				
OPWC Loans	(1,084,526)	(1,141,090)	(1,000,932)	(1,113,368)
Various Purpose Notes	(1,000,000)	0	0	0
Amount Available in Debt Service	<u>(28,080)</u>	<u>(33,598)</u>	<u>(16,072)</u>	<u>(21,041)</u>
Total Net Debt Applicable to Debt Limit	<u>1,291,920</u>	<u>1,391,402</u>	<u>1,513,928</u>	<u>1,598,959</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$7,696,278</u>	<u>\$7,524,324</u>	<u>\$7,331,798</u>	<u>\$8,456,038</u>
Legal Debt Margin as a Percentage of the Debt Limit	85.63%	84.39%	82.89%	84.10%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$4,708,104</u>	<u>\$4,670,142</u>	<u>\$4,633,476</u>	<u>\$5,266,903</u>
Total Gross Indebtedness	3,404,526	2,566,090	2,530,932	2,733,368
Less:				
Total Debt Outside Limitations	(1,084,526)	(1,141,090)	(1,000,932)	(1,113,368)
Amount Available in Debt Service	<u>(28,080)</u>	<u>(33,598)</u>	<u>(16,072)</u>	<u>(21,041)</u>
Net Debt Within 5 ½ % Limitations	<u>2,291,920</u>	<u>1,391,402</u>	<u>1,513,928</u>	<u>1,598,959</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$2,416,184</u>	<u>\$3,278,740</u>	<u>\$3,119,548</u>	<u>\$3,667,944</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	51.32%	70.21%	67.33%	69.64%

Source: City Financial Records

(1) Information prior to 2008 unavailable

2011	2010	2009	2008
<u>\$95,253,150</u>	<u>\$95,292,200</u>	<u>\$97,713,600</u>	<u>\$97,801,934</u>
<u>\$10,001,581</u>	<u>\$10,005,681</u>	<u>\$10,259,928</u>	<u>\$10,269,203</u>
1,145,000	1,244,917	1,344,833	1,434,749
565,000	735,083	905,167	1,075,251
0	0	0	0
<u>1,225,805</u>	<u>1,367,875</u>	<u>1,476,433</u>	<u>1,437,060</u>
2,935,805	3,347,875	3,726,433	3,947,060
(1,225,805)	(1,367,875)	(1,422,154)	(1,437,060)
0	0	0	(605,000)
<u>(40,050)</u>	<u>(31,712)</u>	<u>(63,405)</u>	<u>(108,231)</u>
<u>1,669,950</u>	<u>1,948,288</u>	<u>2,240,874</u>	<u>1,796,769</u>
<u>\$8,331,631</u>	<u>\$8,057,393</u>	<u>\$8,019,054</u>	<u>\$8,472,434</u>
83.30%	80.53%	78.16%	82.50%
<u>\$5,238,923</u>	<u>\$5,241,071</u>	<u>\$5,374,248</u>	<u>\$5,379,106</u>
2,935,805	3,347,875	3,726,433	3,947,060
(1,225,805)	(1,367,875)	(1,422,154)	(2,042,060)
<u>(40,050)</u>	<u>(31,712)</u>	<u>(63,405)</u>	<u>(108,231)</u>
<u>1,669,950</u>	<u>1,948,288</u>	<u>2,240,874</u>	<u>1,796,769</u>
<u>\$3,568,973</u>	<u>\$3,292,783</u>	<u>\$3,133,374</u>	<u>\$3,582,337</u>
68.12%	62.83%	58.30%	66.60%

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

Governmental Activities					
Year	General Obligation Bonds	Special Assessment Bonds	Bond Anticipation Notes	OPWC Storm Water Loans	Capital Leases
2015	\$891,368	\$0	\$1,007,460	\$130,841	\$164,670
2014	962,005	0	0	137,727	48,684
2013	1,032,642	0	0	0	66,925
2012	1,093,279	0	0	0	84,501
2011	1,153,916	0	0	0	0
2010	1,254,470	0	0	0	25,965
2009	1,355,023	0	0	0	50,861
2008	1,445,576	0	605,000	0	74,732
2007	1,532,937	0	605,000	0	97,618
2006	1,620,297	12,000	750,000	0	0

Note: Population and Personal Income data are presented on page S28.



Business-Type Activities

<u>Water Utility Bonds</u>	<u>OPWC Utility Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$437,298	\$953,685	\$3,585,322	2.98 %	\$654.38
472,554	1,003,363	2,624,333	2.18	478.98
507,809	1,000,932	2,608,308	2.17	476.06
538,064	1,113,368	2,829,212	2.35	516.37
568,320	1,225,805	2,948,041	2.45	538.06
738,658	1,367,875	3,386,968	2.82	618.17
908,997	1,476,433	3,791,314	3.52	749.12
1,079,337	1,437,060	4,641,705	4.31	917.15
1,237,869	1,545,618	5,019,042	4.66	991.71
1,396,401	1,654,176	5,432,874	5.05	1073.48

City of Canal Fulton, Ohio
*Ratio of General Obligation Bonded Debt to Estimated
 Actual Value and Bonded Debt Per Capita
 Last Nine Years (3)*

Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Gross Bonded Debt	Ratio of Bonded Debt to Estimated Actual Value of Taxable Property	Bonded Debt Per Capita
2015	5,479	\$246,360,783	\$1,328,666	0.54 %	\$243
2014	5,479	244,241,817	1,434,559	0.59	262
2013	5,479	242,195,754	1,540,451	0.64	281
2012	5,479	274,968,823	1,631,343	0.59	298
2011	5,479	273,453,583	1,722,236	0.63	314
2010	5,479	273,575,863	1,993,128	0.73	364
2009	5,061	280,488,527	2,264,020	0.81	447
2008	5,061	281,846,056	2,524,913	0.90	499
2007	5,061	287,010,050	2,770,806	0.97	547

(1) U. S. Bureau of Census, Census of Population.
 2007-2009 from 2000 Federal Census; 2010-2015 from 2010 Federal Census

(2) Stark County Auditor

(3) Information prior to 2007 was unavailable

City of Canal Fulton, Ohio

Computation of Direct and Overlapping Governmental Activities Debt

December 31, 2015

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Canal Fulton			
General Obligation Bonds	\$891,368	100 %	\$891,368
Bond Anticipation Notes	1,007,460	100	1,007,460
OPWC Loans	130,841	100	130,841
Capital Leases	<u>164,670</u>	100	<u>164,670</u>
<i>Total Direct Debt</i>	<u>2,029,669</u>		<u>2,029,669</u>
Overlapping			
Northwest Local School District			
General Obligation Bonds	15,484,623	35.30	5,466,072
Stark County			
General Obligation Bonds	4,789,237	1.31	62,739
Wayne Public Library District			
General Obligation Bonds	5,159,416	3.08	158,910
Stark County Park District			
General Obligation Bonds	<u>795,038</u>	1.31	<u>10,415</u>
<i>Total Overlapping Debt</i>	<u>26,228,314</u>		<u>5,698,136</u>
Total	<u><u>\$28,257,983</u></u>		<u><u>\$7,727,805</u></u>

Source: Stark County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Canal Fulton, Ohio

Pledged Revenue Coverage

Water

Last Ten Years

<u>Year</u>	<u>Water Operating Revenues (1)</u>	<u>Water Operating Expenses (2)</u>	<u>Net Available Revenues</u>	<u>Debt Service (3)</u>	
				<u>Principal</u>	<u>Coverage</u>
2015	\$886,553	\$535,285	\$351,268	\$57,750	6.08
2014	886,075	536,165	349,910	68,892	5.08
2013	840,874	506,507	334,367	68,893	4.85
2012	792,812	449,424	343,388	68,893	4.98
2011	656,285	500,083	156,202	103,339	1.51
2010	674,350	492,320	182,030	68,893	2.64
2009	677,870	565,692	112,178	34,447	3.26
2008	649,104	597,947	51,157	68,893	0.74
2007	640,567	552,602	87,965	68,893	1.28
2006	654,547	507,817	146,730	68,893	2.13

(1) Includes other non-operating revenues, except federal and state subsidies.

(2) Direct operating expenses do not include depreciation expense.

(3) Revenue debt includes OPWC loans payable solely from net revenues in the water enterprise fund.

Source: City financial records

City of Canal Fulton, Ohio
Pledged Revenue Coverage
Sewer
Last Ten Years

Year	Sewer Operating Revenues (1)	Sewer Operating Expenses (2)	Net Available Revenues	Debt Service (3)	
				Principal	Coverage
2015	\$985,345	\$767,950	\$217,395	\$47,812	4.55
2014	864,373	634,295	230,078	43,543	5.28
2013	845,840	711,765	134,075	43,543	3.08
2012	749,072	616,552	132,520	43,544	3.04
2011	736,379	626,129	110,250	61,436	1.79
2010	919,687	692,288	227,399	39,665	5.73
2009	749,691	671,907	77,784	19,832	3.92
2008	730,620	712,910	17,710	39,665	0.45
2007	789,833	563,157	226,676	39,665	5.71
2006	740,220	570,565	169,655	39,665	4.28

- (1) Includes other non-operating revenues, except federal and state subsidies
- (2) Direct operating expenses do not include depreciation expense.
- (3) Revenue debt includes OPWC loans payable solely from net revenues in the sewer enterprise fund.

Source: City financial records

City of Canal Fulton, Ohio

Principal Employers

2015 and 2006

2015

Employer	Employees
Northwest Board of Education	400
Echoing Hills Village, Inc.	250
United Church Homes, Inc.	238
Skipco Financial Adjusters, Inc.	129
City of Canal Fulton	108
Communication Exhibits, Inc.	99
Hydrochem Industrial Services, Inc.	87
Avalon Foodservice, Inc.	80
ZVN Properties, Inc.	79
BJAAM Environmental, Inc.	40
Total	<u>1,510</u>
Total Employment within the City	<u>N/A</u>

2006

Employer	Employees
United Church Homes, Inc.	299
Echoing Hills Village, Inc.	170
Avalon Foodservice, Inc.	149
Metaldyne Machining	134
Northwest Board of Education	111
Communication Exhibits, Inc.	82
R&B Management, LLC	80
Hydrochem Industrial Services, Inc.	75
BJAAM Environmental, Inc.	53
Community Health Care, Inc.	47
Total	<u>1,200</u>
Total Employment within the City	<u>N/A</u>

Source: City Records

N/A - Information not available

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City of Canal Fulton, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2015	5,479	\$120,214,739	\$21,941	\$50,332	40.3
2014	5,479	120,214,739	21,941	50,332	40.3
2013	5,479	120,214,739	21,941	50,332	40.3
2012	5,479	120,214,739	21,941	50,332	40.3
2011	5,479	120,214,739	21,941	50,332	40.3
2010	5,479	120,214,739	21,941	50,332	40.3
2009	5,061	107,627,226	21,266	45,359	33.9
2008	5,061	107,627,226	21,266	45,359	33.9
2007	5,061	107,627,226	21,266	45,359	33.9
2006	5,061	107,627,226	21,266	45,359	33.9

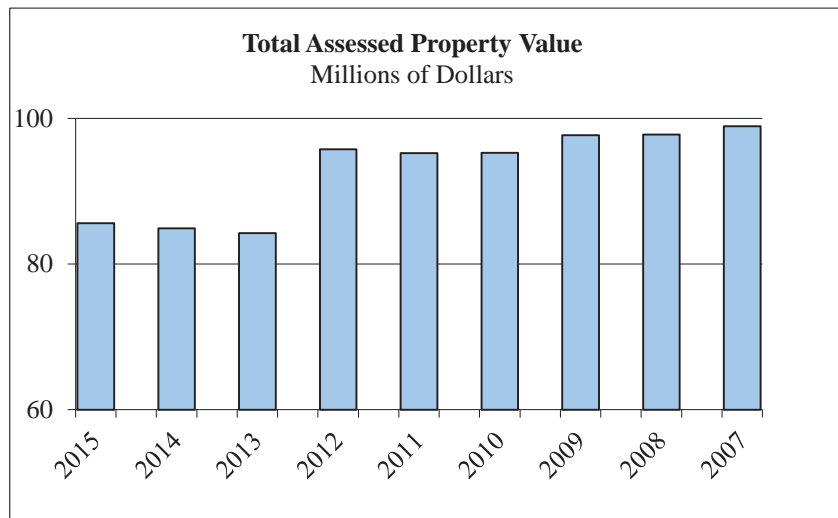
(1) Source: U. S. Census - 2006-2009 from 2000 Federal Census;
2010-2015 from 2010 Federal Census

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

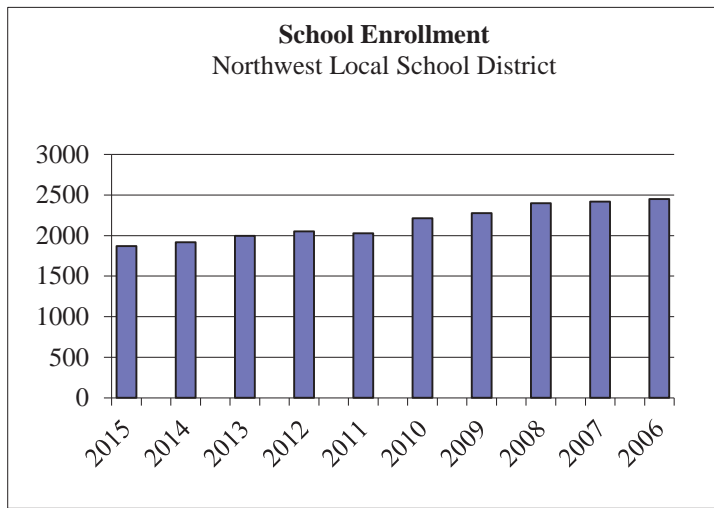
(3) Source: Ohio Department of Job and Family Services & Stark County CAFR

(4) Source: Stark County Auditor's Office

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



Educational Attainment: Bachelor's Degree or Higher (1)	Public School Enrollment (2)	Stark County Unemployment Rate (3)	Total Assessed Property Value (4)
20.5 %	1,872	5.3 %	\$85,601,890
20.5	1,919	4.8	84,911,680
20.5	1,996	6.8	84,245,010
20.5	2,053	7.3	95,761,880
20.5	2,028	9.2	95,253,150
20.5	2,215	11.3	95,292,200
17.2	2,276	11.2	97,713,600
17.2	2,398	6.7	97,801,934
17.2	2,420	5.9	98,924,795
17.2	2,452	5.8	N/A



City of Canal Fulton, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Eight Years (1)

Function/Program	2015	2014	2013	2012
General Government				
Council	3.00	3.00	3.00	3.00
Administration	3.00	4.00	4.00	4.00
Finance	3.50	3.50	4.00	3.50
Law	0.50	0.50	0.50	0.50
Community Service	0.50	0.50	0.50	0.50
Other	1.80	1.80	1.80	0.00
Security of Persons and Property				
Police	12.50	12.50	13.50	13.50
Fire	21.00	20.50	21.00	14.50
Leisure Time Activities				
Recreation and Parks	1.40	1.40	1.40	2.30
Canal Boat	3.30	3.60	3.30	2.40
Transportation				
Streets	4.00	4.00	4.00	5.50
Utilities				
Water	3.75	3.75	3.50	3.50
Sewer	3.75	3.75	3.50	3.50
Totals:	62.00	62.80	64.00	56.70

Source: City Payroll Department W2 Listing

Method: Using 1.0 for each full-time employee, 0.50 for each part-time employee, and 0.30 for seasonal employees.

(1) Information prior to 2008 was unavailable.

2011	2010	2009	2008
3.00	3.00	3.00	3.00
4.00	4.00	4.00	5.00
3.00	3.00	3.00	3.00
0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50
3.60	3.90	3.90	2.90
11.50	10.50	12.50	12.00
17.50	17.50	19.50	19.00
2.00	2.30	2.30	1.60
2.10	2.10	2.10	0.00
6.50	5.10	4.30	4.60
3.50	3.50	3.50	3.50
3.50	3.50	3.50	3.50
61.20	59.40	62.60	59.10

City of Canal Fulton, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2015	2014	2013
General Government			
<i>Council and Clerk</i>			
Number of ordinances proposed	35	31	32
Number of resolutions proposed	41	32	33
<i>Finance Department</i>			
Value of payments issued (1)	\$5,785,401	\$5,562,203	\$5,489,015
General fund interest earnings for fiscal year (cash basis)	\$4,302	\$1,022	\$764
Number of receipt transactions processed (1)	1,695	1,647	1,533
General fund receipts (cash basis in thousands)	\$2,591	\$2,498	\$2,439
General fund expenditures/net financing (cash basis in thousands)	\$2,382	\$2,571	\$2,729
Ending general fund balance (cash basis in thousands)	\$768	\$559	\$632
<i>Income Tax Department</i>			
Number of annual withholding forms processed	4,230	3,807	3,767
Number of business net profit forms processed	494	442	441
Number of individual returns processed	3,353	3,384	3,213
Amount of penalties and interest collected	\$63,374	\$54,432	\$62,453
Annual number of balance due/estimated payment forms processed	1,726	1,861	1,956
Annual number of reconciliations of withholdings processed	699	652	639
Security of Persons and Property			
<i>Police</i>			
Number of traffic stops	1,237	1,596	1,636
Number of arrests	119	133	159
DUI arrests	29	22	34
Motor vehicle accidents	120	97	113
<i>Fire</i>			
EMS calls for service	859	795	804
Fire calls for service	379	402	358
Fire safety inspections	154	147	155
Number of times mutual aid given	29	27	20
Number of times mutual aid received	54	60	31
Leisure Time Activities			
<i>Recreation</i>			
Canal boat visitors (1)	5,214	5,086	N/A
Canal boat receipts (1)	\$42,179	\$42,084	\$40,791
Transportation			
Street resurfacing (miles) (1)	3.81	3.00	3.63
Tons of salt used	877	563	392

2012	2011	2010	2009	2008	2007	2006
44	42	16	47	42	32	44
31	34	39	45	43	29	39
\$4,082,749	\$4,839,123	\$4,945,444	\$5,063,198	N/A	N/A	N/A
\$72	\$94	\$1,637	\$4,909	\$44,714	\$93,821	\$111,690
1,552	1,250	1,074	1,217	N/A	N/A	N/A
\$2,552	\$2,460	\$2,277	\$2,449	\$2,245	\$2,187	\$1,815
\$2,007	\$2,180	\$2,195	\$2,785	\$2,199	\$1,943	\$2,098
\$923	\$377	\$97	\$15	\$351	\$305	\$60
3,342	3,142	3,006	3,193	2,975	2,998	2,765
427	430	419	426	412	407	388
3,123	3,177	3,138	3,108	3,151	3,055	2,802
\$48,691	\$43,918	\$52,515	\$43,496	\$52,741	\$30,313	\$23,971
1,919	1,922	2,099	2,252	2,116	2,120	2,206
597	591	543	581	545	564	580
1,417	1,003	1,072	1,227	1,295	841	1,289
208	215	269	319	294	283	178
42	40	32	33	60	60	38
108	117	124	125	135	115	127
713	656	570	582	593	421	485
315	284	309	173	189	198	170
130	128	146	131	141	115	133
16	24	24	32	44	23	18
18	23	33	15	19	23	8
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$36,312	\$40,033	\$36,446	\$33,579	N/A	N/A	N/A
3.76	0.00	1.52	2.52	1.13	1.87	N/A
636	441	775	467	495	506	402

(continued)

City of Canal Fulton, Ohio
Operating Indicators by Function/Program (continued)
Last Ten Years

Function/Program	2015	2014	2013
Utilities			
<i>Water</i>			
Minimum water rate	\$18.75	\$17.50	\$16.25
Rate per thousand gallons used	\$2.32	\$2.32	\$2.32
Number of water accounts (1)	2,122	2,105	2,040
Total water collections (2)	\$879,656	\$856,655	\$807,497
<i>Sewer</i>			
Minimum sewer rate	\$18.03	\$16.53	\$15.33
Rate per thousand gallons used	\$2.82	\$2.82	\$2.82
Number of sewer accounts (1)	1,963	2,019	1,912
Total sewer collections (2)	\$758,970	\$739,134	\$692,142

Source: City Records (unless otherwise noted)

- (1) N/A indicates that the information is not available for the indicated year.
- (2) This represents only collections from City residents for utility service and does not include tap-in fees or revenue from Stark County.

2012	2011	2010	2009	2008	2007	2006
\$15.00	\$12.03	\$11.76	\$11.76	\$11.12	\$10.87	\$10.35
\$2.32	\$2.32	\$2.27	\$2.27	\$2.15	\$2.10	\$2.00
2,188	2,058	2,064	N/A	N/A	N/A	N/A
\$781,055	\$650,179	\$651,059	\$654,620	\$627,451	\$618,591	\$595,398
\$13.83	\$13.43	\$13.13	\$13.13	\$13.13	\$12.83	\$12.83
\$2.82	\$2.74	\$2.68	\$2.68	\$2.68	\$2.62	\$2.62
2,052	2,182	2,165	N/A	N/A	N/A	N/A
\$665,795	\$631,222	\$637,454	\$642,386	\$642,250	\$641,780	\$614,807

City of Canal Fulton, Ohio
Capital Assets Statistics by Function/Program
Last Six Years (1)

Function/Program	2015	2014	2013
General Government			
Buildings	4	4	4
Vehicles	2	2	2
Security of Persons and Property			
Police			
Stations	1	1	1
Vehicles	10	11	11
Fire			
Stations	2	2	2
Vehicles	8	8	8
Leisure Time Activities			
Recreation			
Buildings	7	7	7
Vehicles	0	0	0
Transportation			
Service			
Buildings	3	3	3
Vehicles	6	6	6
Utilities			
Water			
Buildings	1	1	1
Vehicles	9	8	7
Sewer			
Buildings	10	10	10
Vehicles	9	7	6

Source: City Records

(1) Information prior to 2010 was unavailable

2012	2011	2010
4	4	4
2	2	6
1	1	1
9	11	12
2	2	2
8	8	10
7	7	7
0	0	0
3	3	3
6	7	7
1	1	1
7	7	6
10	10	10
6	6	6

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**City of Canal Fulton
Stark County, Ohio**

Report on Internal Controls and Compliance
For Year Ended December 31, 2015

**INDEPENDENT AUDITORS' 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***

City Council
City of Canal Fulton, Ohio
155 East Market Street
Canal Fulton, Ohio 44614

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 City of Canal Fulton, Ohio (the City), as of and for the year ended December 31, 2015, 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 28, 2016, wherein we noted the City adopted the provisions of GASB Statements No. 68 and No. 71 for the year ended December 31, 2015.

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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency, described in the accompanying schedule of audit findings and responses as item 2015-001, which we consider to be a significant deficiency.

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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*.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of audit findings and responses. The City's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 28, 2016

Finding Number 2015-001: Segregation of Duties

The segregation of financial duties is important to adequately protect the City's assets and ensure accurate financial reporting. Presently, the City operates in a manner in which certainly employees are responsible for the entire receipt transaction cycle from the start (billing) to the finish (recording deposits within the general ledger). Without proper segregations of duties, the risk increases that errors or fraud could occur and not be detected within a timely basis.

Current management reviews focus on comparing cash deposits to the receipts recorded within the general ledger. However, the City should considering the reviews performed to include all phases to the transaction cycle including billing phase (are we accurately billing what we should), to receipt phase (are we receiving what we bill), to recording (are we accurately recording what we receive in the general ledger as well as individual customer account, if applicable), to the adjustment phase (are we monitoring what we are recording as uncollectible). Efficient segregation of duties in a small environment is often difficult; however, the City should be aware of the risk associated with this lack of duty segregation and attempt to exercise as much oversight control in all phases of these transaction cycles as feasible, to mitigate the City's risk exposure.

Management's Response: The City is aware of the segregation of duties issues related to limited staff and currently performs certain management reviews to mitigate risk. It will look for appropriate ways to expand these reviews in the future to further enhance its internal control structure.



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success.

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Dave Yost • Auditor of State

CITY OF CANAL FULTON

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 25, 2016**