

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

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

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





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Avon Lake, Lorain County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

August 28, 2017



**CITY OF AVON LAKE  
LORAIN COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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

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

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Lake, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2017.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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



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

June 28, 2017



**CITY OF AVON LAKE  
LORAIN COUNTY, OHIO  
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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Finding Number	Finding Summary	Status	Additional Information
2015-001	Material Noncompliance - Appropriations Exceeding Estimated Resources	Partially Corrected	Repeated as a Management Letter comment

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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# *City of Avon Lake, Ohio*



## *Comprehensive Annual Financial Report*

*For the Year Ended*

*December 31, 2016*





# **CITY OF AVON LAKE, OHIO**



## **Comprehensive Annual Financial Report**

**For the Year Ended  
December 31, 2016**

*Issued by the Finance Department*

**Steven J. Presley  
Director of Finance**

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# **INTRODUCTORY SECTION**





**City of Avon Lake, Ohio**  
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*For the Year Ended December 31, 2016*  
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Clerk of Council  
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Council President  
930-4120

Engineering Department  
930-4101

Finance Department  
930-4124

Fire Department  
933-8306

Human Resources  
933-6141

Law Director  
930-4122

Mayor's Office  
930-4100

Municipal Court  
930-4103

Municipal Utilities  
933-6226

Planning Department  
930-4101

Police Department  
933-4567

Recreation Department  
930-4130

Service Department  
930-4126

Zoning Department  
930-4143

June 28, 2017

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

We are pleased to submit the Comprehensive Annual Financial Report of the City of Avon Lake, Ohio for the year ended December 31, 2016.

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

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

James G. Zupka, CPA, Inc., has issued an unmodified (“clean”) opinion on the City of Avon Lake, Ohio’s financial statements for the year ended December 31, 2016. The independent auditor’s report is located at the front of the financial section of this report.

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

## **Profile of the Government**

The City of Avon Lake is approximately 115 square miles and is located in Lorain County in northeastern Ohio, approximately 18 miles west of the City of Cleveland. The City split from Avon Township in 1915 and was formed as a new political division as the Township of Avon Lake shortly thereafter. Avon Lake became a city in 1951 under the laws of the State of Ohio. In 2010, the U.S. Census Bureau reported that Avon Lake has a population of 22,581.

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

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

The City of Avon Lake's chief executive and administrative officer is the Mayor, who is elected by the voters for a four-year term. The Mayor appoints, subject to approval of a majority of the members of Council, the Directors of the City's departments. The Mayor also acts as the Director of Public Safety, oversees the enforcement of all laws and ordinances, and executes all contracts, conveyances, evidences of indebtedness, and all other instruments to which the municipality is a party.

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

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

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

### **Profile of the City**

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

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



The City of Avon Lake is a suburb in an affluent metropolitan area and functions as a major commuter hub and suburban regional center. The City of Avon Lake is headquarters for many corporations. Major industries located within the government's boundaries or in close proximity include hospitals, shopping, large retail stores, Ford, PolyOne with its world headquarters and NRG Energy. The school district and The City of Avon Lake also have a significant economic presence. The school system educates over 3,800 students with 525 contracted employees including teachers, professionals, and support staff working to offer quality educational opportunities. It issued 449 W-2 forms in 2016 due to the number of part time workers it employs. The School System has been recognized as Excellent by the Ohio Department of Education for the past 12 years. The City of Avon Lake has 147 full time employees on it payroll and benefits from many part time workers who fill various recreational and infrastructure maintenance jobs in the summer months.

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

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

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

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

## Major Initiatives

The City of Avon Lake has several ongoing initiatives to improve roadway conditions and water quality in Lake Erie. The road projects within the city rank all streets in order of priority needs. This ranking is updated yearly and provided the Mayor and Council with estimated budget amounts for current and future year needs. The City annually spends between \$1 million to \$1.8 million on road maintenance and upkeep every year. Supplementing the yearly street program are projects that the City pursues OPWC grant funding and ODOT LTIP funding. In 2015 the City widened a major intersection to improve traffic flow to the new Nagle Road interchange on I90 in Avon, to our south. The Walker Road and Lear Road intersection project added right turn lanes and new traffic signals with LED lights, emergency pre-emption and emergency batter power. The Lear Road and Krebs Road intersection project planned for construction in 2016 is now underway after several delays. It is adding new turn lanes and a new traffic signal to an existing intersection that saw a drastic increase in traffic due to the new interchange. Like the other intersection on Lear Road both projects received partial funding through OPWC and will be a major traffic improvement within our City.

The City continues to work on the sewer separation projects to meet our EPA obligation of 2020 to be fully separated. The Belmar Sewer Separation Project was completed in 2015. It was started in early 2013 as a joint project between Avon Lake Municipal Utilities and the City of Avon Lake. The Moorewood Sewer District Project was started in June 2014 and completed in 2016 at a total cost of \$9.1 million. This project impacts almost 400 homes and it involved the installation of new sanitary, and storm sewers as well as some new waterlines within the sewer district. It eliminated two Sanitary Sewer Overflows (SSO's) to Lake Erie once completed. As part of the City's full compliance with EPA regulations the City has two more separation projects in the works to comply with our 2020 mandate. The Fairfield/Brookfield project is in progress and should take 18 months to complete.

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

In addition to these projects, the City continues to pursue grants to fund other needed Capital Projects. One such grant was received in 2014 to study and expand our Multi-Modal Transportation Plan, funded through NOACA, to link Avon Lake with the communities to our east, west and south. The study was completed in 2015. The major component of the plan will create a corridor within Avon Lake to connect to a proposed pathway in Avon that will provide access to the Cleveland Clinic. The Cleveland Clinic is a big supporter of this route and has committed to helping out in many ways since a large number of employees and patients to the facility live in Avon Lake.

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

The city has been working with a historical group now called Heritage Avon Lake to restore an early 1900's house on Lake Erie. The group was awarded a \$150,000 grant in 2014 from the State of Ohio to achieve that goal and the group has been granted another \$75,000 to continue the project in 2016. The city has worked with Heritage Avon Lake to repair the basement foundation, replace the windows, add a wrap-around porch, install siding and replace the HVAC of the structure.

## **Economic Development**

The city benefits from a solid industrial tax base with several major industries located in the southwest portion of the city as per the city's Comprehensive Master Plan developed many years ago. Several concentrations of small and large industries are located along Moore, Walker and Miller Roads. They include PolyOne Corporation, a Fortune 500 company; Ford Motor Company; a division of Lubrizol and many smaller businesses. These smaller but important companies include Thogus Enterprises, Mexichem Specialty Resins, Inc., Western Enterprises and Watteredge Industries. The Master Plan has been modified regularly to accommodate changes in the economic climate. The total number of acres in our industrial areas is over 1,400 acres.

Running through the industrial area is Pin Oak Parkway. This industrial park was established in the 1950's with a B.F. Goodrich research facility serving as its anchor. The industrial campus of that facility now houses PolyOne, Lubrizol and Mexichem is located along Walker Road in the western part of the city. All three deal with polymer research or production. Pin Oak Parkway was expanded about 14 years ago and now can be accessed from State Route 83 as well as Moore Road, both of which provide easy access to Interstate 90 a short distance to the south. There are a number of parcels of industrial sites of various sizes available for industrial expansion. The approximate number of acres that make up Pin Oak Parkway is over 430 acres.

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

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

### **Community Reinvestment Area (CRA) Program**

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

### **Community Improvement Corporation**

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

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

### **Jobs Growth Incentive Plan**

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

Because of its location in a region with a varied economic base, unemployment had been relatively stable until the effect of the current recession was felt during the current year. During the past ten years, the unemployment rate rose from an initial low of 3.1 percent (2007) to a decade high of 7.1percent during the depths of the recession. Although unemployment rates have risen nationwide over the last year, the City of Avon Lake continues to experience unemployment rates consistently lower than national averages. Based on economic forecasts, a leveling off and subsequent decline in unemployment rates are anticipated to continue in calendar year 2017. This is consistent with an increase in income tax revenues for the past three years.

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

### **Long-Term Financial Planning**

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

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

### **Awards and Acknowledgement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Avon Lake for its comprehensive annual financial report for the year ended December 31, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the third year in a row that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Gregory J. Zilka  
Mayor



Steven Presley  
Director of Finance

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Government Finance Officers Association

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

Presented to

**City of Avon Lake  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

# City of Avon Lake, Ohio

*Directory of Officials*

*December 31, 2016*

## COUNCIL

### At-Large:

Daniel Bucci

John Shondel

Martin O'Donnell

### Wards:

Robert James (Ward I)

Jennifer Fenderbosch (Ward II)

Larry Meiners (Ward III)

David Kos (Ward IV)

### Clerk of Council:

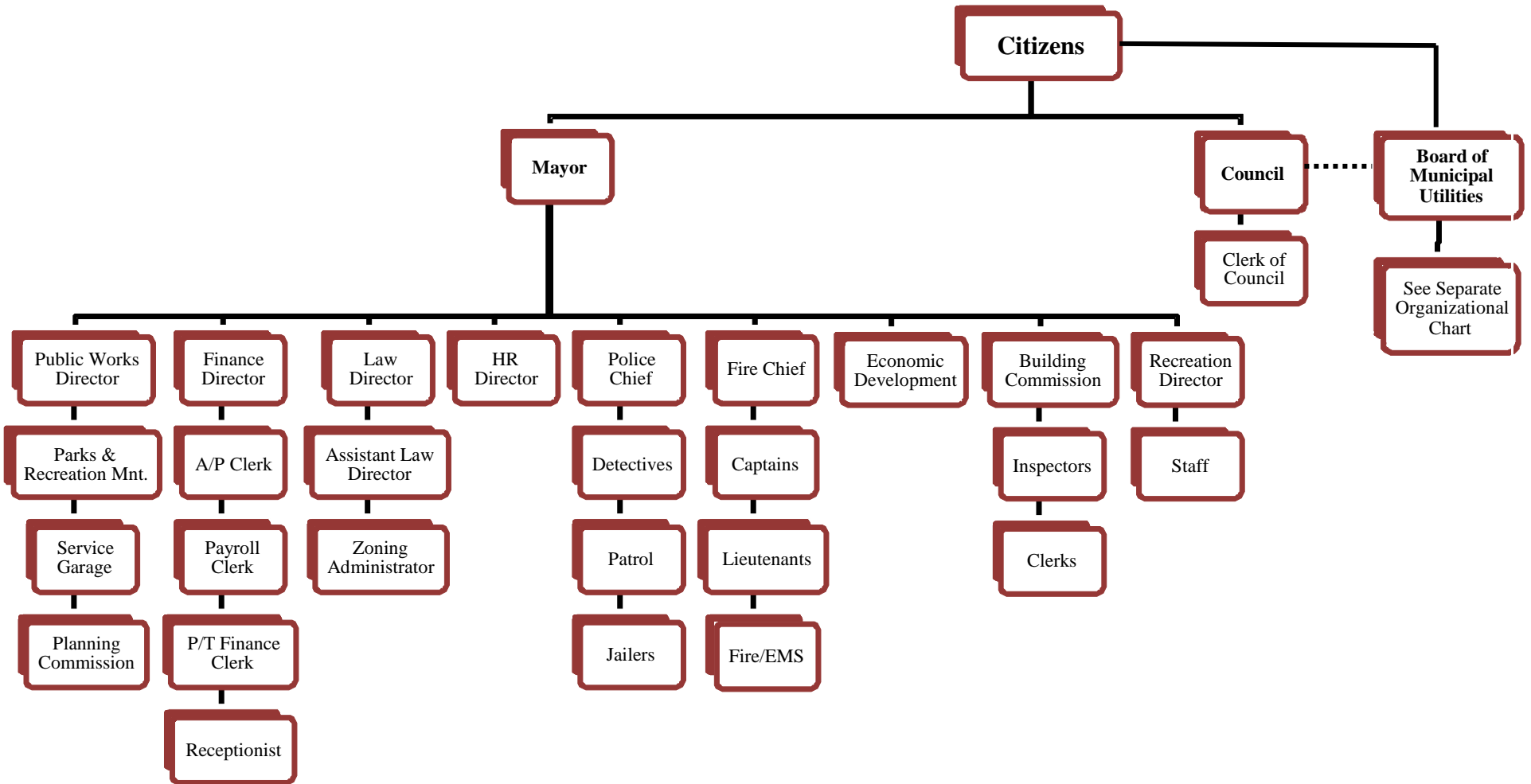
Barbara Dopp

## OFFICIALS

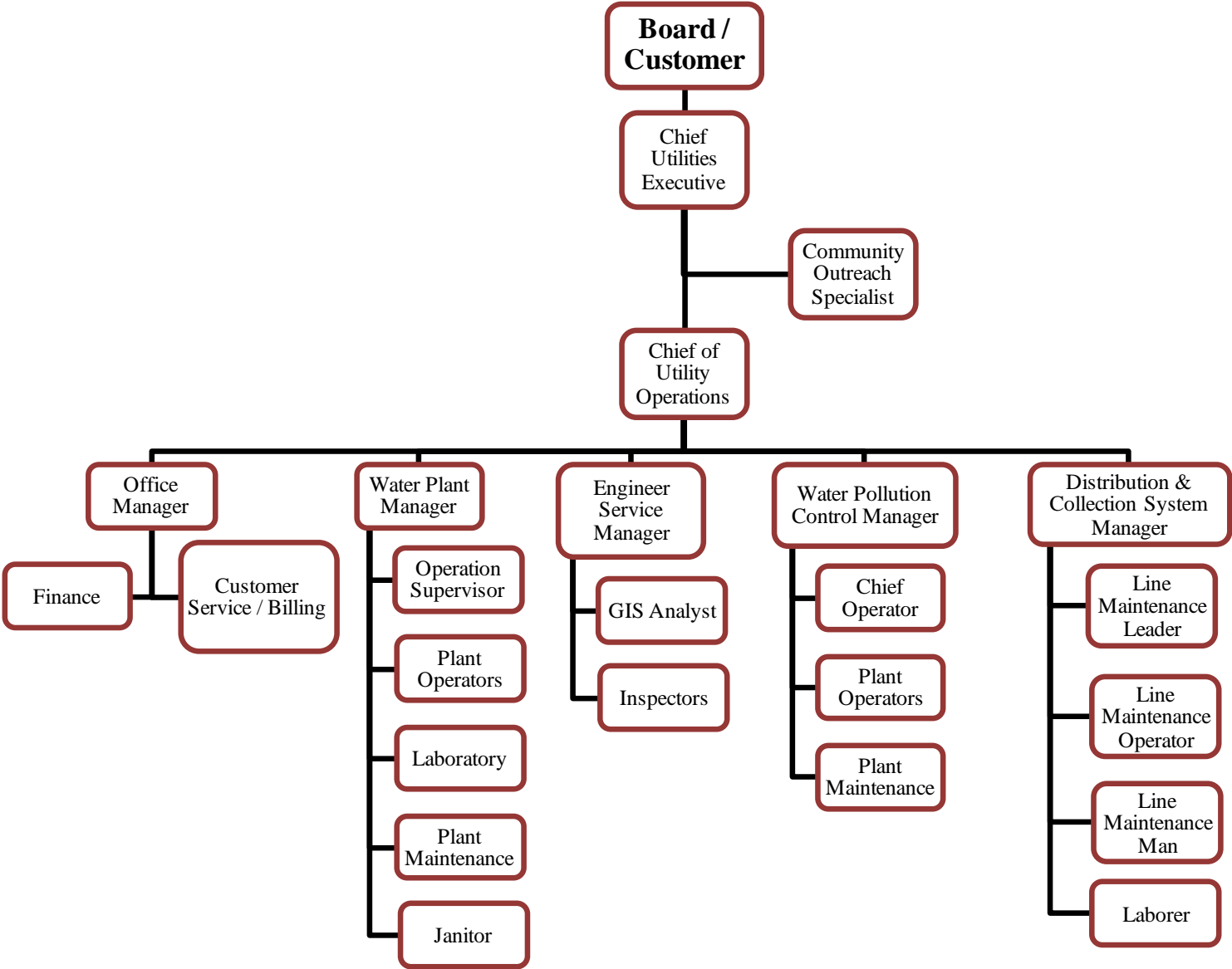
Gregory J. Zilka	Mayor
Abraham Lieberman	Director of Law
Steven J. Presley	Director of Finance
Thomas Carleton	Building Official
Todd Danielson	Chief Utilities Executive
Gregory J. Zilka	Safety Director
Duane Streator	Police Chief
Christopher Huerner	Fire Chief
Ted Esborn	Director of Economic Development
Gary Gerrone	Recreation Director
Darrel Bilancini	Judge of Municipal Court



**City of Avon Lake, Ohio**  
*Organizational Chart – City*  
 December 31, 2016



**City of Avon Lake, Ohio**  
*Organizational Chart – Avon Lake Regional Water*  
 December 31, 2016



# **FINANCIAL SECTION**



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

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

The Honorable Dave Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

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

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

June 28, 2017

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**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

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The discussion and analysis of the City of Avon Lake's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the financial statement and notes to those respective statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- The City's economic condition continued to improve as municipal income tax revenue increased by \$1,435,032 or 14.02% over 2015.
- Total Net Position increased slightly \$22,169 in 2016 over 2015.
- In 2016, the City issued \$25,496,000 in bond anticipation notes, which were utilized to retire the 2015 bond anticipation notes and provide resources for new projects.

**Overview of the Comprehensive Annual Financial Report (CAFR)**

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

**Government-wide Financial Statements**

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

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

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

**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

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

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

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

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

### **Fund Financial Statements**

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

#### *Governmental Funds*

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

#### *Proprietary Funds*

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

#### *Fiduciary Funds*

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

### **Notes to the Basic Financial Statements**

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

**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
(Unaudited)

**Other Information**

In addition to the basic financial statements and the accompanying notes, this CAFR also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the required supplementary information, the combining statements are presented along with individual detailed budgetary schedules for all funds. This information can be found starting on page 87.

**The City of Avon Lake as a Whole**

**Analysis of Net Position**

The City's total Net Position changed from a year ago, increasing slightly from \$99,646,606 to \$96,668,775.

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

Table 1- Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015*	2016	2015*
<b>ASSETS</b>						
Current and other assets	\$ 35,002,472	\$ 25,977,047	\$ 13,931,786	\$ 12,030,121	\$ 48,934,258	\$ 38,007,168
Net Pension Asset	6,743	4,797	7,169	5,100	13,912	9,897
Capital assets, net	56,754,398	56,154,201	137,795,585	107,436,202	194,549,983	163,590,403
<b>Total Assets</b>	<b>91,763,613</b>	<b>82,136,045</b>	<b>151,734,540</b>	<b>119,471,423</b>	<b>243,498,153</b>	<b>201,607,468</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferral on Refunding	513,391	585,778	151,697	163,833	665,088	749,611
Pension	5,407,241	2,127,812	1,987,042	637,874	7,394,283	2,765,686
<b>Total Deferred Outflows Of Resources</b>	<b>5,920,632</b>	<b>2,713,590</b>	<b>2,138,739</b>	<b>801,707</b>	<b>8,059,371</b>	<b>3,515,297</b>
<b>LIABILITIES</b>						
Current and other liabilities	16,293,658	6,804,127	14,237,671	8,773,127	30,531,329	15,577,254
Long-term liabilities:						
Due within one year	1,926,353	2,351,193	1,779,411	2,612,904	3,705,764	4,964,097
Due in More Than One Year:						
Net Pension Liability	19,894,400	15,437,392	5,120,208	3,567,286	25,014,608	19,004,678
Other Amounts	8,233,855	8,770,037	81,336,041	54,303,646	89,569,896	63,073,683
<b>Total Liabilities</b>	<b>46,348,266</b>	<b>33,362,749</b>	<b>102,473,331</b>	<b>69,256,963</b>	<b>148,821,597</b>	<b>102,619,712</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Taxes	5,823,209	5,731,832	-	-	5,823,209	5,731,832
Pension	140,038	60,388	103,905	64,227	243,943	124,615
<b>Total Deferred Intflows Of Resources</b>	<b>5,963,247</b>	<b>5,792,220</b>	<b>103,905</b>	<b>64,227</b>	<b>6,067,152</b>	<b>5,856,447</b>
<b>NET POSITION</b>						
Net Investment in						
Capital Assets	44,792,875	47,819,200	44,246,451	50,834,571	89,039,326	98,653,771
Restricted	8,808,675	8,126,696	-	-	8,808,675	8,126,696
Unrestricted	(8,228,818)	(10,251,230)	7,049,592	117,369	(1,179,226)	(10,133,861)
<b>Total Net Position</b>	<b>\$ 45,372,732</b>	<b>\$ 45,694,666</b>	<b>\$ 51,296,043</b>	<b>\$ 50,951,940</b>	<b>\$ 96,668,775</b>	<b>\$ 96,646,606</b>

\* - Restated

**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

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

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

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

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

**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

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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/asset and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Total assets increased by \$41,890,685 in 2016. Capital assets are used to provide services to the City's citizens; however, they are not available for future spending. Total capital assets (net of depreciation) increased by \$30,959,580. This increase was mainly attributed to several new construction projects beginning in 2016 which were offset by current year depreciation expenses.

Current and other assets increased \$10,927,090 mainly from an increase in equity in pooled cash and cash equivalents as a result of the issuance of new bond anticipation notes in 2016.

Total liabilities increased by \$46,201,885 in 2016 with current liabilities increasing \$14,954,075 and long-term liabilities increasing \$31,247,810. The increase in current liabilities was primarily due to the increase in notes payable and the increase in long-term liabilities is due to increase in net pension liability and loans payable.

Investments in capital assets (land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure, net of depreciation) less any debt related to acquire those assets that is still outstanding represents the largest portion of net position which decreased \$9,614,445 from 2015 to 2016. Restricted net position increased \$681,979 and unrestricted net position increased \$8,954,635.

Table 2 shows the Changes in Net Position for governmental activities and business-type activities for the year ended December 31, 2016 compared to December 31, 2015.

**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
(Unaudited)

Table 2- Changes in Net Position

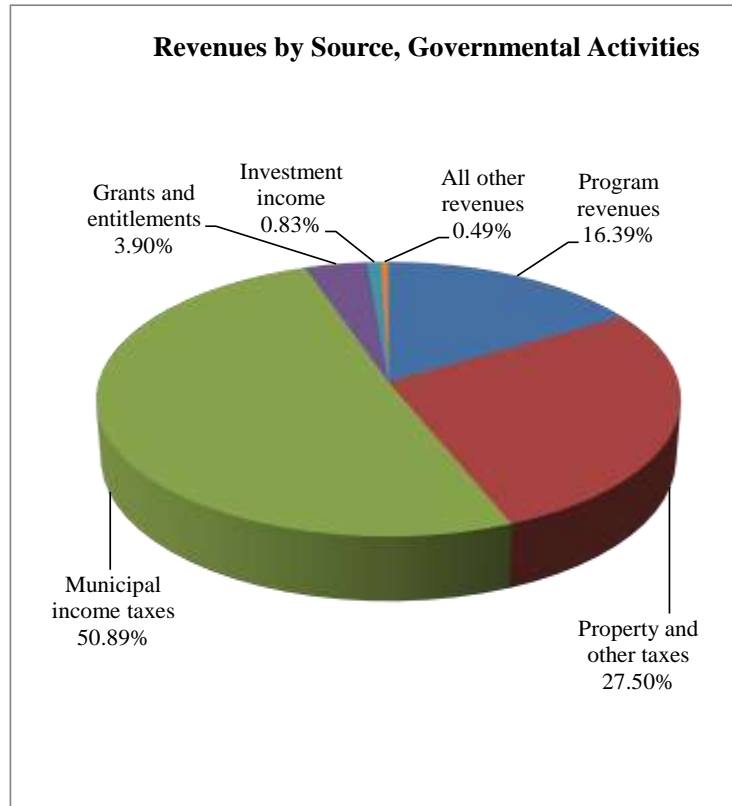
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 2,532,321	\$ 1,917,633	\$ 18,009,640	\$ 16,815,767	\$ 20,541,961	\$ 18,733,400
Operating grants and contributions	1,168,721	1,069,334	305,784	552,632	1,474,505	1,621,966
Capital grants and contributions	55,400	-	133,010	-	188,410	-
<b>Total Program Revenues</b>	<b>3,756,442</b>	<b>2,986,967</b>	<b>18,448,434</b>	<b>17,368,399</b>	<b>22,204,876</b>	<b>20,355,366</b>
General Revenues:						
Property and other taxes	6,303,781	5,491,430	-	-	6,303,781	5,491,430
Municipal income taxes	11,667,821	10,232,789	-	-	11,667,821	10,232,789
Grants and entitlements	895,131	1,505,059	-	-	895,131	1,505,059
Investment income	189,676	133,216	(775)	9,911	188,901	143,127
All other revenues	112,393	159,435	39,407	158,471	151,800	317,906
<b>Total General Revenues</b>	<b>19,168,802</b>	<b>17,521,929</b>	<b>38,632</b>	<b>168,382</b>	<b>19,207,434</b>	<b>17,690,311</b>
<b>Total Revenues</b>	<b>22,925,244</b>	<b>20,508,896</b>	<b>18,487,066</b>	<b>17,536,781</b>	<b>41,412,310</b>	<b>38,045,677</b>
<b>EXPENSES</b>						
Program Expenses:						
Security of persons and property	10,039,529	9,003,214	-	-	10,039,529	9,003,214
Public health services	5,546	29,823	-	-	5,546	29,823
Leisure time activities	1,302,035	1,153,093	-	-	1,302,035	1,153,093
Community environment	524,453	459,925	-	-	524,453	459,925
Transportation	7,536,427	6,739,622	-	-	7,536,427	6,739,622
General government	3,414,524	3,515,818	-	-	3,414,524	3,515,818
Interest and fiscal charges	424,664	488,696	-	-	424,664	488,696
Water	-	-	10,400,178	12,176,431	10,400,178	12,176,431
Sewer	-	-	7,742,785	7,079,585	7,742,785	7,079,585
<b>Total Expenses</b>	<b>23,247,178</b>	<b>21,390,191</b>	<b>18,142,963</b>	<b>19,256,016</b>	<b>41,390,141</b>	<b>40,646,207</b>
Changes in Net Position	(321,934)	(881,295)	344,103	(1,719,235)	22,169	(2,600,530)
Net Position - Beginning of Year, restated	45,694,666	46,575,961	50,951,940	52,671,175	96,646,606	99,247,136
<b>Net Position - End of Year</b>	<b>\$ 45,372,732</b>	<b>\$ 45,694,666</b>	<b>\$ 51,296,043</b>	<b>\$ 50,951,940</b>	<b>\$ 96,668,775</b>	<b>\$ 96,646,606</b>

**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

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**Governmental Activities**

Revenues by source of governmental activities for 2016 were comprised of:



**Revenues**

Total revenues increased by \$2,416,348 or 11.78%. The 1.5 percent municipal income tax is the largest revenue source totaling \$11,667,821 or 50.89%. Municipal income tax increased by \$1,435,032 or 14.02%. The municipal income tax revenue is receipted into the Income Tax Transfer Fund and then allocated by Ordinance to other funds on an annual basis. For 2016 the Capital Improvement Fund, General Bond Retirement Fund, and General Fund received \$835,000, \$1,050,000, and \$7,312,500, respectively.

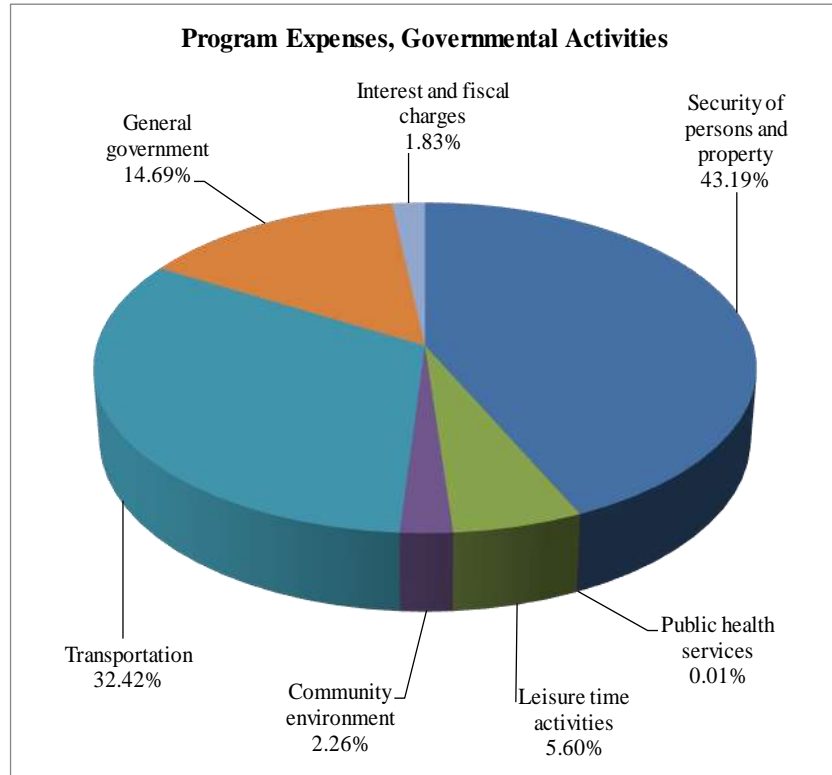
The next largest general revenue source is property and other taxes totaling \$6,303,781 or 27.50%. Property and other taxes increased by \$812,351 or 14.79%. Charges for services increased by \$614,688 or 32.05% and grants and entitlements decreased by \$609,928 or 40.53%.

**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

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*Expenses*

Program expenses of governmental activities for 2016 were comprised of:



Program expenses amounted to \$23,247,178 in 2016, of which only \$3,756,442 was supported by program revenues. Security of persons and property, which includes police, fire and paramedic services, represented \$10,039,529 or 43.19% of total program expenses. Transportation, which includes street maintenance, snow removal, etc., represents \$7,536,427 or 32.42% of program expenses. General government, which includes legislative and administrative services of council, mayor, law, finance, engineering, building services, and utilities and maintenance of the buildings that house these functions, represents \$3,414,524 or 14.69%. Leisure time activities represented \$1,302,035 or 5.60% of program expenses and includes recreation pool and special programs. Other program expenses consisting of public health services, community environment, and interest and fiscal charges amounted to 4.10%. Program expenses increased in 2016 by \$1,856,987 or 8.68% from the 2015 program expenses due to increased cost of Medical Insurance Premiums, increases in compensation rates based on union contracts and additional staffing in the Recreation department.

***Business-Type Activities***

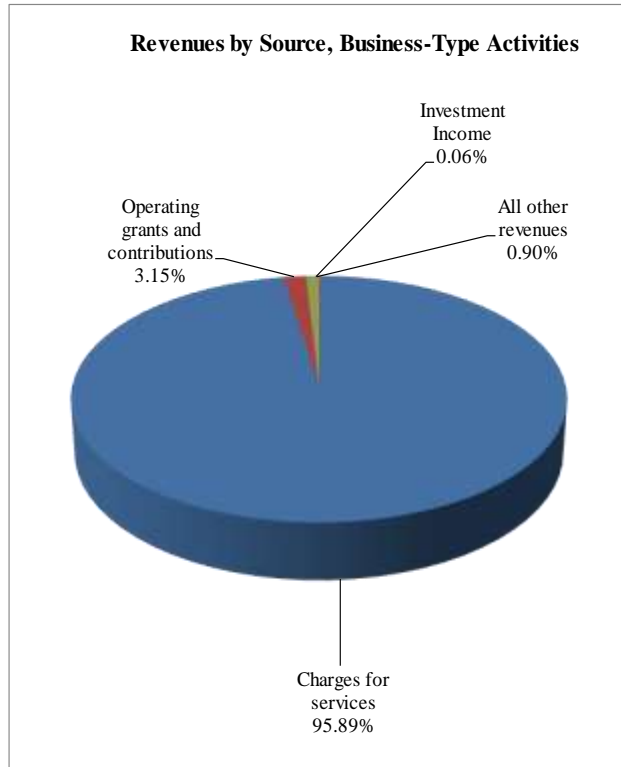
The City's major business-type activities consist of the water and sewer services. The Water Fund accounts for the treatment and distribution of water to residential customers, commercial users, and certain non-residential customers. The Sewer Fund accounts for sanitary sewer treatment services provided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



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*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

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Revenues by source for business-type activities for 2016 were comprised of:



*Revenues*

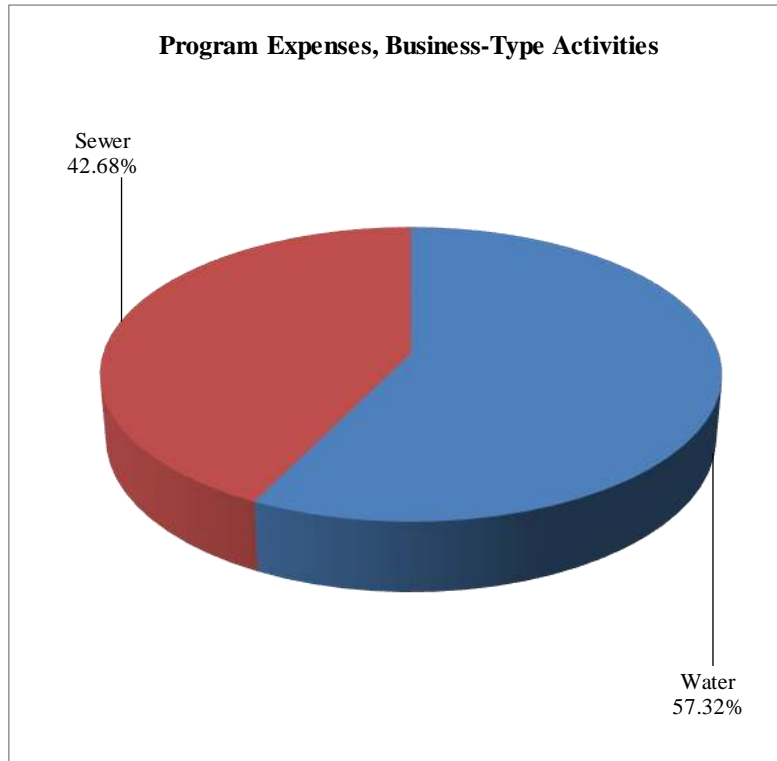
Program revenue consisting of charges for services, operating and capital grants and contributions represented 99.79% of total revenues for the business-type activities in 2016. Charges for services for the business-type activities amounted to \$18,009,640 with 68.54% provided by water services and 31.46% from sanitary sewer services.

Water operations generate the fees charged for the sale of water within Avon Lake and several surrounding communities. Those fees are then used to maintain lines for delivery and to treat water for further consumption. Water operating revenues increased \$983,940 or 8.62% due to an increase in sales, in addition to an increase in rates charged to users.

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Program Expenses for business-type activities for 2016 were comprised of:



*Expenses*

Water operation expenses amounted to \$10,400,178 or 57.32% and sanitary sewer operation expenses amounted to \$7,742,785 or 42.68% of total program expenses for business-type activities in 2016.

Total expenses for business-type activities decreased by \$1,113,053 due mainly to increases in additional supply and overtime expenses in 2015.

**The City's Funds**

Information about the City's major governmental funds begins on page 22. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$23,901,902 and expenditures of \$23,932,021 (not including other financing sources and uses). The General Fund's fund balance decreased by \$292,640. The City closely monitors its revenues and expenditures to maintain a sound fund balance.

**General Fund Analysis**

The General Fund is the chief operating fund of the City. At the beginning of the current year, total fund balance for the General Fund was \$2,766,225. General Fund expenditures (including transfers out) for the current year were \$14,502,183, with revenues and other financing sources of \$14,209,543 leaving a fund balance of \$2,473,585, and an unassigned balance of \$1,040,308 in the General Fund.

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As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers out). The General Fund's unassigned fund balance represents 7.32% of total General Fund expenditures while total fund balance represents 17.41% of that same amount. The fund balance of the City's General Fund balance decreased by \$292,640 in 2016 when compared to 2015, as a result of an increase in security persons and property and transportation expense, offset by an increase in property and other taxes.

**Other Major Funds Analysis**

The City's Income Tax Transfer Fund experienced an increase of \$2,346,232 in its fund balance compared to 2015, due to an increase in municipal income tax revenue.

The City's General Bond Retirement (Unvoted) Fund experienced a decrease in fund balance in the amount of \$1,375,097 due to the issuance of the 2016 notes payable.

The City's Fairfield/Brookfield Improvement fund experienced a decrease in fund balance in the amount of \$1,254,600 as it is a new fund in 2016.

The City's Capital Improvement fund experienced an increase in fund balance in the amount of \$364,652 due to an increase in transfer in for 2016.

The City's Water Fund experienced an increase of \$2,354,309 in its 2016 net position compared to 2015. The main contributor to this is the City's efforts to maintain expense lower than revenues.

The City's Sewer Fund experienced a decrease of \$2,010,206 in its 2016 net position compared to 2015. The main contributor to this decrease were higher operating expenses from salaries and purchased services.

**General Fund Budgeting Highlights**

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The most significant budgeted fund is the General Fund. The legal level of budgetary control is at the personnel and other levels within the departments for the general fund and at the personnel and other levels for all other funds. Any budgetary modifications at these levels may only be made by an ordinance of City Council. During 2016, a number of supplemental appropriation measures were authorized by the City Council. Administrative control of the budget is maintained through the establishment of detailed line-item budgets. Transfers are contained in the annual appropriation measure and are permitted once the permanent appropriation measure has been passed by City Council.

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

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

For the General Fund, original and final budgeted revenues are \$14,655,063, and actual revenue collections are \$13,989,787. The majority of the decrease in actual revenue over the final budgeted amounts is due to receiving less property tax revenue than expected. Actual general fund expenditures were \$15,091,797 or \$353,438 less than the final budget. The decrease in actual expenditures represents the City's proactive management and legislative action to control costs across the City's departments when practicable.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets, net of depreciation, at December 31, 2016 and 2015 consisted of:

Table 3- Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,288,340	\$ 5,283,340	\$ 1,786,019	\$ 1,601,738	\$ 7,074,359	\$ 6,885,078
Construction in progress	4,324,073	4,332,378	47,626,929	20,511,265	51,951,002	24,843,643
Buildings and improvements	14,228,952	14,757,153	21,767,068	21,871,326	35,996,020	36,628,479
Machinery and equipment	970,111	966,270	1,632,802	1,650,693	2,602,913	2,616,963
Vehicles	1,648,518	1,491,900	486,278	343,827	2,134,796	1,835,727
Infrastructure	30,294,404	29,323,160	64,496,489	61,457,353	94,790,893	90,780,513
Total Capital Assets, Net of Depreciation	<u>\$ 56,754,398</u>	<u>\$ 56,154,201</u>	<u>\$ 137,795,585</u>	<u>\$ 107,436,202</u>	<u>\$ 194,549,983</u>	<u>\$ 163,590,403</u>

Capital assets are major assets that are used in operations and have useful lives of more than one year. As of December 31, 2016, total capital assets for the City were \$194,549,983 which reflects an increase of \$30,959,583 from the 2015 ending balance of \$163,590,403. Governmental activities' capital assets, net of depreciation, increased \$600,197 from 2015. Business-type capital assets, net of depreciation, increased \$30,359,383 as a result of several new construction projects beginning in 2016 and the continuing projects from 2015, which were offset by current year depreciation expenses.

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

**Debt**

The outstanding debt and other long-term obligations for the City as of December 31, 2016, was \$90,323,820 which consisted of \$7,842,286 for governmental activities and \$82,481,534 for business-type activities. The City-wide balance reflects an increase of \$24,952,144 from the previous year's balance of \$65,371,676.

**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
*(Unaudited)*

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

Table 4- Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$ 5,925,733	\$ 6,745,040	\$ 2,792,312	\$ 3,005,297	\$ 8,718,045	\$ 9,750,337
Special Assessment Bonds	867,458	1,147,817	-	-	867,458	1,147,817
Long-term Notes Payable	-	626,204	-	-	-	626,204
OWDA Loans	782,318	226,302	75,706,390	49,041,258	76,488,708	49,267,560
OPWC Loans	162,499	175,416	-	-	162,499	175,416
Mortgage Revenue Bonds	-	-	3,982,832	4,274,210	3,982,832	4,274,210
Equipment Loan	23,000	46,000	-	-	23,000	46,000
Police Pension Liability	81,278	84,132	-	-	81,278	84,132
Total Outstanding Debt	<u>\$ 7,842,286</u>	<u>\$ 9,050,911</u>	<u>\$ 82,481,534</u>	<u>\$ 56,320,765</u>	<u>\$ 90,323,820</u>	<u>\$ 65,371,676</u>

During 2016, the City finalized the Morewood sewer separation/water line replacement project and the water plant expansion project which were all funded by the Ohio Water Development Authority (OWDA). The City received \$29,418,246 in loan proceeds from OWDA in 2016.

During 2016, the City issued bond anticipation notes for the retirement of the 2015 bond anticipation notes as well as to provide funding for the various construction projects within the Governmental activities and the Water and Sewer funds. The notes were issued with an annual stated rate of 2.00% and will mature in July 2017.

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

**CURRENT FINANCIAL RELATED ACTIVITIES**

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

On a cash basis, property tax revenue remained relatively flat in 2016 while income tax revenues increased 14.79% or \$1,435,032. This increase is primarily attributed to the increased production at the Avon Lake Ford Plant. However, the elimination of the Estate Taxes and the reduction of Local Government Funds are the main reasons for the decrease in intergovernmental revenues.

Avon Lake Regional Water (ALRW) is completing the Morewood Sewer Separation/Water Main Installation Project that began in 2015. The nearly \$9,500,000 project included multiple streets receiving new sanitary sewers and water lines in addition to new roadways.

**City of Avon Lake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2016*  
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ALRW also finished the construction of a 3,000,000-gallon water tank at its facility in Avon Lake during 2016. ALRW also completed the installation of a new water main on Walker Road during 2016 increasing the water supply reliability in the area at a cost of \$2,500,000. Additionally, ALRW began construction of a new water tower in the City which will house 2.5M gallons of fresh water in case of an emergency at a cost of \$8,100,000. The project is expected to take 2 years to complete. Finally, ALRW began construction of the Elyria Interconnection which will augment the emergency water supply by up to 8 million gallons per day at an estimated cost of \$3,100,000.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

**City of Avon Lake, Ohio**  
*Statement of Net Position*  
*December 31, 2016*

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 18,923,111	\$ 12,937,198	\$ 31,860,309
With Escrow Agents	11,016	-	11,016
Materials and Supplies Inventory	147,893	169,396	317,289
Accounts Receivable	142,716	1,702,724	1,845,440
Accrued Interest Receivable	59,422	1,378	60,800
Intergovernmental Receivable	1,103,933	2,121,305	3,225,238
Internal Balances	5,000,000	(5,000,000)	-
Prepaid Items	39,582	31,689	71,271
Municipal Income Taxes Receivable	2,784,159	-	2,784,159
Property and Other Taxes Receivable	6,070,731	-	6,070,731
Special Assessments Receivable	719,909	60,886	780,795
Investment In Joint Venture	-	1,907,210	1,907,210
Nondepreciable Capital Assets	9,612,413	49,412,948	59,025,361
Depreciable Capital Assets	47,141,985	88,382,637	135,524,622
Net Pension Asset	6,743	7,169	13,912
<b>Total Assets</b>	<b>91,763,613</b>	<b>151,734,540</b>	<b>243,498,153</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferral on Refunding	513,391	151,697	665,088
Pension	5,407,241	1,987,042	7,394,283
<b>Total Deferred Outflows of Resources</b>	<b>5,920,632</b>	<b>2,138,739</b>	<b>8,059,371</b>
<b>LIABILITIES</b>			
Accounts Payable	869,621	2,023,409	2,893,030
Accrued Wages and Benefits	553,643	214,882	768,525
Intergovernmental Payable	184,469	392,487	576,956
Matured Compensated Absences Payable	8,020	1,858	9,878
Accrued Interest Payable	147,916	114,164	262,080
Retainage Payable	94,829	271,574	366,403
Notes Payable	14,435,160	11,219,297	25,654,457
Long-term Liabilities:			
Due within one year	1,926,353	1,779,411	3,705,764
Due in more than one year:			
Net Pension Liability (See Note 12 )	19,894,400	5,120,208	25,014,608
Other Amounts	8,233,855	81,336,041	89,569,896
<b>Total Liabilities</b>	<b>46,348,266</b>	<b>102,473,331</b>	<b>148,821,597</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	5,823,209	-	5,823,209
Pension	140,038	103,905	243,943
<b>Total Deferred Inflows of Resources</b>	<b>5,963,247</b>	<b>103,905</b>	<b>6,067,152</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	44,792,875	44,246,451	89,039,326
Restricted for:			
Debt Service	1,353,806	-	1,353,806
Capital Projects	3,832,196	-	3,832,196
Public Safety	1,754,751	-	1,754,751
Parks and Recreation	429,614	-	429,614
Streets and Highways	1,434,655	-	1,434,655
Other Purposes	3,653	-	3,653
Unrestricted	(8,228,818)	7,049,592	(1,179,226)
<b>Total Net Position</b>	<b>\$ 45,372,732</b>	<b>\$ 51,296,043</b>	<b>\$ 96,668,775</b>

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

**City of Avon Lake, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
Security of Persons and Property	\$ 10,039,529	\$ 545,414	\$ 4,260	\$ -
Public Health Services	5,546	-	-	-
Leisure Time Activities	1,302,035	646,179	1,890	-
Community Environment	524,453	8,325	-	-
Transportation	7,536,427	879,862	1,106,175	55,400
General Government	3,414,524	452,541	56,396	-
Interest and Fiscal Charges	424,664	-	-	-
<b>Total Governmental activities</b>	<u>23,247,178</u>	<u>2,532,321</u>	<u>1,168,721</u>	<u>55,400</u>
<b>Business-type activities:</b>				
Water	10,400,178	12,343,359	305,784	66,360
Sewer	7,742,785	5,666,281	-	66,650
<b>Total Business-type activities</b>	<u>18,142,963</u>	<u>18,009,640</u>	<u>305,784</u>	<u>133,010</u>
<b>Total Primary Government</b>	<u>\$ 41,390,141</u>	<u>\$ 20,541,961</u>	<u>\$ 1,474,505</u>	<u>\$ 188,410</u>

**General Revenues:**

Property and Other Taxes levied for:

General Purposes

Debt Service Purpose

Other Purposes

Municipal Income Taxes levied for:

General Purposes

Grants & Entitlements not restricted to specific programs

Investment Income

Gain on Sale of Capital Assets

All Other Revenues

Total General Revenues

Changes in Net Position

Net Position - Beginning of Year, Restated

**Net Position - End of Year**

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



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**Net (Expense) Revenue and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (9,489,855)	\$ -	\$ (9,489,855)
(5,546)	-	(5,546)
(653,966)	-	(653,966)
(516,128)	-	(516,128)
(5,494,990)	-	(5,494,990)
(2,905,587)	-	(2,905,587)
(424,664)	-	(424,664)
<u>(19,490,736)</u>	<u>-</u>	<u>(19,490,736)</u>
-	2,315,325	2,315,325
-	(2,009,854)	(2,009,854)
-	305,471	305,471
<u>(19,490,736)</u>	<u>305,471</u>	<u>(19,185,265)</u>
3,988,090	-	3,988,090
321,191	-	321,191
1,994,500	-	1,994,500
11,667,821	-	11,667,821
895,131	-	895,131
189,676	(775)	188,901
23,080	-	23,080
89,313	39,407	128,720
<u>19,168,802</u>	<u>38,632</u>	<u>19,207,434</u>
(321,934)	344,103	22,169
<u>45,694,666</u>	<u>50,951,940</u>	<u>96,646,606</u>
<u>\$ 45,372,732</u>	<u>\$ 51,296,043</u>	<u>\$ 96,668,775</u>

**City of Avon Lake, Ohio**  
*Balance Sheet*  
**Governmental Funds**  
*December 31, 2016*

	General Fund	Income Tax Transfer Fund	General Bond Retirement (Unvoted)	Fairfield/ Brookfield Improvement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 1,215,675	\$ 773,209	\$ 873,028	\$ 7,517,320	\$ 1,258,214	\$ 7,285,665	\$ 18,923,111
Cash and Cash Equivalents:							
With Escrow Agents	-	-	-	-	11,016	-	11,016
Materials and Supplies Inventory	-	-	-	-	-	147,893	147,893
Accrued Interest Receivable	-	-	-	-	59,260	162	59,422
Accounts Receivable	137,287	-	-	-	-	5,429	142,716
Interfund Receivable	167,785	6,400,000	-	-	-	182,175	6,749,960
Intergovernmental Receivable	429,784	-	-	-	-	674,149	1,103,933
Prepaid Items	35,880	-	-	-	-	3,702	39,582
Municipal Income Taxes Receivable	2,032,436	-	417,624	-	334,099	-	2,784,159
Property and Other Taxes Receivable	3,804,747	-	-	-	-	2,265,984	6,070,731
Special Assessments Receivable	-	-	-	-	-	719,909	719,909
<b>Total Assets</b>	<b>\$ 7,823,594</b>	<b>\$ 7,173,209</b>	<b>\$ 1,290,652</b>	<b>\$ 7,517,320</b>	<b>\$ 1,662,589</b>	<b>\$ 11,285,068</b>	<b>\$ 36,752,432</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable	\$ 143,335	\$ -	\$ -	\$ 677,091	\$ 18,261	\$ 30,934	\$ 869,621
Accrued Wages and Benefits	467,883	-	-	-	-	85,760	553,643
Intergovernmental Payable	91,270	-	-	-	-	93,199	184,469
Matured Compensated Absences Payable	1,130	-	-	-	-	6,890	8,020
Retainage Payable	-	-	-	94,829	-	-	94,829
Interfund Payable	-	-	-	-	1,400,000	349,960	1,749,960
Notes Payable	-	-	6,435,160	8,000,000	-	-	14,435,160
<i>Total Liabilities</i>	<u>703,618</u>	<u>-</u>	<u>6,435,160</u>	<u>8,771,920</u>	<u>1,418,261</u>	<u>566,743</u>	<u>17,895,702</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property Taxes	3,628,272	-	-	-	-	2,194,937	5,823,209
Unavailable Revenue - Delinquent Property Taxes	117,223	-	-	-	-	71,047	188,270
Unavailable Revenue - Municipal Income Taxes	503,897	-	103,541	-	82,832	-	690,270
Unavailable Revenue - Other	396,999	-	-	-	-	1,202,122	1,599,121
<i>Total Deferred Inflows of Resources</i>	<u>4,646,391</u>	<u>-</u>	<u>103,541</u>	<u>-</u>	<u>82,832</u>	<u>3,468,106</u>	<u>8,300,870</u>
<b>FUND BALANCES</b>							
Nonspendable	70,880	-	-	-	-	151,595	222,475
Restricted	-	-	-	-	-	6,114,011	6,114,011
Committed	442,006	7,173,209	-	-	161,496	1,202,180	8,978,891
Assigned	920,391	-	-	-	-	87,418	1,007,809
Unassigned (Deficits)	1,040,308	-	(5,248,049)	(1,254,600)	-	(304,985)	(5,767,326)
<i>Total Fund Balances</i>	<u>2,473,585</u>	<u>7,173,209</u>	<u>(5,248,049)</u>	<u>(1,254,600)</u>	<u>161,496</u>	<u>7,250,219</u>	<u>10,555,860</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,823,594</b>	<b>\$ 7,173,209</b>	<b>\$ 1,290,652</b>	<b>\$ 7,517,320</b>	<b>\$ 1,662,589</b>	<b>\$ 11,285,068</b>	<b>\$ 36,752,432</b>

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

**City of Avon Lake, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2016*

**Total Governmental Funds Balance** \$ 10,555,860

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

Capital Assets used in Governmental Activities are not financial resources  
 and, therefore, are not reported in the funds 56,754,398

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

Delinquent property taxes	\$	188,270	
Municipal income taxes		690,270	
Special assessments		719,909	
Intergovernmental		848,965	
Charges for services		30,247	
Total			2,477,661

In the Statement of Activities, interest is accrued on outstanding  
 bonds, whereas in Governmental funds, an interest expenditure  
 is reported when due. (147,916)

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

Deferred Outflows - Pension		5,407,241	
Deferred Inflows - Pension		(140,038)	
Net Pension Asset		6,743	
Net Pension Liability		(19,894,400)	
Total			(14,620,454)

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

General obligation bonds		(5,597,954)	
Special assessment bonds		(860,000)	
OPWC loans		(162,499)	
OWDA loan		(782,318)	
Deferral on refunding		513,391	
Unamortized bond premium		(335,237)	
Other long-term obligations		(512,607)	
Compensated absences		(1,909,593)	
Total			(9,646,817)

**Net Position of Governmental Activities** \$ 45,372,732

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

**City of Avon Lake, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General Fund	Income Tax Transfer Fund	General Bond Retirement (Unvoted)	Fairfield/ Brookfield Improvement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Property and Other Taxes	\$ 3,973,128	\$ -	\$ -	\$ -	\$ -	\$ 2,307,067	\$ 6,280,195
Municipal Income Taxes	7,513,706	2,711,232	1,164,983	-	953,534	-	12,343,455
Intergovernmental	804,359	-	-	-	1,580	1,338,162	2,144,101
Interest	-	-	-	-	181,208	8,468	189,676
Fees, Licenses, and Permits	421,148	-	-	-	-	-	421,148
Fines and Forfeitures	271,437	-	-	-	-	85,854	357,291
Charges for Services	1,140,921	-	-	-	-	591,291	1,732,212
Contributions and Donations	2,660	-	-	-	-	1,890	4,550
Special Assessments	-	-	-	-	-	339,961	339,961
All Other Revenues	81,738	-	-	-	-	7,575	89,313
<b>Total Revenues</b>	<u>14,209,097</u>	<u>2,711,232</u>	<u>1,164,983</u>	<u>-</u>	<u>1,136,322</u>	<u>4,680,268</u>	<u>23,901,902</u>
<b>EXPENDITURES</b>							
Current:							
Security of Persons and Property	6,563,312	-	-	-	-	1,963,562	8,526,874
Public Health Services	77,920	-	-	-	-	-	77,920
Leisure Time Activities	943,592	-	-	-	-	-	943,592
Community Environment	460,830	-	-	-	-	20,393	481,223
Transportation	3,195,230	-	-	-	-	1,309,301	4,504,531
General Government	2,852,517	-	-	-	-	21,352	2,873,869
Capital Outlay	-	-	-	1,254,600	3,148,646	50,281	4,453,527
Debt Service:							
Principal Retirement	-	-	920,771	-	87,600	799,168	1,807,539
Interest and Fiscal Charges	2,831	-	90,091	-	6,334	138,222	237,478
Debt Issuance Costs	-	-	25,468	-	-	-	25,468
<b>Total Expenditures</b>	<u>14,096,232</u>	<u>-</u>	<u>1,036,330</u>	<u>1,254,600</u>	<u>3,242,580</u>	<u>4,302,279</u>	<u>23,932,021</u>
Excess of Revenues (Under) Expenditures	<u>112,865</u>	<u>2,711,232</u>	<u>128,653</u>	<u>(1,254,600)</u>	<u>(2,106,258)</u>	<u>377,989</u>	<u>(30,119)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of Capital Assets	446	-	-	-	23,290	-	23,736
Loan Issued	-	-	-	-	578,870	-	578,870
Transfers In	-	-	-	-	1,868,750	1,425,951	3,294,701
Transfers Out	(405,951)	(365,000)	(1,503,750)	-	-	(1,020,000)	(3,294,701)
<b>Total Other Financing Sources (Uses)</b>	<u>(405,505)</u>	<u>(365,000)</u>	<u>(1,503,750)</u>	<u>-</u>	<u>2,470,910</u>	<u>405,951</u>	<u>602,606</u>
Net Change in Fund Balances	(292,640)	2,346,232	(1,375,097)	(1,254,600)	364,652	783,940	572,487
Fund Balances - Beginning of Year	2,766,225	4,826,977	(3,872,952)	-	(203,156)	6,466,279	9,983,373
<b>Fund Balances - End of Year</b>	<u>\$ 2,473,585</u>	<u>\$ 7,173,209</u>	<u>\$ (5,248,049)</u>	<u>\$ (1,254,600)</u>	<u>\$ 161,496</u>	<u>\$ 7,250,219</u>	<u>\$ 10,555,860</u>

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

**City of Avon Lake, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
 In Fund Balance of Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2016*

**Net Change in Fund Balances-Total Governmental Funds** \$ 572,487

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

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

Capital outlay	\$	3,737,674	
Capital contributions		55,400	
Depreciation		(3,192,221)	
Total			600,853

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (656)

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

Delinquent property taxes		23,586	
Municipal income taxes		(675,634)	
Special assessments		(339,960)	
Intergovernmental		(34,050)	
Charges for services		(29,079)	
Total			(1,055,137)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of an OWDA loan. (578,870)

Repayment of bond principal, loans and notes payable, and other long-term liabilities are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,807,539

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows 1,485,019

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (2,740,302)

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

Compensated absences		(309,544)	
Landfill postclosure costs		61,941	
Accrued interest on bonds		(72,833)	
Amortization of bond premium		35,095	
Amortization of deferral on refunding		(72,387)	
Accretion on Bond		(55,139)	
Total			(412,867)

**Change in Net Position of Governmental Activities** \$ (321,934)

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

**City of Avon Lake, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance –  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 4,070,791	\$ 4,070,791	\$ 3,638,341	\$ (432,450)
Municipal Income Taxes	7,312,500	7,312,500	7,312,500	-
Other Taxes	409,450	409,450	380,309	(29,141)
Intergovernmental	874,095	874,095	811,884	(62,211)
Fees, Licenses, and Permits	453,418	453,418	421,148	(32,270)
Fines and Forfeitures	292,295	292,295	271,492	(20,803)
Charges for Services	1,008,723	1,008,723	936,931	(71,792)
Rentals	138,762	138,762	128,886	(9,876)
Contributions and Donations	2,864	2,864	2,660	(204)
All Other Revenues	91,719	91,719	85,190	(6,529)
<b>Total Revenues</b>	<b>14,654,617</b>	<b>14,654,617</b>	<b>13,989,341</b>	<b>(665,276)</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	6,778,682	6,831,608	6,679,530	152,078
Public Health Services	114,167	100,000	77,920	22,080
Leisure Time Activities	882,097	872,278	846,375	25,903
Community Environment	433,035	436,083	422,430	13,653
Transportation	3,233,514	3,546,153	3,414,769	131,384
General Government	3,091,663	2,985,789	2,927,449	58,340
<b>Total Expenditures</b>	<b>14,533,158</b>	<b>14,771,911</b>	<b>14,368,473</b>	<b>403,438</b>
Excess of Revenues Over (Under) Expenditures	121,459	(117,294)	(379,132)	(261,838)
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	446	446	446	-
Transfers Out	(517,372)	(673,324)	(723,324)	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(516,926)</b>	<b>(672,878)</b>	<b>(722,878)</b>	<b>(50,000)</b>
Net Change in Fund Balance	(395,467)	(790,172)	(1,102,010)	(311,838)
Fund Balance - Beginning of Year	1,073,373	1,073,373	1,073,373	-
Prior Year Encumbrances Appropriated	477,306	477,306	477,306	-
<b>Fund Balance - End of Year</b>	<b>\$ 1,155,212</b>	<b>\$ 760,507</b>	<b>\$ 448,669</b>	<b>\$ (311,838)</b>

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

**City of Avon Lake, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance –  
 Budget (Non-GAAP Basis) and Actual  
 Income Tax Transfer Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal Income Taxes	\$ 3,015,800	\$ 3,015,800	\$ 2,711,232	\$ (304,568)
<b>Total Revenues</b>	<u>3,015,800</u>	<u>3,015,800</u>	<u>2,711,232</u>	<u>(304,568)</u>
<b>Expenditures:</b>				
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	3,015,800	3,015,800	2,711,232	(304,568)
<b>Other Financing Uses</b>				
Transfers Out	\$ (552,500)	\$ (1,244,000)	\$ (365,000)	\$ 879,000
<b>Total Other Financing Uses</b>	<u>(552,500)</u>	<u>(1,244,000)</u>	<u>(365,000)</u>	<u>879,000</u>
Net Change in Fund Balance	2,463,300	1,771,800	2,346,232	574,432
Fund Balance - Beginning of Year	4,826,977	4,826,977	4,826,977	-
<b>Fund Balance - End of Year</b>	<u>\$ 7,290,277</u>	<u>\$ 6,598,777</u>	<u>\$ 7,173,209</u>	<u>\$ 574,432</u>

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

**City of Avon Lake, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2016*

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,083,209	\$5,853,989	\$12,937,198
Materials and Supplies Inventory	97,607	71,789	169,396
Accrued Interest Receivable	201	1,177	1,378
Accounts Receivable	914,199	788,525	1,702,724
Interfund Receivable	1,750,000	0	1,750,000
Intergovernmental Receivable	928,691	1,192,614	2,121,305
Prepaid Items	18,970	12,719	31,689
Special Assessments Receivable	0	60,886	60,886
<b>Total Current Assets</b>	<b>10,792,877</b>	<b>7,981,699</b>	<b>18,774,576</b>
<b>Noncurrent Assets:</b>			
Investment in Joint Venture	1,907,210	0	1,907,210
Capital Assets:			
Land	805,997	980,022	1,786,019
Construction in Progress	29,190,132	18,436,797	47,626,929
Depreciable Assets, Net of Depreciation	35,618,238	52,764,399	88,382,637
Net Pension Asset	3,735	3,434	7,169
<b>Total Noncurrent Assets</b>	<b>67,525,312</b>	<b>72,184,652</b>	<b>139,709,964</b>
<b>Total Assets</b>	<b>78,318,189</b>	<b>80,166,351</b>	<b>158,484,540</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferral on Refunding	0	151,697	151,697
Pension	1,035,544	951,498	1,987,042
<b>Total Deferred Outflows of Resources</b>	<b>1,035,544</b>	<b>1,103,195</b>	<b>2,138,739</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	1,164,891	858,518	2,023,409
Accrued Wages and Benefits	94,034	120,848	214,882
Matured Compensated Absences Payable	1,858	0	1,858
Retainage Payable	122,045	149,529	271,574
Intergovernmental Payable	223,275	169,212	392,487
Interfund Payable	0	6,750,000	6,750,000
Accrued Interest Payable	53,963	60,201	114,164
Compensated Absences Payable	86,024	111,042	197,066
General Obligation Bonds Payable	0	210,000	210,000
Notes Payable	5,182,007	6,037,290	11,219,297
Revenue Bonds Payable	100,000	0	100,000
OWDA Loans Payable	252,042	1,020,303	1,272,345
<b>Total Current Liabilities</b>	<b>7,280,139</b>	<b>15,486,943</b>	<b>22,767,082</b>
<b>Noncurrent Liabilities:</b>			
Compensated Absences Payable	183,219	253,633	436,852
General Obligation Bonds Payable	0	2,582,312	2,582,312
Revenue Bonds Payable	3,882,832	0	3,882,832
OWDA Loans Payable	31,844,594	42,589,451	74,434,045
Net Pension Liability	2,668,389	2,451,819	5,120,208
<b>Total Noncurrent Liabilities</b>	<b>38,579,034</b>	<b>47,877,215</b>	<b>86,456,249</b>
<b>Total Liabilities</b>	<b>45,859,173</b>	<b>63,364,158</b>	<b>109,223,331</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	54,150	49,755	103,905
<b>Total Deferred Inflows of Resources</b>	<b>54,150</b>	<b>49,755</b>	<b>103,905</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	24,352,892	19,893,559	44,246,451
Unrestricted	9,087,518	(2,037,926)	7,049,592
<b>Total Net Position</b>	<b>\$33,440,410</b>	<b>\$17,855,633</b>	<b>\$51,296,043</b>

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



**City of Avon Lake, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Funds*  
*For the Year Ended December 31, 2016*

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for Services	12,363,082	5,666,281	18,029,363
Miscellaneous	39,407	-	39,407
<b>Total Operating Revenues</b>	<b>12,402,489</b>	<b>5,666,281</b>	<b>18,068,770</b>
<b>OPERATING EXPENSES</b>			
Salaries	2,596,532	2,822,330	5,418,862
Purchased Services	3,314,694	1,149,187	4,463,881
Materials and Supplies	2,842,381	360,238	3,202,619
Depreciation	1,203,025	1,736,337	2,939,362
Other	2,917	64,299	67,216
<b>Total Operating Expense</b>	<b>9,959,549</b>	<b>6,132,391</b>	<b>16,091,940</b>
Operating Income	2,442,940	(466,110)	1,976,830
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest	(423)	(352)	(775)
Interest and Fiscal Charges	(440,629)	(1,610,394)	(2,051,023)
Intergovernmental	305,784	-	305,784
Loss on Investment in Joint Venture	(19,723)	-	(19,723)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(154,991)</b>	<b>(1,610,746)</b>	<b>(1,765,737)</b>
Capital Contributions	66,360	66,650	133,010
Change in Net Position	2,354,309	(2,010,206)	344,103
Net Position - Beginning of Year, Restated	31,086,101	19,865,839	50,951,940
<b>Net Position - End of Year</b>	<b>33,440,410</b>	<b>17,855,633</b>	<b>51,296,043</b>

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

**City of Avon Lake, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2016

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Charges for Services	\$12,361,873	\$6,000,291	\$18,362,164
Cash Received from Other Operating Sources	39,407	0	39,407
Cash Payments for Employee Services and Benefits	(2,554,940)	(2,587,876)	(5,142,816)
Cash Payments for Goods and Services	(5,310,894)	(1,876,273)	(7,187,167)
Cash Payments for Other Operating Expenses	(2,917)	(66,158)	(69,075)
Net Cash Provided by Operating Activities	<u>4,532,529</u>	<u>1,469,984</u>	<u>6,002,513</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental Revenue	98,847	0	98,847
Advances In	0	800,000	800,000
Advances Out	(800,000)	0	(800,000)
Transfers In	3,556,799	3,740,255	7,297,054
Transfers Out	(4,391,555)	(2,640,255)	(7,031,810)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(1,535,909)</u>	<u>1,900,000</u>	<u>364,091</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from OWDA Loans	20,359,871	8,323,172	28,683,043
Proceeds from Notes	5,700,000	16,000,000	21,700,000
Principal Paid on G.O. Bonds	(285,000)	(210,000)	(495,000)
Principal Paid on Notes and Revenue Bonds	(2,050,000)	(10,000,000)	(12,050,000)
Principal Paid on OWDA Loans	(1,160,623)	(1,013,621)	(2,174,244)
Interest Payments	(391,204)	(1,580,572)	(1,971,776)
Payments for Capital Acquisitions	(21,503,333)	(11,439,726)	(32,943,059)
Special Assessments	0	28,794	28,794
Premium on Debt Issued	64,015	74,580	138,595
Net Cash (Used in) Capital and Related Financing Activities	<u>733,726</u>	<u>182,627</u>	<u>916,353</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	(536)	(1,356)	(1,892)
Net Cash Provided by Investing Activities	<u>(536)</u>	<u>(1,356)</u>	<u>(1,892)</u>
Net (Decrease) in Cash and Cash Equivalents	3,729,810	3,551,255	7,281,065
Cash and Cash Equivalents - Beginning of Year	<u>3,353,399</u>	<u>2,302,734</u>	<u>5,656,133</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$7,083,209</u></u>	<u><u>\$5,853,989</u></u>	<u><u>\$12,937,198</u></u>

(Continued)

**City of Avon Lake, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2016  
(Continued)

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$2,442,940	(\$466,110)	\$1,976,830
Adjustments:			
Depreciation	1,203,025	1,736,337	2,939,362
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	(1,209)	334,010	332,801
Prepays	(14,338)	2,070	(12,268)
Materials and Supplies Inventory	2,814	(49,654)	(46,840)
Net Pension Asset	(1,078)	(991)	(2,069)
Deferred Outflows of Resources	(703,117)	(646,051)	(1,349,168)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	769,807	(452,739)	317,068
Accrued Wages and Benefits	(3,657)	30,872	27,215
Compensated Absences Payable	(60,818)	98,951	38,133
Matured Compensated Absences Payable	1,858	0	1,858
Intergovernmental Payable	66,321	120,670	186,991
Net Pension Liability	809,303	743,619	1,552,922
Deferred Inflows of Resources	20,678	19,000	39,678
<b>Net Cash Provided by Operating Activities</b>	<b>\$4,532,529</b>	<b>\$1,469,984</b>	<b>\$6,002,513</b>
<b><u>Schedule of Noncash Investing, Capital, and Financing Activities:</u></b>			
As of December 31, 2016, the Water Fund had outstanding liabilities for the purchase of certain capital assets.	(\$10,563)	\$0	(\$10,563)

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

**City of Avon Lake, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Funds*  
*December 31, 2016*

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	<u>Agency Funds</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,629,120
Total Assets	<u>\$ 1,629,120</u>
<b>Liabilities</b>	
Due to Other Governments	\$ 5,292
Deposits Held and Due to Others	1,623,828
Total Liabilities	<u>\$ 1,629,120</u>

See accompanying notes and accountants compilation report

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**NOTE 1: DESCRIPTION OF THE CITY AND REPORTING ENTITY**

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

**Reporting Entity**

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

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

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Avon Lake have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

**A. Basis of Presentation**

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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

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

*Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

*Fund Financial Statements*

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. **Fund Accounting**

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

*Governmental Funds*

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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

**B. Fund Accounting**

The following are the City's major governmental funds:

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

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

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

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

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

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

Proprietary Funds

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

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

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

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

C. **Fund Accounting** (Continued)

*Fiduciary Funds*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds account for fees and deposits collected on behalf of others, municipal court collections that are distributed to various local governments, and performance bonds pledged by contractors. In addition, the City serves as the fiscal agent for the Medina-Lorain Water Consortium.

D. **Measurement Focus**

*Government-wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) to total net position.

*Fund Financial Statements*

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

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

E. **Basis of Accounting**

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



**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

*Revenues - Exchange and Non-exchange Transactions*

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred on refunding and for pension. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental revenues, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. (See Note 12)

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

*Expenses/Expenditures*

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

F. **Budgetary Process**

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

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

*Tax Budget*

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

*Estimated Resources*

The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as original represent the amounts in the official certificate of estimated resources when the original appropriations were adopted. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2016.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

F. **Budgetary Process** (Continued)

*Appropriations*

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

*Lapsing of Appropriations*

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

*Encumbrances*

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

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

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

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

The City's investment in State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The city measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

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

Following Ohio statutes, the City has, by ordinance, specified the Capital Improvement Fund to receive an allocation of interest earnings. Interest receipts credited to the Capital Improvement Fund (non-major governmental fund) during 2016 amounted to \$181,208 which includes \$173,685 assigned from other City funds.

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

The City presents “Cash and Cash Equivalents with Escrow Agents” on its Statement of Net Position. In governmental activities, the \$11,016 represents cash held by escrow agent for contractor retainage. During 2016, this amount was invested in money market savings interest bearing accounts.

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

H. **Inventories**

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

I. **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2016 are recorded as prepaid items using the consumption method. A current asset for the period amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. **Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

J. **Capital Assets** (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of ten thousand dollars. The City's infrastructure consists of parking lots, storm sewers and manholes, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized, if significant.

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

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

K. **Interfund Balances**

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

L. **Capitalization of Interest**

The City's policy is to delay capitalizing net interest on proprietary funds' construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2016, proprietary funds had capitalized interest costs related to the on-going OWDA projects.

M. **Compensated Absences**

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

M. **Compensated Absences** (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal yearend taking into consideration any limits specified in the City's termination policy. The City records a liability for all accumulated unused vacation time when earned for all employees. The City records a liability for accumulated unused sick leave for all employees ages thirty-eight or older with eight or more years of accumulated service. The entire compensated absence liability is reported on the government-wide financial statements.

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

N. **Pensions**

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

O. **Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

P. **Fund Balance**

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

*Nonspendable* – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

P. **Fund Balance** (Continued)

The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City’s Council. Those committed amounts cannot be used for any other purpose unless the City’s Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts would represent intended uses established by policies of the City Council or a City official delegated that authority by City Charter or ordinance, or by State statute. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

Q. **Net Position**

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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

**Q. Net Position** (Continued)

The government-wide statement of net position reports a total of \$8,808,675 for the restricted component of net position, none of which is restricted by enabling legislation. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

**R. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for waste water treatment and water services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

**S. Contributions of Capital**

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

**T. Interfund Activity**

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

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

**U. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2016.

**V. Use of Estimates**

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



**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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NOTE 3: **CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION**

**A. Changes in Accounting Principles**

The City has implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 72, *Fair Value Measurement of Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurement. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City implemented these changes in the 2016 financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement no. 73 did not have an effect on the financials statements of the City.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The implementation of GASB Statement no. 76 did not have an effect on the financials statements of the City.

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The City implemented these changes in the 2016 financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The implementation of GASB Statement no. 78 did not have an effect on the financials statements of the City.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. The implementation of GASB Statement no. 79 did not have an effect on the financials statements of the City.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

NOTE 3: **CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION** (Continued)

**B. Restatement of Net Position**

The City restated the Investment in Joint Venture amount to properly reflect the total amount invested.

	Business-Type Activities	Water Fund
Net Position, December 31, 2015	\$ 51,396,639	\$ 31,530,800
Restatement:		
Investment in Joint Venture	(444,699)	(444,699)
Restated Net Position, December 31, 2015	\$ 50,951,940	\$ 31,086,101

NOTE 4: **BUDGETARY BASIS OF ACCOUNTING**

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

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

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

	General	Income Tax Transfer
GAAP Basis- Net Change in Fund Balance	\$ (292,640)	\$ 2,346,232
<u>Increase (Decrease) Due to:</u>		
Revenue Accruals	(168,205)	9,197,500
Expenditure Accruals	(10,919)	(9,197,500)
Outstanding Encumbrances	(447,463)	-
Funds with Separate Legally Adopted Budgets	(182,783)	-
Budgetary Basis-Net Change in Fund Balance	\$ (1,102,010)	\$ 2,346,232

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

**NOTE 5: ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At December 31, 2016, the General Bond Retirement (Unvoted) (major government fund), Fairfield/Brookfield Improvement (major government fund), Canterbury Road Improvements, Troy School Driveway, Cove Avenue Improvements funds and Lear/Krebs Intersection (non-major governmental funds) had deficit fund balances of \$5,248,049, \$1,254,600, \$132,785, \$30,000 and \$142,200, respectively. These deficit fund balances, with the exception of the Canterbury Road Improvements fund are the result of adjustments for accrued liabilities in these funds. The deficit in the Canterbury Road Improvements fund is caused by a negative cash balance. The General Fund is liable for any deficits in these funds and previous transfers when cash is needed, not when accruals occur.

**B. Compliance**

The city had a negative cash fund balances in the Canterbury Road Improvements fund, Capital Projects fund, and Water Debt Service Fund in the amounts of \$132,785, \$87,169, and \$255,803, respectively, indicating that revenue from other sources were used to pay obligations contrary to Ohio Revised Cod Section 5705.10(H).

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

<u>Fund</u>	<u>Total Estimated Resources</u>	<u>Total Appropriations</u>	<u>Variance</u>
<u>Canterbury Road Improvement Fund</u>			
Final Budget	\$ 187,647	\$ 554,200	\$ (366,553)
<u>Walker Road Widening Fund</u>			
Final Budget	1,048,289	1,058,573	\$ (10,284)

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

<u>Fund</u>	<u>Final Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<u>Water Fund</u>			
Debt Service			
Other	8,725,848	9,329,529	(603,681)
<u>General Bond Retirement (Unvoted)</u>			
Debt Service			
Other	7,858,710	7,882,665	(23,955)
<u>Cove Avenue Improvements Fund</u>			
Transfers Out	-	17,034	(17,034)
<u>General Fund</u>			
Transfers Out	673,324	723,324	(50,000)

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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NOTE 6: **DEPOSITS AND INVESTMENTS**

A. **Legal Requirements**

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

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

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

A third category consists of “interim” monies; those monies which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of purchase.

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

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

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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

A. **Legal Requirements** (Continued)

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

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

B. **Deposits**

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$15,022,277 and \$2,645 in petty cash with the bank balance at \$14,744,357. The City's bank balance of \$812,727 was covered by federal depository insurance with the remaining amount of \$13,931,630 uninsured and collateralized.

The City has no deposit policy for custodial risk beyond the requirements of the State Statute. Ohio law requires the deposits to be either insured or be protected by the eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by collateral pool of eligible securities deposited with a qualified trustee and pledged to secure 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 all deposits being secured.

C. **Investments**

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

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

C. **Investments** (Continued)

Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The following table identifies the City's recurring fair value measurement as of December 31, 2016. As previously discussed Star Ohio is reported at its net asset value. All other investments of the City are valued using quoted market prices (Level 1 and Level 2 inputs).

As of December 31, 2016, the City had the following investments

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Maturities</u>
Federal Home Loan Bank	\$ 758,135	05/17/17-02/18/21
Federal National Mtg Assn.	300,888	1/21/2020
Freddie Mac	2,386,701	5/27/16-6/13/18
Fannie Mae	3,562,682	01/30/17-6/22/20
United States Treasury Notes	7,075,286	10/15/17-8/31/21
Money Market Mutual Funds	50	n/a
STAR Ohio	4,391,781	n/a
Total Investments	<u>\$ 18,475,523</u>	
Carrying Amount of Deposits	15,022,277	
Petty Cash	2,645	
Total Cash and Investments	<u>\$ 33,500,445</u>	

D. **Interest Rate Risk**

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

E. **Credit Risk**

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

The City has no investment policy that addresses credit risk.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

F. **Concentration of Credit Risk**

The following is the City's allocation as of December 31, 2016:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Investment</u>
Federal Home Loan Bank	\$ 758,135	4.10%
Federal Nation Mtg Assn.	300,888	1.63%
Freddie Mac	2,386,701	12.92%
Fannie Mae	3,562,682	19.28%
United States Treasury Notes	7,075,286	38.30%
Money Market Mutual Funds	50	0.00%
STAR Ohio	4,391,781	23.77%
Total Investments	<u>\$ 18,475,523</u>	<u>100.00%</u>

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

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

NOTE 7: **RECEIVABLES**

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

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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NOTE 7: **RECEIVABLES** (Continued)

**A. Property Taxes**

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

Real property taxes collected were based on assessed value equal to thirty-five percent (35%) of appraised value. The Lorain County Auditor reappraises real property every six years, with a triennial update, which was last completed for 2015. Real property taxes are levied on assessed valuations as of December 31, which is the lien date. Real property taxes, billed one year in arrears, are payable annually or semiannually. The first payment is due January 20, and the remainder is payable by June 20.

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

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

The full tax rate for all City operations for the year ended December 31, 2016 was \$8.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

Real Property - 2016:	
Residential/Agriculture	\$ 714,330,370
Other Real Estate	91,450,730
Tangible Personal Property - 2016:	
Public Utilities	43,768,750
Total Valuation	\$ 849,549,850

**B. Income Taxes**

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

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



**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

NOTE 7: **RECEIVABLES** (Continued)

**B. Income Taxes** (Continued)

By City ordinance, 80 percent of the income tax proceeds were credited to the General Fund, 8 percent of the municipal income tax proceeds were credited to the Capital Improvement Fund (a capital projects fund) and 12 percent of the income tax proceeds were credited to the General Bond Retirement (Unvoted) Fund (an debt service fund).

**C. Intergovernmental Revenues**

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Homestead and Rollback	\$ 374,749
Gasoline Tax	412,384
Local Government	174,953
Auto Registration	65,208
Avon Lake City School District	30,000
Miscellaneous	46,639
Total Governmental Activities	1,103,933
Business-Type Activities	
Water	928,691
Sewer	1,192,614
Total Business-Type Activities	2,121,305
Total Intergovernmental Receivable	\$ 3,225,238

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

**NOTE 8: CAPITAL ASSETS**

	Balances 12/31/2015	Additions	Disposals	Balances 12/31/2016
<b>Governmental Activities</b>				
Nondepreciable Assets:				
Land	\$ 5,283,340	\$ 5,000	\$ -	\$ 5,288,340
Construction in progress	4,332,378	1,991,541	(1,999,846)	4,324,073
Total Nondepreciable Assets	<u>9,615,718</u>	<u>1,996,541</u>	<u>(1,999,846)</u>	<u>9,612,413</u>
Depreciable Assets:				
Buildings and Improvements	21,341,178	-	-	21,341,178
Machinery and Equipment	3,795,785	148,841	(32,624)	3,912,002
Vehicles	4,633,684	494,296	(410,245)	4,717,735
Infrastructure	70,647,632	3,153,242	-	73,800,874
Total Depreciable Assets	<u>100,418,279</u>	<u>3,796,379</u>	<u>(442,869)</u>	<u>103,771,789</u>
Less Accumulated Depreciation				
Buildings and Improvements	(6,584,025)	(528,201)	-	(7,112,226)
Machinery and Equipment	(2,829,515)	(145,000)	32,624	(2,941,891)
Vehicles	(3,141,784)	(337,022)	409,589	(3,069,217)
Infrastructure	(41,324,472)	(2,181,998)	-	(43,506,470)
Total Accumulated Depreciation	<u>(53,879,796)</u>	<u>(3,192,221)</u>	<u>442,213</u>	<u>(56,629,804)</u>
Total Depreciable Assets, Net	<u>46,538,483</u>	<u>604,158</u>	<u>(656)</u>	<u>47,141,985</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,154,201</u>	<u>\$ 2,600,699</u>	<u>\$ (2,000,502)</u>	<u>\$ 56,754,398</u>

Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property	\$ 266,726
Leisure Time Activities	326,538
Transportation	2,143,594
Community Environment	2,331
General Government	453,032
Total Depreciation Expense	<u>\$ 3,192,221</u>

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

	Balances 12/31/2015	Additions	Disposals	Balances 12/31/2016
<b>Business-Type Activities</b>				
Nondepreciable Assets:				
Land	\$ 1,601,738	\$ 184,281	\$ -	\$ 1,786,019
Construction in progress	20,511,265	32,744,112	(5,628,448)	47,626,929
Total Nondepreciable Assets	<u>22,113,003</u>	<u>32,928,393</u>	<u>(5,628,448)</u>	<u>49,412,948</u>
Depreciable Assets:				
Buildings and Improvements	42,258,832	599,282		42,858,114
Machinery and Equipment	3,312,524	129,403		3,441,927
Vehicles	813,288	187,939		1,001,227
Infrastructure	84,665,901	5,082,176		89,748,077
Total Depreciable Assets	<u>131,050,545</u>	<u>5,998,800</u>	<u>-</u>	<u>137,049,345</u>
Less Accumulated Depreciation				
Buildings and Improvements	(20,387,506)	(703,540)		(21,091,046)
Machinery and Equipment	(1,661,831)	(147,294)		(1,809,125)
Vehicles	(469,461)	(45,488)		(514,949)
Infrastructure	(23,208,548)	(2,043,040)		(25,251,588)
Total Accumulated Depreciation	<u>(45,727,346)</u>	<u>(2,939,362)</u>	<u>-</u>	<u>(48,666,708)</u>
Total Depreciable Assets, Net	85,323,199	3,059,438	-	88,382,637
Business-Type Activities Capital Assets, Net	<u>\$ 107,436,202</u>	<u>\$ 35,987,831</u>	<u>\$ (5,628,448)</u>	<u>\$ 137,795,585</u>

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**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

**NOTE 9: LONG-TERM OBLIGATIONS**

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

	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
<b>Governmental Activities</b>				
<b>General Obligation Bonds</b>				
Pin Oak Parkway	2001	2020	2.75% - 4.75%	498,659
LTGO Various Purpose	2009	2017	2.0% - 3.5%	1,430,000
Recreational Facility	2009	2028	3.0% - 5.0%	4,500,000
Refunding	2010	2020	2.0% - 3.75%	3,110,000
Refunding	2012	2028	1.0% - 2.75%	765,000
Refunding	2015	2028	2.0% - 3.0%	2,964,998
<b>Special Assessment Bonds</b>				
Pin Oak Parkway	2001	2020	2.75% - 4.75%	886,341
Refunding	2010	2020	2.0% - 3.75%	1,870,000
<b>Street Improvement Notes</b>				
Canterbury Road	2011	2016	2.95%	925,000
Webber Road	2011	2016	2.95%	146,000
<b>Ohio Public Works Commission Loan</b>				
Walker Road/Bike Lane	2009	2024	0.00%	100,000
Walker Road/Lear Road Intersection	2014	2034	0.00%	125,000
<b>Ohio Water Development Authority Loan</b>				
Jaycox Sewer Separation	2010	2041	3.27%	253,409
Mull/Norman Sanitary Sewer Force Main (*)	2016	2036	2.21%	578,870
Equipment Loan	2012	2017	0.00%	115,000
<b>Business-Type Activities</b>				
<b>General Obligation Bonds</b>				
Refunding	2012	2028	1.0% - 2.75%	3,430,000
<b>Mortgage Revenue Bonds</b>				
Water System Refunding	2015	2024	2.0% - 2.25%	4,820,000
<b>Ohio Water Development Authority Loans</b>				
Water Plant Expansion	1991	2017	7.84%	9,084,095
Wastewater Improvements	1998	2018	5.76%	638,031
Water System Improvements	2003	2025	4.51%	4,764,656
Fay/Vineyard Sanitary Sewer	2008	2029	4.15%	1,548,287
Center Road Pump Station	2008	2029	4.28%	1,356,266
LORCO Force Main	2009	2041	3.68%	9,718,470
LORCO Collection Systems	2009	2041	4.08%	19,167,873
Sewer Separation	2010	2041	3.27%	3,018,029
Water Plant Expansion (*)	2013	2044	2.84%	4,925,787
Belmar Sewer Separation	2013	2044	2.94%	4,824,439
Additional Storage and Interconnection HAB (*)	2015	2038	0.18%	18,947,273
Additional Storage and Interconnection HAB (*)	2016	2038	0.00%	5,160,168
Lear/Nagel Sanitary Sewer Force Main	2016	2026	2.21%	284,831
Mull/Norman Sanitary Sewer Force Main (*)	2016	2036	2.21%	2,428,402
Water Pollution Control Center Rehab (*)	2016	2050	0.45%	6,514,503

\* - OWDA project remains open as of December 31, 2016 and final amortization schedules have not been completed as of December 31, 2016

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

	Outstanding 12/31/2015	Additions	Reductions	Outstanding 12/31/2016	Amount Due in One Year
<b>Governmental activities</b>					
General obligation bonds					
Pin Oak Parkway (2001)					
various % through 2020	\$ 43,259	\$ -	\$ 43,259	\$ -	\$ -
Various purpose (2009)					
various % through 2017	405,000	-	200,000	205,000	205,000
Recreational facility (2009)					
various % through 2028	585,000	-	195,000	390,000	205,000
Refunding bonds (2010)					
various through 2020	1,725,000	-	320,000	1,405,000	335,000
Unamortized premium	18,214	-	5,946	12,268	-
Refunding bonds (2012)					
various through 2028	660,000	-	45,000	615,000	50,000
Unamortized premium	8,829	-	654	8,175	-
Refunding bonds (2015)					
Recreational Facilities through 2028	2,685,000	-	40,000	2,645,000	45,000
CAB Bond	259,998	-	-	259,998	-
Accretion on Bond	22,817	55,139	-	77,956	-
Unamortized premium	331,923	-	24,587	307,336	-
Total general obligation bonds	<u>6,745,040</u>	<u>55,139</u>	<u>874,446</u>	<u>5,925,733</u>	<u>840,000</u>
Special assessment bonds					
Pin Oak Parkway (2001)					
various % through 2020	76,741	-	76,741	-	-
Refunding bonds (2010)					
various % through 2020	1,060,000	-	200,000	860,000	415,000
Unamortized premium	11,076	-	3,618	7,458	-
Total special assessment bonds	<u>1,147,817</u>	<u>-</u>	<u>280,359</u>	<u>867,458</u>	<u>415,000</u>
Long-Term Notes Payable					
Street Improvement Notes (2011)					
2.9 % through 2016	625,914	-	625,914	-	-
Unamortized premium	290	-	290	-	-
Total long-term notes payable	<u>626,204</u>	<u>-</u>	<u>626,204</u>	<u>-</u>	<u>-</u>
OPWC loan- Walker Rd/Bike Lane					
0.0% through 2024	56,666	-	6,667	49,999	6,667
OPWC loan- Walker Rd/Lear Rd Intersection					
Upgrade, 0.0% through 2034	118,750	-	6,250	112,500	6,250
OWDA loan - Jaycox Sewer					
Separation, 3.27% through 2041	226,302	-	5,969	220,333	6,166
OWDA loan - Mull/Norman Sanitary Sewer					
Force Main, 2.21% through 2036	-	578,870	16,885	561,985	-
Total loans	<u>401,718</u>	<u>578,870</u>	<u>35,771</u>	<u>944,817</u>	<u>19,083</u>
Net Pension Liability					
OPERS	3,354,107	1,460,121	-	4,814,228	-
OP&F	12,083,285	2,996,887	-	15,080,172	-
Total Net Pension Liability	<u>15,437,392</u>	<u>4,457,008</u>	<u>-</u>	<u>19,894,400</u>	<u>-</u>
Equipment loan	46,000	-	23,000	23,000	23,000
Landfill postclosure costs	470,270	5,240	67,181	408,329	68,054
Police pension liability	84,132	-	2,854	81,278	2,976
Compensated absences	1,600,049	812,902	503,358	1,909,593	558,240
Total Governmental activities	<u>\$ 26,558,622</u>	<u>\$ 5,909,159</u>	<u>\$ 2,413,173</u>	<u>\$ 30,054,608</u>	<u>\$ 1,926,353</u>

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

	Outstanding 12/31/2015	Additions	Reductions	Outstanding 12/31/2016	Amount Due in One Year
<b>Business-type activities</b>					
General obligation bonds					
Refunding bonds (2012)					
various % through 2028	\$ 2,965,000	\$ -	\$ 210,000	\$ 2,755,000	\$ 210,000
Unamortized premium	40,297	-	2,985	37,312	-
Total general obligation bonds	<u>3,005,297</u>	<u>-</u>	<u>212,985</u>	<u>2,792,312</u>	<u>210,000</u>
Mortgage revenue bonds					
Water system refunding (2015)					
various % through 2026	4,220,000	-	285,000	3,935,000	100,000
Unamortized premium	54,210	-	6,378	47,832	-
Total Mortgage revenue bonds	<u>4,274,210</u>	<u>-</u>	<u>291,378</u>	<u>3,982,832</u>	<u>100,000</u>
OWDA					
Water plant expansion (1991)					
7.84% through 2017	778,234	-	778,234	-	-
Wastewater improvements (1998)					
5.76% through 2018	123,400	-	47,440	75,960	50,172
Water system improvements (2003)					
4.51% through 2025	2,788,389	-	241,048	2,547,341	252,042
Fay/Vineyard sanitary sewer (2008)					
4.15% through 2029	1,143,414	-	67,938	1,075,476	70,787
Center Road pump station (2008)					
4.28% through 2029	1,005,068	-	59,219	945,849	61,781
LORCO force main (2009)					
3.68% through 2041	9,120,598	-	214,273	8,906,325	222,231
LORCO collection system (2009)					
4.08% through 2041	17,743,239	-	393,598	17,349,641	409,820
Sewer separation (2010)					
3.27% through 2041	2,468,903	-	65,119	2,403,784	67,266
Water Plant Expansion (2013)					
2.84% through 2044	4,703,959	-	115,695	4,588,264	-
Belmar Sewer Separation (2013)					
2.94% through 2044	4,670,253	-	106,605	4,563,648	109,762
Additional Storage and Interconnection HAB (2015)					
0.18% through 2038	4,495,801	14,451,472	-	18,947,273	-
Additional Storage and Interconnection HAB (2016)					
0.00% through 2038	-	5,160,168	-	5,160,168	-
Lear/Nagel Sanitary Sewer Force main (2016)					
2.21% through 2036	-	284,831	14,242	270,589	28,484
Mull/Norman Sanitary Sewer Force Main (2016)					
2.21% through 2036	-	2,428,402	70,833	2,357,569	-
Water Pollution ControlCenter Rehab (2016)					
0.45% through 2050	-	6,514,503	-	6,514,503	-
Total OWDA	<u>49,041,258</u>	<u>28,839,376</u>	<u>2,174,244</u>	<u>75,706,390</u>	<u>1,272,345</u>
Net Pension Liability - OPERS	3,567,286	1,552,922	-	5,120,208	-
Compensated absences	595,785	236,255	198,122	633,918	197,066
Total business-type activities	<u>\$ 60,483,836</u>	<u>\$ 30,628,553</u>	<u>\$ 2,876,729</u>	<u>\$ 88,235,660</u>	<u>\$ 1,779,411</u>

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

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

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

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

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the refunded 2001 Various Improvement Bonds. As a result, \$4,955,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. The amount still outstanding as December 31, 2016 is \$2,285,000.

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

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

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

The City anticipates debt service of \$886,341 to be paid through special assessments levied to the property owners. The Bonds are not subject to redemption prior to their stated maturities.

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

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

On March 24, 2015, the City issued \$4,820,000 water system mortgage revenue refunding bonds, series 2015. The bonds were issued to refund certain Water System Mortgage – Revenue Refunding Serial bonds, Series 2005. The bonds were issued with interest rates ranging from 2.00 percent to 2.25 percent. The bonds were issued for a fourteen-year period with the final maturity during fiscal year 2029. The City has pledged future revenues to repay the revenue bonds in the Water Fund. The debt is payable solely from net revenues and is payable through 2024. Annual principal and interest payments on the loans are expected to require less than 95 of net revenues and less than 20 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$4,366,900. Principal and interest paid for the current year were \$373,025, total net revenues were \$3,645,965 and total revenues were \$12,402,489.

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the refunded 2005 water system mortgage revenue bonds. As a result, \$5,815,000 of these bonds was considered defeased and the liability of the refunding bonds has been removed from the City's financial statements. The amount still outstanding at December 31, 2016 is \$5,400,000.

On June 28, 1990, the City entered into a loan agreement with OWDA for \$8,810,070 (capitalized interest of \$274,025 was added at the end of the construction period for a total of \$9,084,095). These funds were used to expand the existing Avon Lake Water Treatment Plant from 9,000,000 gallons per day designed plant to 22,000,000 gallons per day. This debt has a fixed rate of 7.84 percent interest over a twenty-five year period beginning July 1, 1992 through January 1, 2017. On May 29, 2003, the Ohio Water Development Board approved a resolution establishing an Interest Rate Subsidy program. Under the program, OWDA pays for any interest above 7.0%, effectively reducing all loans with rates higher than 7.0 percent to 7.0 percent. This rate subsidy went into effect with January 1, 2004 payments. This is the only loan the City has that falls into these parameters.

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



**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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

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

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

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

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

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

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

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

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

During 2015, the City entered into a loan agreement with OWDA for the Additional Storage and Interconnection HAB project. The loan has a fixed rate of 0.18 percent interest over a twenty-year period beginning July 1, 2018 through January 1, 2038. As of December 2016, the loan balance for the portion of the project completed was \$18,947,273. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2016, the City entered into a loan agreement with OWDA for the Additional Storage and Interconnection HAB project. The loan has a fixed rate of 0.00 percent interest over a twenty-year period beginning July 1, 2018 through January 1, 2038. As of December 2016, the loan balance for the portion of the project completed was \$5,160,168. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

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

During 2016, the City entered into a loan agreement with OWDA for the Mull/Norman Sanitary Sewer project. The loan has a fixed rate of 2.21 percent interest over a twenty-year period beginning July 1, 2017 through January 1, 2036. As of December 2016, the loan balance for the portion of the project completed was \$3,007,272. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2016, the City entered into a loan agreement with OWDA for the Water Pollution Control Center Rehab project. The loan has a fixed rate of 0.45 percent interest over a thirty-year period beginning July 1, 2020 through January 1, 2050. As of December 2016, the loan balance for the portion of the project completed was \$6,514,503. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

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

Principal and interest requirements to retire long-term obligations, except net pension liability, landfill post-closure costs, promissory note, compensated absences, at December 31, 2016 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 840,000	\$ 156,425	\$ 415,000	\$ 53,638	\$ 6,166	\$ 7,155
2018	722,774	251,514	445,000	24,574	6,369	6,952
2019	517,224	258,914	-	-	6,579	6,742
2020	670,000	102,813	-	-	6,796	6,525
2021	310,000	80,475	-	-	7,020	6,301
2022-2026	1,715,000	263,221	-	-	38,727	27,876
2027-2031	745,000	33,351	-	-	45,546	21,057
2032-2036	-	-	-	-	53,565	13,038
2037-2040	-	-	-	-	49,565	3,716
	<u>\$ 5,519,998</u>	<u>\$ 1,146,713</u>	<u>\$ 860,000</u>	<u>\$ 78,212</u>	<u>\$ 220,333</u>	<u>\$ 99,362</u>

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

Year Ended	Governmental Activities					
	Police Pension Liability		OPWC Loan		Total Principal	Total Interest
	Principal	Interest	Principal	Interest		
2017	\$ 2,976	\$ 3,423	\$ 12,917	\$ 1,277,059	\$ 220,641	
2018	3,104	3,295	12,917	1,190,164	286,335	
2019	3,237	3,162	12,917	539,957	268,818	
2020	3,376	3,023	12,917	693,089	112,361	
2021	3,521	2,878	12,917	333,458	89,654	
2022-2026	20,010	11,987	47,914	1,821,651	303,084	
2027-2031	24,696	7,303	31,250	846,492	61,711	
2032-2036	20,358	1,688	18,750	92,673	14,726	
2037-2040	-	-	-	49,565	3,716	
	<u>\$ 81,278</u>	<u>\$ 36,759</u>	<u>\$ 162,499</u>	<u>\$ 6,844,108</u>	<u>\$ 1,361,046</u>	

Year Ended	Business-Type Activities			
	General Obligation Bonds		Mortgage Revenue Bond	
	Principal	Interest	Principal	Interest
2017	\$ 210,000	\$ 62,413	\$ 100,000	\$ 81,050
2018	215,000	58,213	150,000	79,050
2019	215,000	53,913	600,000	76,050
2020	215,000	49,613	600,000	64,050
2021	225,000	45,313	615,000	52,050
2022-2026	1,180,000	153,509	1,870,000	79,650
2027-2031	495,000	20,351	-	-
	<u>\$ 2,755,000</u>	<u>443,325</u>	<u>\$ 3,935,000</u>	<u>\$ 431,900</u>

Year Ended	Business-Type Activities			
	OWDA Loans		Total Principal	Total Interest
	Principal	Interest		
2017	\$ 1,272,345	\$ 1,438,850	\$ 1,582,345	\$ 1,582,313
2018	1,295,710	1,388,138	1,660,710	1,525,401
2019	1,319,607	1,336,891	2,134,607	1,466,854
2020	1,371,306	1,285,114	2,186,306	1,398,777
2021	1,425,108	1,231,231	2,265,108	1,328,594
2022-2026	7,439,398	5,280,577	10,489,398	5,513,736
2027-2031	6,743,165	3,922,872	7,238,165	3,943,223
2032-2036	7,632,834	2,597,715	7,632,834	2,597,715
2037-2041	9,057,225	1,030,627	9,057,225	1,030,627
2042-2044	581,915	25,912	581,915	25,912
	<u>\$ 38,138,613</u>	<u>\$ 19,537,927</u>	<u>\$ 44,828,613</u>	<u>\$ 20,413,152</u>

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

There are five OWDA loans where the final amortization schedules have not been completed as of December 31, 2016, due to them being in the construction phase. Therefore, the previous table does not include outstanding principal and interest payments for those OWDA loans. This information will be provided once final amortization schedules are available.

**NOTE 10: SHORT-TERM OBLIGATIONS**

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

	Outstanding 12/31/2015	Additions	Reductions	Outstanding 12/31/2016	Due in One Year
<b>Short-Term Notes Payable</b>					
<i>Governmental Activities</i>					
Various Purpose Improvement Notes (2015) 2.00% through 2016	\$ 5,211,000	\$ -	\$ 5,211,000	\$ -	\$ -
Various Purpose Improvement Notes (2016) 2.00% through 2017	-	14,346,000	-	14,346,000	14,346,000
Unamortized premium	42,424	178,321	131,585	89,160	89,160
<b>Total Governmental Activities</b>	<b>5,253,424</b>	<b>14,524,321</b>	<b>5,342,585</b>	<b>14,435,160</b>	<b>14,435,160</b>
<i>Water</i>					
Various Purpose Improvement Notes (2015) 2.00% through 2016	1,500,000	-	1,500,000	-	-
Various Purpose Improvement Notes (2016) 0.95% through 2016	-	550,000	550,000	-	-
Various Purpose Improvement Notes (2016) 2.00% through 2017	-	5,150,000	-	5,150,000	5,150,000
Unamortized premium	12,212	64,015	44,220	32,007	32,007
<b>Total Water</b>	<b>1,512,212</b>	<b>5,764,015</b>	<b>2,094,220</b>	<b>5,182,007</b>	<b>5,182,007</b>
<i>Sewer</i>					
Various Purpose Improvement Notes (2015) 2.00% through 2016	5,000,000	-	5,000,000	-	-
Various Purpose Improvement Notes (2016) 0.95% through 2016	-	5,000,000	5,000,000	-	-
Various Purpose Improvement Notes (2016) 2.00% through 2017	-	6,000,000	-	6,000,000	6,000,000
Unamortized premium	40,706	74,580	77,996	37,290	37,290
<b>Total Sewer</b>	<b>5,040,706</b>	<b>11,074,580</b>	<b>10,077,996</b>	<b>6,037,290</b>	<b>6,037,290</b>
<b>Total Business-Type Activities</b>	<b>6,552,918</b>	<b>16,838,595</b>	<b>12,172,216</b>	<b>11,219,297</b>	<b>11,219,297</b>
<b>Total Short-Term Notes Payable</b>	<b>\$ 11,806,342</b>	<b>\$ 31,362,916</b>	<b>\$ 17,514,801</b>	<b>\$ 25,654,457</b>	<b>\$ 25,654,457</b>

On July 12, 2016, the City issued Utilities Improvement Notes in the amount of \$5,550,000. These notes matured on December 15, 2016 and carried an annual interest rate of 0.95 percent.

On July 12, 2016, the City issued various purpose bond anticipation notes in the amount of \$25,496,000. These bond anticipation notes will mature on July 12, 2017 and carry an annual interest rate of 2.00 percent. The 2016 bond anticipation notes were issued to retire the 2015 bond anticipation notes and to provide resources for future capital improvements. As of December 31, 2016, the city has unspent proceeds of \$15,842,867.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

**NOTE 11: OPERATING LEASES**

The City is obligated under leases accounted for as operating leases. Total lease expense for the year ended December 31, 2016, was \$10,971 for Governmental Activities and \$4,000 for Business-type Activities. The following is a schedule of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2016.

Year Ending December 31,	Governmental Activities	Business-Type Activities
2017	\$ 4,581	\$ 4,000
2018	-	4,000
2019	-	4,000
2020	-	4,000
2021	-	4,000
thereafter	-	344,000
Total Minimum Lease Payments	\$ 4,581	\$ 364,000

**NOTE 12: DEFINED BENEFIT PENSION PLANS**

**A. Net Pension Liability**

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

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

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

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

**A. Net Pension Liability** (Continued)

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

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

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

Group A	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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

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

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

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

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contributions was \$929,226 for 2016. Of this amount, \$93,793 is reported as an intergovernmental payable.

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

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

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

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

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %



**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$1,034,716 for 2016. Of this amount, \$80,992 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2016, the specific liability of the City was \$81,278 payable in semi-annual payments through the year 2035.

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

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

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Pension Plan</u>	<u>OP&amp;F Police</u>	<u>OP&amp;F Fire</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.057386%	0.025707%	0.132955%	0.132955%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.057354%</u>	<u>0.028590%</u>	<u>0.133396%</u>	<u>0.133396%</u>	
Change in Proportionate Share	<u>-0.000032%</u>	<u>0.002883%</u>	<u>0.000441%</u>	<u>0.000441%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 9,934,436	\$ (13,912)	\$ 6,498,740	\$ 8,581,432	\$ 25,000,696
Pension Expense	\$ 1,395,876	\$ 7,336	\$ 760,718	\$ 1,004,490	\$ 3,168,420

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

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

	OPERS	OP&F Police	OP&F Fire	Total
<b>Deferred Outflows of Resources</b>				
Net difference between projected and actual earnings on pension plan investments	\$2,926,109	\$1,057,745	\$1,396,729	\$5,380,583
Changes in proportion and differences between City contributions and proportionate share of contributions	0	30,953	18,805	49,758
City contributions subsequent to the measurement date	929,226	450,638	584,078	1,963,942
Total Deferred Outflows of Resources	<u>\$3,855,335</u>	<u>\$1,539,336</u>	<u>\$1,999,612</u>	<u>\$7,394,283</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$198,302	\$18,248	\$24,096	\$240,646
Changes in proportion and differences between City contributions and proportionate share of contributions	3,297	0	0	3,297
Total Deferred Inflows of Resources	<u>\$201,599</u>	<u>\$18,248</u>	<u>\$24,096</u>	<u>\$243,943</u>

\$1,963,942 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F Police	OP&F Fire	Total
2017	\$638,133	\$280,982	\$366,776	\$1,285,891
2018	684,824	280,982	366,776	\$1,332,582
2019	743,785	280,980	366,778	\$1,391,543
2020	661,303	224,593	292,319	\$1,178,215
2021	(891)	2,448	(1,020)	537
Thereafter	(2,644)	465	(191)	(2,370)
Total	<u>\$2,724,510</u>	<u>\$1,070,450</u>	<u>\$1,391,438</u>	<u>\$5,186,398</u>

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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

**E. Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, 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 COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.80% simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 8.05 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.80% simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

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.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

**E. Actuarial Assumptions – OPERS** (Continued)

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

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

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

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

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

City's proportionate share of the net pension liability/(asset)	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Traditional Pension Plan	\$15,827,983	\$9,934,436	\$4,963,415
Combined Plan	(\$286)	(\$13,912)	(\$24,873)

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

**E. Actuarial Assumptions – OPERS** (Continued)

***Changes Between Measurement Date and Report Date*** In October 2016, the OPERS Board of Trustees adopted certain assumption changes which impacted their annual actuarial valuation prepared as of December 31, 2016. The most significant changes are a reduction in the expected investment return to 7.50% from 8.00%, the expected long-term average wage inflation was reduced to 3.25% from 3.75%, the expected long-term average price inflation was reduced to 2.50% from 3.00% and a change to various demographic assumptions. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

**F. Actuarial Assumptions – OP&F**

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

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

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

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.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

**F. Actuarial Assumptions – OP&F** (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Real Rate of Return **</u>	<u>30 year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	6.50 %	7.80 %
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation Protected *	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	<u>120.00 %</u>		

\* levered 2x

\*\* numbers include inflation

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

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

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

**F. Actuarial Assumptions – OP&F** (Continued)

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 19,888,727	\$ 15,080,172	\$ 11,006,853

NOTE 13: **POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System - OPERS**

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

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

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

*Funding Policy* - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. Employer contribution rates are expressed as a percentage of the earnable salary of active members.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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NOTE 13: **POST-EMPLOYMENT BENEFITS**

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

In 2016, State and Local employers contributed at a rate of 14.00 percent of earnable salary and Public Safety and Law Enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.00 percent during calendar year 2016. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.00 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 benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent. The City's actual employer contributions for December 31, 2016, 2015 and 2014 which were used to fund post-employment benefits were \$161,076, \$150,522, and \$148,229, respectively. For 2016, 91.68 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

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

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

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

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

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



**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 Trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.50 percent of covered payroll from January 1, 2016 thru December 31, 2016.

The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of the Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$11,744 and \$12,299 for the year ended December 31, 2016, \$11,318 and \$12,198 for the year ended December 31, 2015, and \$11,017 and \$11,866 for the year ended December 31, 2014, respectively. For 2016, 92.18 percent has been contributed for police and 92.34 percent has been contributed for firefighters with the balance for both police and firefighters are being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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NOTE 14: **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the City contracted with Argonaut Insurance Company for the following types of insurance:

Argonaut Insurance Company	Blanket Building and Content Replacement	\$ 62,954,111
	Miscellaneous Equipment	6,620,973
	Earthquake Coverage	1,000,000
	Flood Coverage	1,000,000
	Hazardous Substance	100,000
	Public Employee Dishonesty	100,000
	Money and Securities In/Out Coverage	100,000
	Forgery and Alteration	25,000
	General Liability - Each Occurrence	1,000,000
	Employee Benefits Liability	1,000,000
	Law Enforcement Liability - Each Occurrence	1,000,000
	Public Official Liability - Each Occurrence	1,000,000
	Employment Practice - Each Occurrence	1,000,000
	Automobile Liability	1,000,000
	Excess Liability - Each Occurrence	5,000,000
	Terrorism Insurance	Included
	Cyber Liability	1,000,000

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

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

NOTE 15: **JOINTLY GOVERNED ORGANIZATIONS AND JOINT VENTURE**

A. **Lorain County Community Alliance Council of Governments**

The City is a member of the Lorain County Community Alliance (Alliance) which is a council of governments formed under Ohio Revised Code Section 167. The Alliance is comprised of public members that have voting privileges and other citizen, business, and agency members that have no voting privileges. The Alliance includes nine cities, four villages, and nine townships members along with 40 associate members.

The Alliance was formed to serve as an opportunity for both the public and private sector, including citizen representatives to develop long-term plans that deal with cross-boundary issues and community interests.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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NOTE 15: **JOINTLY GOVERNED ORGANIZATIONS AND JOINT VENTURE** (Continued)

A. **Lorain County Community Alliance Council of Governments** (Continued)

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

B. **Northeast Ohio Public Energy Council (NOPEC)**

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each community then elect one person to serve on the eight-member NOPEC Board of Directors. In 2016, the City made no contributions to NOPEC. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, at 31360 Solon Road, Suite 33, Solon, Ohio 44139 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).

C. **Medina-Lorain Water Consortium**

The City is a member of the Medina-Lorain Water Consortium (the Consortium), which is a joint venture between the City of Avon Lake, the Rural Lorain County Water Authority, Medina County, and the City of Medina. The Consortium was created in 1999 for the purpose of construction, operation and maintenance of a water transmission line to serve the members of the Consortium, and for the purpose of bulk water delivery from the City of Avon Lake. There is an ongoing financial responsibility for all parties for the maintenance and repair of the project. The Consortium is governed by representatives of the member parties. The City of Avon Lake serves as the fiscal agent for the Consortium. As of December 31, 2016, the City's equity interest in the Consortium was \$1,907,210. Financial information can be obtained from the City of Avon Lake Finance Director, 150 Avon Belden Road, Avon Lake, Ohio 44012.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

**NOTE 16: CONTINGENT LIABILITIES**

**A. Grants**

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

**B. Litigation**

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

**NOTE 17: INTERFUND TRANSFERS AND BALANCES**

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

Interfund transfers for the year ended December 31, 2016, consisted of the following:

Transfer To	Transfer From				Total
	Governmental Activities				
	General Fund	Income Tax Fund	General Bond Retirement (Unvoted)	Walker Road Widening	
<i>Governmental Activities:</i>					
Capital Improvement	-	365,000	1,503,750	-	1,868,750
Non-Major Governmental Funds	\$ 405,951	\$ -	\$ -	\$ 1,020,000	\$ 1,425,951
<b>Total Governmental Activities</b>	<b>\$ 405,951</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,020,000</b>	<b>\$ 3,294,701</b>

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

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

Interfund balances for the year ended December 31, 2016 consisted of the following:

	Interfund Receivable	Interfund Payable
<i>Governmental Activities:</i>		
General Fund	\$ 167,785	\$ -
Income Tax Transfer Fund	6,400,000	-
Capital Improvement	-	1,400,000
Non-Major Governmental Funds	182,175	349,960
Total Governmental Activities	6,749,960	1,749,960
<i>Business-Type Activities:</i>		
Water	\$ 1,750,000	\$ -
Sewer	-	6,750,000
Total Business-Type Activities	1,750,000	6,750,000
	<b>\$ 8,499,960</b>	<b>\$ 8,499,960</b>

Interfund balances at December 31, 2016 consisted of \$167,785 due to the General Fund, with \$35,000 due from the Troy School Driveway and \$132,785 from the Canterbury Road Improvements Capital Projects Funds, both non-major governmental funds, \$6,400,000 due to the Income Tax Transfer Fund which consisted of \$1,400,000 due from the Capital Improvement Fund and \$5,000,000 due from the Sewer fund, and \$182,175 due to the Debt Service Fund from the Cove Avenue Improvement Fund. The General Fund advanced monies to the non-major governmental fund to cover project expenditures in anticipation of payments of \$5,000 per year for ten years from the Avon Lake City School District. The Debt Service Fund issued manuscript debt for Cove Avenue Improvements in anticipation of the collection of special assessments and the Income Tax Transfer Fund issued manuscript debt for Capital Improvements Fund in anticipation of the collection of income taxes. The Water Fund advanced monies to the Sewer Fund to provide temporary funding for a common project.

NOTE 18: **FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds.

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

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

Fund Balances	General	Income Tax Fund	General Bond Retirement (Unvoted)	Fairfield/ Brookfield Improvement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>							
Prepaid Items	\$ 35,880	\$ -	\$ -	\$ -	\$ -	\$ 3,702	\$ 39,582
Materials and Supplies Inventory	-	-	-	-	-	147,893	147,893
Long-term Interfund Balances	35,000	-	-	-	-	-	35,000
<i>Total Nonspendable</i>	<u>70,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,595</u>	<u>222,475</u>
<i>Restricted for</i>							
Police Pension	-	-	-	-	-	65,760	65,760
Fire Pension	-	-	-	-	-	70,875	70,875
Paramedic Services	-	-	-	-	-	951,853	951,853
Other Law Enforcement	-	-	-	-	-	158,998	158,998
Streets and Highways	-	-	-	-	-	977,237	977,237
Courts	-	-	-	-	-	321,300	321,300
Debt Service - Voted	-	-	-	-	-	114,315	114,315
Debt Service - Special Assessments	-	-	-	-	-	779,880	779,880
Capital Projects	-	-	-	-	-	2,648,803	2,648,803
Other Purposes	-	-	-	-	-	24,990	24,990
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,114,011</u>	<u>6,114,011</u>
<i>Committed to</i>							
Termination Benefits	237,203	-	-	-	-	-	237,203
Dial-A-Bus Program	73,645	-	-	-	-	-	73,645
Cable TV	126,915	-	-	-	-	-	126,915
Office on Aging	4,243	-	-	-	-	-	4,243
Income Tax Allocation	-	7,173,209	-	-	-	-	7,173,209
Street Trees	-	-	-	-	-	153,111	153,111
Recreation	-	-	-	-	-	276,071	276,071
Capital Improvements	-	-	-	-	161,496	772,998	934,494
<i>Total Committed</i>	<u>442,006</u>	<u>7,173,209</u>	<u>-</u>	<u>-</u>	<u>161,496</u>	<u>1,202,180</u>	<u>8,978,891</u>
<i>Assigned to</i>							
Fiscal Year 2017 Appropriations	583,365	-	-	-	-	-	583,365
Police/Court Facility	-	-	-	-	-	79,494	79,494
Other Capital Projects	-	-	-	-	-	7,924	7,924
Purchases on Order:							
Security of Persons and Property	20,342	-	-	-	-	-	20,342
Leisure Time Activities	15,105	-	-	-	-	-	15,105
Transportation	219,746	-	-	-	-	-	219,746
Community Environment	1,371	-	-	-	-	-	1,371
General Government	80,462	-	-	-	-	-	80,462
<i>Total Assigned</i>	<u>920,391</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,418</u>	<u>1,007,809</u>
<i>Unassigned (Deficit)</i>	<u>1,040,308</u>	<u>-</u>	<u>(5,248,049)</u>	<u>(1,254,600)</u>	<u>-</u>	<u>(304,985)</u>	<u>(5,767,326)</u>
<b>Total Fund Balances</b>	<u>\$ 2,473,585</u>	<u>\$ 7,173,209</u>	<u>\$ (5,248,049)</u>	<u>\$ (1,254,600)</u>	<u>\$ 161,496</u>	<u>\$ 7,250,219</u>	<u>\$ 10,555,860</u>

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

**NOTE 19: LANDFILL POSTCLOSURE COSTS**

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

**NOTE 20: CONSTRUCTION COMMITMENTS**

As of December 31, 2016, the City had the following significant contractual commitments:

<u>Contractor</u>	<u>Total Contractor Amount</u>	<u>Amount Paid as of 12/31/2016</u>	<u>Remaining on the Contract</u>
<i><u>Business-Type Activities</u></i>			
<i><b>Storage Improvement Project:</b></i>			
Storage and Interconnection HAB	\$ 23,323,313	\$ 22,651,607	\$ 671,706
<i><b>Walker Road Water Main Replacement:</b></i>			
Underground Utilities, Inc.	2,769,941	2,146,337	623,604
<i><b>Mull/Norman Sanitary Sewer Force Main:</b></i>			
Underground Utilities, Inc.	3,421,439	2,990,006	431,433
<i><b>Fairfield Area Water Line Project:</b></i>			
Underground Utilities, Inc.	4,081,880	955,453	3,126,427
<i><b>Fairfield Area Combined Sewer Separation Project:</b></i>			
Underground Utilities, Inc.	4,717,860	824,235	3,893,625
<i><b>WPCC Improvement Project</b></i>			
MWH Constructors	32,229,029	9,197,607	23,031,422
<i><b>Total Business-Type Activities</b></i>	<u>\$ 70,543,462</u>	<u>\$ 38,765,245</u>	<u>\$ 31,778,217</u>

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

**NOTE 21: OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of December 31, 2016, the City's commitments for encumbrances in the governmental and proprietary funds were as follows:

	Outstanding Encumbrances
<i>Governmental Funds</i>	
General	\$ 337,026
Capital Improvement	554,601
All Other Governmental Funds	145,277
<i>Total Governmental Funds</i>	1,036,904
<i>Proprietary Funds</i>	
Water	947,693
Sewer	775,167
<i>Total Proprietary Funds</i>	1,722,860
<i>Total All Funds</i>	\$ 2,759,764

**NOTE 22: TAX ABATEMENTS**

**A. Real Estate Tax Abatement**

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

**B. City Council's Incentive Criteria for Decision Making**

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



**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
(Continued)

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

**C. Other**

The following are the tax abatements or other economic incentives provided in 2016, by the City, identified by dollar amount and type.

\$91,310,018	Total abated assessed value on the active CRA tax abated properties
\$ 2,036,213	Total CRA real property taxes exempted for the active CRA agreements
\$ 509,053	Estimated amounts paid directly to the Avon Lake City Schools by the owner of tax abated property pursuant to the terms of each CRA Agreement

NOTE 23: **SUBSEQUENT EVENTS**

On June 12, 2017, Council approved the following:

The issuance and sale of \$1,290,000 of notes in anticipation of the issuance of bonds for the purpose of paying costs of improving streets in the City by reconstructing, resurfacing, grading, draining, curbing, paving, construction storm sewers and related drainage facilities and making other improvements as designated in the plans approved or to be approved by Council.

The issuance and sale of \$936,000 of notes in anticipation of the issuance of bonds for the purpose of paying costs of improving Lear Road and Krebs Road and intersection thereof by widening, grading, draining, curbing, paving, constructing turning lanes, storm sewers and related drainage facilities, and installing signage and traffic and railroad signalization (one year note).

The issuance and sale of \$5,000,000 of notes in anticipation of the issuance of bonds for the purpose of paying costs of improving the sanitary sewer system by constructing and reconstructing sanitary sewers and related sanitary facilities, water mains and related water supply facilities, and storm sewers and related drainage facilities to provide for the separation of existing storm sewers from sanitary sewers and control and limit the volume of storm water entering or otherwise affecting the sanitary sewer system as part of the Moorewood Area combined sewer separation project (will refinance the second portion of the Moorewood Area project. The amount of \$200,000 has been paid off the previous note).

The issuance and sale of \$2,400,000 of notes in anticipation of the issuance of bonds for the purpose of paying costs of constructing storm sewers, catch basins and related drainage facilities, as part of the Moorewood Area Combined Sewer Separation Project.

The issuance and sale of \$120,000 of notes in anticipation of the issuance of bonds for the purpose of paying costs acquiring equipment and apparatus for the use by the City's Service Department and other City functions. (The note was originally issued at \$225,000 in 2013; \$105,000 has been paid off).

The issuance and sale of the \$1,000,000 of Notes in anticipation of the issuance of bonds for the purpose of paying costs of improving streets by reconstructing, grading, draining, paving, resurfacing and making other improvements as designated in the plans approved or to be approved by Council. (This note will be used to finance 2017 street repaving program).

**City of Avon Lake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*  
*(Continued)*

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NOTE 23: **SUBSEQUENT EVENTS** (Continued)

The issuance and sale of \$2,500,000 of notes in anticipation of the issuance of bonds for the purpose of paying costs of improving streets by reconstructing, grading, draining, paving, resurfacing and making other improvements as designated in the plans and approved or to be approved by Council. (This note will refinance the 2015/2016 street improvement notes previously issued. The amount of \$400,000 has been paid off the original notes).

The issuance and sale of \$2,500,000 if notes in anticipation of the issuance of bonds for the purpose of paying costs of improving the water supply system by constructing and reconstructing water mains and related water supply facilities in Walker Road. (This will finance the Walker Road project for another year without any reduction in the principle).

## **Required Supplementary Information**

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

<b>Traditional Plan</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
City's Proportion of the Net Pension Liability	0.057354%	0.057386%	0.057386%
City's Proportionate Share of the Net Pension Liability	\$9,934,436	\$6,921,393	\$6,765,062
City's Covered-Employee Payroll	\$7,127,450	\$7,058,833	\$6,653,592
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	139.38%	98.05%	101.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%
<b>Combined Plan</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
City's Proportion of the Net Pension (Asset)	0.028590%	0.025707%	0.025707%
City's Proportionate Share of the Net Pension (Asset)	(\$13,912)	(\$9,897)	(\$2,697)
City's Covered-Employee Payroll	\$103,517	\$94,675	\$81,677
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	13.44%	10.45%	3.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.90%	114.83%	104.33%

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

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

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

<b>Police</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
City's Proportion of the Net Pension Liability	0.1010208%	0.1002948%	0.1002948%
City's Proportionate Share of the Net Pension Liability	\$6,498,740	\$5,195,688	\$4,884,671
City's Covered-Employee Payroll	\$2,275,053	\$2,214,042	\$2,314,971
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	285.65%	234.67%	211.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%
<b>Fire</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
City's Proportion of the Net Pension Liability	0.1333956%	0.1329545%	0.1329545%
City's Proportionate Share of the Net Pension Liability	\$8,581,432	\$6,887,597	\$6,475,301
City's Covered-Employee Payroll	\$2,446,902	\$2,382,868	\$2,348,596
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	350.71%	289.05%	275.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

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

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

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

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

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Contractually Required Contributions</u>										
Police	\$450,638	\$432,260	\$420,668	\$364,145	\$304,719	\$296,600	\$276,708	\$288,064	\$324,103	\$415,050
Fire	<u>\$584,078</u>	<u>\$575,022</u>	<u>\$559,974</u>	<u>\$475,121</u>	<u>\$419,600</u>	<u>\$410,338</u>	<u>\$264,793</u>	<u>\$404,045</u>	<u>\$388,406</u>	<u>\$511,330</u>
Total Required Contributions	\$1,034,716	\$1,007,282	\$980,642	\$839,266	\$724,319	\$706,938	\$541,501	\$692,109	\$712,509	\$926,380
Contributions in Relation to the Contractually Required Contribution	<u>(\$1,034,716)</u>	<u>(\$1,007,282)</u>	<u>(\$980,642)</u>	<u>(\$839,266)</u>	<u>(\$724,319)</u>	<u>(\$706,938)</u>	<u>(\$541,501)</u>	<u>(\$692,109)</u>	<u>(\$712,509)</u>	<u>(\$926,380)</u>
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>City's Covered-Employee Payroll</u>										
Police	\$2,371,779	\$2,275,053	\$2,214,042	\$2,314,971	\$2,389,953	\$2,326,275	\$2,170,259	\$2,259,325	\$2,541,984	\$3,255,294
Fire	\$2,485,438	\$2,446,902	\$2,382,868	\$2,348,596	\$2,432,464	\$2,378,771	\$1,535,032	\$2,342,290	\$2,251,629	\$2,964,232
<u>Pension Contributions as a Percentage of Covered- Employee Payroll</u>										
Police	19.00%	19.00%	19.00%	[1]	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%
Fire	23.50%	23.50%	23.50%	[1]	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%

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

## City of Avon Lake, Ohio

### *Notes to the Required Supplementary Information*

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#### *OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014, 2015 and 2016.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014, 2015 and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

#### OHIO POLICE AND FIRE (OP&F) PENSION FUND

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for 2014, 2015 and 2016.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014, 2015 and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.



## Combining Statements



## ***Fund Descriptions – Nonmajor Governmental Funds***

### ***Non-Major Special Revenue Funds***

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

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

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

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

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

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

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

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

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

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

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

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

## ***Fund Descriptions – Nonmajor Governmental Funds***

### ***Non-Major Special Revenue Funds (Continued)***

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

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

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

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

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

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

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

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

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

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

## ***Fund Descriptions – Nonmajor Governmental Funds***

### ***Non-Major Debt Service Funds***

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

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

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

### ***Non-Major Capital Project Funds***

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

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

*Walker/Moore Rd. Intersection Fund* – This fund accounts for the grant revenues construction and improvements to the Walker/Moore Road intersection. This fund did not have a budget in 2016 and therefore no budgetary schedule has been provided.

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

*Curtis Sewer Fund* – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the Curtis sewer project. This fund did not have a budget in 2016 and therefore no budgetary schedule has been provided.

*Miller Rd. Breakwall Fund* – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the Miller Rd. breakwall project. This fund did not have a budget in 2016 and therefore no budgetary schedule has been provided.

*Police/Court Facility Fund* – This fund accounts for revenues assigned by the City for capital improvements to the City's Police/Court Facility.

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

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

## *Fund Descriptions – Nonmajor Governmental Funds*

### *Non-Major Capital Project Funds (Continued)*

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

*Walker Rd. Widening Fund* – This fund accounts for funding received from the Ohio Public Works Commission along with transfers provided by the General Fund and the Capital Improvement Fund for the purpose of widening Walker Rd.

*City Wide Signalization Fund* – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the city-wide signalization project. This fund did not have a budget in 2016 and therefore no budgetary schedule has been provided.

*North Point Erosion Fund* – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the North Point erosion project. This fund did not have a budget in 2016 and therefore no budgetary schedule has been provided.

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

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

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

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

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

**City of Avon Lake, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2016*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,007,970	\$ 712,020	\$ 3,565,675	\$ 7,285,665
Materials and Supplies Inventory	147,893	-	-	147,893
Accrued Interest Receivable	162	-	-	162
Accounts Receivable	5,429	-	-	5,429
Interfund Receivable	-	182,175	-	182,175
Intergovernmental Receivable	624,207	19,942	30,000	674,149
Prepaid Items	3,702	-	-	3,702
Property and Other Taxes Receivable	1,967,047	298,937	-	2,265,984
Special Assessments Receivable	-	578,150	141,759	719,909
<b>Total Assets</b>	<b>\$ 5,756,410</b>	<b>\$ 1,791,224</b>	<b>\$ 3,737,434</b>	<b>\$ 11,285,068</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 19,453	\$ -	\$ 11,481	\$ 30,934
Accrued Wages and Benefits	85,760	-	-	85,760
Intergovernmental Payable	93,199	-	-	93,199
Matured Compensated Absences Payable	6,890	-	-	6,890
Interfund Payable	-	-	349,960	349,960
<i>Total Liabilities</i>	<u>205,302</u>	<u>-</u>	<u>361,441</u>	<u>566,743</u>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	1,905,435	289,502	-	2,194,937
Unavailable Revenue - Delinquent Property Taxes	61,612	9,435	-	71,047
Unavailable Revenue - Other	432,271	598,092	171,759	1,202,122
<i>Total Deferred Inflows of Resources</i>	<u>2,399,318</u>	<u>897,029</u>	<u>171,759</u>	<u>3,468,106</u>
<b>Fund Balances:</b>				
Nonspendable	151,595	-	-	151,595
Restricted	2,571,013	894,195	2,648,803	6,114,011
Committed	429,182	-	772,998	1,202,180
Assigned	-	-	87,418	87,418
Unassigned (Deficits)	-	-	(304,985)	(304,985)
<i>Total Fund Balances</i>	<u>3,151,790</u>	<u>894,195</u>	<u>3,204,234</u>	<u>7,250,219</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 5,756,410</b>	<b>\$ 1,791,224</b>	<b>\$ 3,737,434</b>	<b>\$ 11,285,068</b>

**City of Avon Lake, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2016*

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Debt Service Funds</b>	<b>Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>				
Property and Other Taxes	\$ 1,986,638	\$ 320,429	\$ -	\$ 2,307,067
Intergovernmental	1,318,215	19,947	-	1,338,162
Interest	(48)	8,516	-	8,468
Fines and Forfeitures	85,854	-	-	85,854
Charges for Services	53,220	-	538,071	591,291
Contributions and Donations	1,890	-	-	1,890
Special Assessments	-	290,310	49,651	339,961
All Other Revenues	7,575	-	-	7,575
<b>Total Revenues</b>	<b>3,453,344</b>	<b>639,202</b>	<b>587,722</b>	<b>4,680,268</b>
<b>EXPENDITURES</b>				
Current:				
Security of Persons and Property	1,963,562	-	-	1,963,562
Community Environment	20,393	-	-	20,393
Transportation	1,309,301	-	-	1,309,301
General Government	-	18,049	3,303	21,352
Capital Outlay	-	-	50,281	50,281
Debt Service:				
Principal Retirement	25,854	235,000	538,314	799,168
Interest and Fiscal Charges	3,546	113,111	21,565	138,222
<b>Total Expenditures</b>	<b>3,322,656</b>	<b>366,160</b>	<b>613,463</b>	<b>4,302,279</b>
Excess of Revenues Over (Under) Expenditures	130,688	273,042	(25,741)	377,989
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	405,951	-	1,020,000	1,425,951
Transfers Out	-	-	(1,020,000)	(1,020,000)
<b>Total Other Financing Sources (Uses)</b>	<b>405,951</b>	<b>-</b>	<b>-</b>	<b>405,951</b>
Net Change in Fund Balances	536,639	273,042	(25,741)	783,940
Fund Balances - Beginning of Year	2,615,151	621,153	3,229,975	6,466,279
<b>Fund Balances - End of Year</b>	<b>\$ 3,151,790</b>	<b>\$ 894,195</b>	<b>\$ 3,204,234</b>	<b>\$ 7,250,219</b>

**City of Avon Lake, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2016*

	<b>Street Construction Maintenance and Repair</b>	<b>State Highway</b>	<b>Paramedic</b>	<b>Law Enforcement Trust</b>
<b>ASSETS</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 816,568	\$ 35,743	\$ 1,030,460	\$ 59,329
Materials and Supplies Inventory	147,893	-	-	-
Accrued Interest Receivable	-	-	-	-
Accounts Receivable	-	-	-	-
Intergovernmental Receivable	457,797	30,122	92,834	-
Prepaid Items	-	-	936	-
Property Taxes Receivable	-	-	1,491,879	-
<b>Total Assets</b>	<b>\$ 1,422,258</b>	<b>\$ 65,865</b>	<b>\$ 2,616,109</b>	<b>\$ 59,329</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 9,757	\$ -	\$ 9,696	\$ -
Accrued Wages and Benefits	31,172	-	49,162	-
Intergovernmental Payable	5,649	-	19,749	-
Matured Compensated Absences Payable	6,890	-	-	-
<i>Total Liabilities</i>	<u>53,468</u>	<u>-</u>	<u>78,607</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	-	-	1,445,165	-
Unavailable Revenue - Delinquent Property Taxes	-	-	46,714	-
Unavailable Revenue - Other	292,008	17,517	92,834	-
<i>Total Deferred Inflows of Resources</i>	<u>292,008</u>	<u>17,517</u>	<u>1,584,713</u>	<u>-</u>
<b>Fund Balances:</b>				
Nonspendable	147,893	-	936	-
Restricted	928,889	48,348	951,853	59,329
Committed	-	-	-	-
<i>Total Fund Balances</i>	<u>1,076,782</u>	<u>48,348</u>	<u>952,789</u>	<u>59,329</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,422,258</b>	<b>\$ 65,865</b>	<b>\$ 2,616,109</b>	<b>\$ 59,329</b>



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<b>Law Enforcement Education</b>	<b>Indigent Drivers Alcohol Treatment</b>	<b>Municipal Court Computer</b>	<b>COPS</b>	<b>Avon Lake Bay Park</b>	<b>Board of Building Standards</b>	<b>Street Tree</b>
\$ 29,384	\$ 51,918	\$ 136,035	\$ 9,875	\$ 432	\$ 3,653	\$ 153,111
-	-	-	-	-	-	-
-	-	-	-	-	-	-
76	600	2,197	-	-	-	-
-	-	-	13,542	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 29,460</u>	<u>\$ 52,518</u>	<u>\$ 138,232</u>	<u>\$ 23,417</u>	<u>\$ 432</u>	<u>\$ 3,653</u>	<u>\$ 153,111</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	4,000	-	-	-
-	300	-	1,426	-	-	-
-	-	-	-	-	-	-
-	<u>300</u>	-	<u>5,426</u>	-	-	-

-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

-	-	-	-	-	-	-
29,460	52,218	138,232	17,991	432	3,653	-
-	-	-	-	-	-	153,111
<u>29,460</u>	<u>52,218</u>	<u>138,232</u>	<u>17,991</u>	<u>432</u>	<u>3,653</u>	<u>153,111</u>
<u>\$ 29,460</u>	<u>\$ 52,518</u>	<u>\$ 138,232</u>	<u>\$ 23,417</u>	<u>\$ 432</u>	<u>\$ 3,653</u>	<u>\$ 153,111</u>

(Continued)

**City of Avon Lake, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2016*  
*(Continued)*

	<b>Continued Professional Training</b>	<b>Court Security</b>	<b>Court Interlock</b>
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 20,905	\$ 83,197	\$ 99,099
Materials and Supplies Inventory	-	-	-
Accrued Interest Receivable	-	-	-
Accounts Receivable	-	2,206	350
Intergovernmental Receivable	-	-	-
Prepaid Items	-	2,766	-
Property Taxes Receivable	-	-	-
<b>Total Assets</b>	<b>\$ 20,905</b>	<b>\$ 88,169</b>	<b>\$ 99,449</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Wages and Benefits	-	1,426	-
Intergovernmental Payable	-	358	-
Matured Compensated Absences Payable	-	-	-
<i>Total Liabilities</i>	<i>-</i>	<i>1,784</i>	<i>-</i>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	-	-	-
Unavailable Revenue - Delinquent Property Taxes	-	-	-
Unavailable Revenue - Other	-	-	-
<i>Total Deferred Inflows of Resources</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Fund Balances:</b>			
Nonspendable	-	2,766	-
Restricted	20,905	83,619	99,449
Committed	-	-	-
<i>Total Fund Balances</i>	<i>20,905</i>	<i>86,385</i>	<i>99,449</i>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 20,905</b>	<b>\$ 88,169</b>	<b>\$ 99,449</b>

<b>Police Pension</b>	<b>Fire Pension</b>	<b>Recreation Trust</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 100,424	\$ 101,928	\$ 275,909	\$ 3,007,970
-	-	-	147,893
-	-	162	162
-	-	-	5,429
14,956	14,956	-	624,207
-	-	-	3,702
237,584	237,584	-	1,967,047
<u>\$ 352,964</u>	<u>\$ 354,468</u>	<u>\$ 276,071</u>	<u>\$ 5,756,410</u>
\$ -	\$ -	\$ -	\$ 19,453
-	-	-	85,760
34,664	31,053	-	93,199
-	-	-	6,890
<u>34,664</u>	<u>31,053</u>	<u>-</u>	<u>205,302</u>
230,135	230,135	-	1,905,435
7,449	7,449	-	61,612
14,956	14,956	-	432,271
<u>252,540</u>	<u>252,540</u>	<u>-</u>	<u>2,399,318</u>
-	-	-	151,595
65,760	70,875	-	2,571,013
-	-	276,071	429,182
<u>65,760</u>	<u>70,875</u>	<u>276,071</u>	<u>3,151,790</u>
<u>\$ 352,964</u>	<u>\$ 354,468</u>	<u>\$ 276,071</u>	<u>\$ 5,756,410</u>

**City of Avon Lake, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2016*

	<b>Street Construction Maintenance and Repair</b>	<b>State Highway</b>	<b>Paramedic</b>	<b>Law Enforcement Trust</b>
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 1,505,994	\$ -
Intergovernmental	1,071,651	65,835	92,859	-
Interest	-	-	-	-
Fines and Forfeitures	-	-	-	668
Charges for Services	-	-	-	-
Contributions and Donations	-	-	-	-
All Other Revenues	-	-	-	-
<b>Total Revenues</b>	<u>1,071,651</u>	<u>65,835</u>	<u>1,598,853</u>	<u>668</u>
<b>EXPENDITURES</b>				
Current:				
Security of Persons and Property:	-	-	1,287,159	-
Community Environment	-	-	-	-
Transportation	1,251,120	58,181	-	-
Principal Retirement	-	-	23,000	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<u>1,251,120</u>	<u>58,181</u>	<u>1,310,159</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(179,469)</u>	<u>7,654</u>	<u>288,694</u>	<u>668</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	350,000	-	-	-
<b>Total Other Financing Sources</b>	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	170,531	7,654	288,694	668
Fund Balances - Beginning of Year	906,251	40,694	664,095	58,661
<b>Fund Balances - End of Year</b>	<u>\$ 1,076,782</u>	<u>\$ 48,348</u>	<u>\$ 952,789</u>	<u>\$ 59,329</u>

<u>Law Enforcement Education</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Municipal Court Computer</u>	<u>COPS</u>	<u>Avon Lake Bay Park</u>	<u>Board of Building Standards</u>	<u>Street Tree</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	57,950	-	-	-
-	-	-	-	-	-	-
671	8,552	32,269	-	-	-	-
-	-	-	-	-	8,325	-
-	-	-	-	-	-	1,890
-	-	-	-	-	-	-
<u>671</u>	<u>8,552</u>	<u>32,269</u>	<u>57,950</u>	<u>-</u>	<u>8,325</u>	<u>1,890</u>
-	-	42,532	113,427	-	-	-
-	14,030	-	-	-	6,363	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>14,030</u>	<u>42,532</u>	<u>113,427</u>	<u>-</u>	<u>6,363</u>	<u>-</u>
<u>671</u>	<u>(5,478)</u>	<u>(10,263)</u>	<u>(55,477)</u>	<u>-</u>	<u>1,962</u>	<u>1,890</u>
-	-	-	55,951	-	-	-
-	-	-	55,951	-	-	-
<u>671</u>	<u>(5,478)</u>	<u>(10,263)</u>	<u>474</u>	<u>-</u>	<u>1,962</u>	<u>1,890</u>
28,789	57,696	148,495	17,517	432	1,691	151,221
<u>\$ 29,460</u>	<u>\$ 52,218</u>	<u>\$ 138,232</u>	<u>\$ 17,991</u>	<u>\$ 432</u>	<u>\$ 3,653</u>	<u>\$ 153,111</u>

(Continued)

**City of Avon Lake, Ohio**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*

*Nonmajor Special Revenue Funds*

*For the Year Ended December 31, 2016*

*(Continued)*

	<b>Continued Professional Training</b>	<b>Court Security</b>	<b>Court Interlock</b>
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Interest	-	-	-
Fines and Forfeitures	-	32,124	11,570
Charges for Services	-	-	-
Contributions and Donations	-	-	-
All Other Revenues	7,040	-	-
<b>Total Revenues</b>	<u>7,040</u>	<u>32,124</u>	<u>11,570</u>
<b>EXPENDITURES</b>			
Current:			
Security of Persons and Property:	-	31,599	885
Community Environment	-	-	-
Transportation	-	-	-
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>31,599</u>	<u>885</u>
Excess of Revenues Over (Under) Expenditures	<u>7,040</u>	<u>525</u>	<u>10,685</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,040	525	10,685
Fund Balances - Beginning of Year	13,865	85,860	88,764
<b>Fund Balances - End of Year</b>	<u>\$ 20,905</u>	<u>\$ 86,385</u>	<u>\$ 99,449</u>

<b>Police Pension</b>	<b>Fire Pension</b>	<b>Recreation Trust</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 240,322	\$ 240,322	\$ -	\$ 1,986,638
14,960	14,960	-	1,318,215
-	-	(48)	(48)
-	-	-	85,854
-	-	44,895	53,220
-	-	-	1,890
-	-	535	7,575
<u>255,282</u>	<u>255,282</u>	<u>45,382</u>	<u>3,453,344</u>
241,091	246,869	-	1,963,562
-	-	-	20,393
-	-	-	1,309,301
2,854	-	-	25,854
3,546	-	-	3,546
<u>247,491</u>	<u>246,869</u>	<u>-</u>	<u>3,322,656</u>
<u>7,791</u>	<u>8,413</u>	<u>45,382</u>	<u>130,688</u>
-	-	-	405,951
-	-	-	405,951
<u>7,791</u>	<u>8,413</u>	<u>45,382</u>	<u>536,639</u>
57,969	62,462	230,689	2,615,151
<u>\$ 65,760</u>	<u>\$ 70,875</u>	<u>\$ 276,071</u>	<u>\$ 3,151,790</u>

**City of Avon Lake, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Debt Service Funds*  
*December 31, 2016*

	<b>GO Bond Retirement (Voted)</b>	<b>Special Assessment Bond Retirement</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>ASSETS</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 114,315	\$ 597,705	\$ 712,020
Interfund Receivable	-	182,175	182,175
Intergovernmental Receivable	19,942	-	19,942
Property Taxes Receivable	298,937	-	298,937
Special Assessments Receivable	-	578,150	578,150
<b>Total Assets</b>	<b>\$ 433,194</b>	<b>\$ 1,358,030</b>	<b>\$ 1,791,224</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Deferred Inflows of Resources:</b>			
Property Taxes and Payments in Lieu of Taxes	289,502	-	289,502
Unavailable Revenue - Delinquent Property Taxes	9,435	-	9,435
Unavailable Revenue - Other	19,942	578,150	598,092
<i>Total Deferred Inflows of Resources</i>	<u>318,879</u>	<u>578,150</u>	<u>897,029</u>
<b>Fund Balances:</b>			
Restricted	114,315	779,880	894,195
<i>Total Fund Balances</i>	<u>114,315</u>	<u>779,880</u>	<u>894,195</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 433,194</b>	<b>\$ 1,358,030</b>	<b>\$ 1,791,224</b>



**City of Avon Lake, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Debt Service Funds*  
*For the Year Ended December 31, 2016*

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	<b>GO Bond Retirement (Voted)</b>	<b>Special Assessment Bond Retirement</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>REVENUES</b>			
Property Taxes	\$ 320,429	\$ -	\$ 320,429
Intergovernmental	19,947	-	19,947
Interest	-	8,516	8,516
Special Assessments	-	290,310	290,310
<b>Total Revenues</b>	<b>340,376</b>	<b>298,826</b>	<b>639,202</b>
<b>EXPENDITURES</b>			
Current:			
General Government	4,943	13,106	18,049
Debt Service:			
Principal Retirement	235,000	-	235,000
Interest and Fiscal Charges	93,213	19,898	113,111
<b>Total Expenditures</b>	<b>333,156</b>	<b>33,004</b>	<b>366,160</b>
Net Change in Fund Balances	7,220	265,822	273,042
Fund Balances - Beginning of Year	107,095	514,058	621,153
<b>Fund Balances - End of Year</b>	<b>\$ 114,315</b>	<b>\$ 779,880</b>	<b>\$ 894,195</b>

**City of Avon Lake, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2016*

	<u>Walker/ Moore Rd. Intersection</u>	<u>Sewer Separation Projects</u>	<u>Curtis Sewer</u>	<u>Miller Rd Park Breakwall</u>
<b>ASSETS</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 13,685	\$ 994,989	\$ 1,477	\$ 1,646
Intergovernmental Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	-
<b>Total Assets</b>	<u>\$ 13,685</u>	<u>\$ 994,989</u>	<u>\$ 1,477</u>	<u>\$ 1,646</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Interfund Payable	-	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue - Other	-	-	-	-
<i>Total Deferred Inflows of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted	13,685	994,989	-	-
Committed	-	-	-	-
Assigned	-	-	1,477	1,646
Unassigned (Deficits)	-	-	-	-
<i>Total Fund Balances (Deficits)</i>	<u>13,685</u>	<u>994,989</u>	<u>1,477</u>	<u>1,646</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 13,685</u>	<u>\$ 994,989</u>	<u>\$ 1,477</u>	<u>\$ 1,646</u>

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<b>Police Court Facility</b>	<b>Canterbury Road Improvement</b>	<b>Troy School Driveway</b>	<b>Bicycle Trails</b>	<b>Walker Rd. Widening</b>
\$ 79,494	\$ -	\$ 5,000	\$ 200	\$ 28,289
-	-	30,000	-	-
-	-	-	-	-
<u>\$ 79,494</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 200</u>	<u>\$ 28,289</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	132,785	35,000	-	-
-	132,785	35,000	-	-
-	-	30,000	-	-
-	-	30,000	-	-
-	-	-	-	28,289
-	-	-	200	-
79,494	-	-	-	-
-	(132,785)	(30,000)	-	-
<u>79,494</u>	<u>(132,785)</u>	<u>(30,000)</u>	<u>200</u>	<u>28,289</u>
<u>\$ 79,494</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 200</u>	<u>\$ 28,289</u>

(Continued)

**City of Avon Lake, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2016*  
*(Continued)*

	<u>City Wide Signalization</u>	<u>North Point Erosion Control</u>	<u>Pool Renovation</u>	<u>Walker Rd Sewer/Lear Rd East</u>
<b>ASSETS</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,030	\$ 3,771	\$ 29,138	\$ 442,704
Intergovernmental Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	32,707
<b>Total Assets</b>	<u>\$ 1,030</u>	<u>\$ 3,771</u>	<u>\$ 29,138</u>	<u>\$ 475,411</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Interfund Payable	-	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue - Other	-	-	-	32,707
<i>Total Deferred Inflows of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,707</u>
<b>Fund Balances:</b>				
Restricted	-	-	29,138	442,704
Committed	-	-	-	-
Assigned	1,030	3,771	-	-
Unassigned (Deficits)	-	-	-	-
<i>Total Fund Balances (Deficits)</i>	<u>1,030</u>	<u>3,771</u>	<u>29,138</u>	<u>442,704</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 1,030</u>	<u>\$ 3,771</u>	<u>\$ 29,138</u>	<u>\$ 475,411</u>

<b>Titus- Pitts-Hill Ditch</b>	<b>Sidewalk/ Street Lighting</b>	<b>Cove Ave Improvement</b>	<b>Lear/ Krebs Intersection</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ 772,798	\$ 138,405	\$ 39,975	\$ 1,013,074	3,565,675
-	-	-	-	30,000
-	45,942	63,110	-	141,759
<u>\$ 772,798</u>	<u>\$ 184,347</u>	<u>\$ 103,085</u>	<u>1,013,074</u>	<u>3,737,434</u>
\$ -	\$ -	\$ -	\$ 11,481	11,481
-	-	182,175	-	349,960
-	-	182,175	11,481	361,441
-	45,942	63,110	-	171,759
-	45,942	63,110	-	171,759
-	138,405	-	1,001,593	2,648,803
772,798	-	-	-	772,998
-	-	-	-	87,418
-	-	(142,200)	-	(304,985)
<u>772,798</u>	<u>138,405</u>	<u>(142,200)</u>	<u>1,001,593</u>	<u>3,204,234</u>
<u>\$ 772,798</u>	<u>\$ 184,347</u>	<u>\$ 103,085</u>	<u>\$ 1,013,074</u>	<u>3,737,434</u>

**City of Avon Lake, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2016*

	<b>Walker/ Moore Rd. Intersection</b>	<b>Sewer Separation Projects</b>	<b>Curtis Sewer</b>	<b>Miller Rd Park Breakwall</b>
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances (Deficits)- Beginning of Year	13,685	994,989	1,477	1,646
<b>Fund Balances (Deficits) - End of Year</b>	<b>\$ 13,685</b>	<b>\$ 994,989</b>	<b>\$ 1,477</b>	<b>\$ 1,646</b>

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<b>Police Court Facility</b>	<b>Canterbury Road Improvement</b>	<b>Troy School Driveway</b>	<b>Bicycle Trails</b>	<b>Walker Rd. Widening</b>
\$ -	\$ 244,317	\$ -	\$ -	\$ -
-	-	-	-	-
-	244,317	-	-	-
-	-	-	-	-
-	-	-	-	-
-	538,314	-	-	-
-	15,880	-	-	-
-	554,194	-	-	-
-	(309,877)	-	-	-
-	-	-	-	-
-	-	-	-	(1,020,000)
-	-	-	-	(1,020,000)
-	(309,877)	-	-	(1,020,000)
79,494	177,092	(30,000)	200	1,048,289
<u>\$ 79,494</u>	<u>\$ (132,785)</u>	<u>\$ (30,000)</u>	<u>\$ 200</u>	<u>\$ 28,289</u>

(Continued)

**City of Avon Lake, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2016*  
(Continued)

	<u>City Wide Signalization</u>	<u>North Point Erosion Control</u>	<u>Pool Renovation</u>	<u>Walker Rd Sewer/Lear Rd East</u>
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	23,091
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,091</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	1,004
Capital Outlay	-	-	24,800	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>24,800</u>	<u>1,004</u>
Excess of Revenues (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(24,800)</u>	<u>22,087</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	(24,800)	22,087
Fund Balances (Deficits)- Beginning of Year	1,030	3,771	53,938	420,617
<b>Fund Balances (Deficits) - End of Year</b>	<u>\$ 1,030</u>	<u>\$ 3,771</u>	<u>\$ 29,138</u>	<u>\$ 442,704</u>



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<b>Titus- Pitts-Hill Ditch</b>	<b>Sidewalk/ Street Lighting</b>	<b>Cove Ave Improvement</b>	<b>Lear/ Krebs Intersection</b>	<b>Total Nonmajor Capital Projects Funds</b>
\$ 293,754	\$ -	\$ -	\$ -	\$ 538,071
-	-	26,560	-	49,651
<u>293,754</u>	<u>-</u>	<u>26,560</u>	<u>-</u>	<u>587,722</u>
-	-	2,299	-	3,303
14,000	-	-	11,481	50,281
-	-	-	-	538,314
-	-	5,685	-	21,565
<u>14,000</u>	<u>-</u>	<u>7,984</u>	<u>11,481</u>	<u>613,463</u>
<u>279,754</u>	<u>-</u>	<u>18,576</u>	<u>(11,481)</u>	<u>(25,741)</u>
-	-	-	1,020,000	1,020,000
-	-	-	-	(1,020,000)
-	-	-	1,020,000	-
<u>279,754</u>	<u>-</u>	<u>18,576</u>	<u>1,008,519</u>	<u>(25,741)</u>
493,044	138,405	(160,776)	(6,926)	3,229,975
<u>\$ 772,798</u>	<u>\$ 138,405</u>	<u>\$ (142,200)</u>	<u>\$ 1,001,593</u>	<u>\$ 3,204,234</u>

## ***Fund Descriptions – Fiduciary Funds***

### ***Fiduciary Funds***

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are purely custodial (assets equals liabilities) and thus do not involve measurement of results of operations.

### ***Agency Funds***

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

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

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

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

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

**City of Avon Lake, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2016*

	Balance 12/31/2015	Additions	Deletions	Balance 12/30/2016
<b><u>Deposit Trust</u></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 97,248	\$ 535	\$ -	\$ 97,783
<b>Liabilities</b>				
Due to Others	\$ 97,248	\$ 535	\$ -	\$ 97,783
<b><u>Unclaimed Monies</u></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 5,973	\$ 294	\$ -	\$ 6,267
<b>Liabilities</b>				
Due to Others	\$ 5,973	\$ 294	\$ -	\$ 6,267
<b><u>Transfer</u></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 5,853	\$ 14,420	\$ 14,981	\$ 5,292
<b>Liabilities</b>				
Due to Other Governments	\$ 5,853	\$ 14,420	\$ 14,981	\$ 5,292
<b><u>ETL 2 MOR</u></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,369,487	\$ 4,300,319	\$ 4,213,376	\$ 1,456,430
<b>Liabilities</b>				
Due to Others	\$ 1,369,487	\$ 4,300,319	\$ 4,213,376	\$ 1,456,430
<b><u>Municipal Court</u></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 51,477	\$ 965,326	\$ 983,488	\$ 33,315
<b>Liabilities</b>				
Due to Others	\$ 51,477	\$ 965,326	\$ 983,488	\$ 33,315
<b><u>Total - All Agency Funds</u></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,530,038	\$ 5,280,894	\$ 5,211,845	\$ 1,599,087
<i>Total Assets</i>	<u>\$ 1,530,038</u>	<u>\$ 5,280,894</u>	<u>\$ 5,211,845</u>	<u>\$ 1,599,087</u>
<b>Liabilities</b>				
Due to Other Governments	\$ 5,853	\$ 14,420	\$ 14,981	\$ 5,292
Due to Others	1,524,185	5,266,474	5,196,864	1,593,795
<i>Total Liabilities</i>	<u>\$ 1,530,038</u>	<u>\$ 5,280,894</u>	<u>\$ 5,211,845</u>	<u>\$ 1,599,087</u>

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



**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 4,070,791	\$ 4,070,791	\$ 3,638,341	\$ (432,450)
Municipal Income Taxes	7,312,500	7,312,500	7,312,500	-
Other Taxes	409,450	409,450	380,309	(29,141)
Intergovernmental	874,095	874,095	811,884	(62,211)
Fees, Licenses, and Permits	453,418	453,418	421,148	(32,270)
Fines and Forfeitures	292,295	292,295	271,492	(20,803)
Charges for Services	1,008,723	1,008,723	936,931	(71,792)
Rentals	138,762	138,762	128,886	(9,876)
Contributions and Donations	2,864	2,864	2,660	(204)
All Other Revenues	91,719	91,719	85,190	(6,529)
<b>Total Revenues</b>	<b>14,654,617</b>	<b>14,654,617</b>	<b>13,989,341</b>	<b>(665,276)</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property				
Police				
Personal Services	3,835,765	3,836,137	3,794,240	41,897
Other	387,715	320,531	261,358	59,173
Total Police	4,223,480	4,156,668	4,055,598	101,070
Fire				
Personal Services	2,354,975	2,477,025	2,462,192	14,833
Other	200,227	197,915	161,740	36,175
Total Fire	2,555,202	2,674,940	2,623,932	51,008
Total Security of Persons and Property	6,778,682	6,831,608	6,679,530	152,078
Public Health Services				
Public Health				
Other	114,167	100,000	77,920	22,080
Total Public Health Services	114,167	100,000	77,920	22,080
Leisure Time Activities				
Recreation				
Personal Services	539,900	533,300	527,806	5,494
Other	342,197	338,978	318,569	20,409
Total Leisure Time Activities	882,097	872,278	846,375	25,903

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Year Ended December 31, 2016  
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Environment				
Building Inspection				
Personal Services	387,835	399,715	395,954	3,761
Other	39,320	30,503	24,686	5,817
Total Building Inspection	<u>427,155</u>	<u>430,218</u>	<u>420,640</u>	<u>9,578</u>
Planning Commission				
Other	2,000	2,000	1,000	1,000
Historical Preservation Committee				
Other	1,000	1,000	-	1,000
EEAB				
Personal Services	680	680	157	523
Other	2,200	2,185	633	1,552
Total EEAB	<u>2,880</u>	<u>2,865</u>	<u>790</u>	<u>2,075</u>
Total Community Environment	<u>433,035</u>	<u>436,083</u>	<u>422,430</u>	<u>13,653</u>
Transportation				
Service				
Personal Services	2,029,375	2,116,435	2,044,700	71,735
Other	1,204,139	1,429,718	1,370,069	59,649
Total Transportation	<u>3,233,514</u>	<u>3,546,153</u>	<u>3,414,769</u>	<u>131,384</u>
General Government				
Legislative - Council				
Personal Services	192,975	204,975	204,921	54
Other	21,761	21,679	18,630	3,049
Total Legislative - Council	<u>214,736</u>	<u>226,654</u>	<u>223,551</u>	<u>3,103</u>
Judicial - Court				
Personal Services	336,885	375,985	376,108	(123)
Other	77,323	77,114	77,075	39
Total Judicial - Court	<u>414,208</u>	<u>453,099</u>	<u>453,183</u>	<u>(84)</u>
Legal Counsel				
Personal Services	232,501	248,101	248,139	(38)
Other	206,294	172,856	121,896	50,960
Total Legal Counsel	<u>438,795</u>	<u>420,957</u>	<u>370,035</u>	<u>50,922</u>
Civil Service				
Personal Services	5,825	5,825	3,313	2,512
Other	8,237	8,236	7,664	572
Total Civil Service	<u>14,062</u>	<u>14,061</u>	<u>10,977</u>	<u>3,084</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Year Ended December 31, 2016  
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Mayor				
Personal Services	337,275	329,315	313,205	16,110
Other	320,504	126,650	109,011	17,639
<b>Total Mayor</b>	<u>657,779</u>	<u>455,965</u>	<u>422,216</u>	<u>33,749</u>
Finance				
Personal Services	405,580	429,380	427,557	1,823
Other	369,847	397,541	390,567	6,974
<b>Total Finance</b>	<u>775,427</u>	<u>826,921</u>	<u>818,124</u>	<u>8,797</u>
City Engineering				
Other	8,705	8,705	-	8,705
<b>Total City Engineering</b>	<u>8,705</u>	<u>8,705</u>	<u>-</u>	<u>8,705</u>
Other General Government				
Other	567,951	579,427	629,363	(49,936)
<b>Total General Government</b>	<u>3,091,663</u>	<u>2,985,789</u>	<u>2,927,449</u>	<u>58,340</u>
<b>Total Expenditures</b>	<u>14,533,158</u>	<u>14,771,911</u>	<u>14,368,473</u>	<u>403,438</u>
Excess of Revenues Over (Under) Expenditures	121,459	(117,294)	(379,132)	(261,838)
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	446	446	446	-
Transfers Out	(517,372)	(673,324)	(723,324)	(50,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(516,926)</u>	<u>(672,878)</u>	<u>(722,878)</u>	<u>(50,000)</u>
Net Change in Fund Balance	(395,467)	(790,172)	(1,102,010)	(311,838)
Fund Balance - Beginning of Year	1,073,373	1,073,373	1,073,373	-
Prior Year Encumbrances Appropriated	477,306	477,306	477,306	-
<b>Fund Balance - End of Year</b>	<u>\$ 1,155,212</u>	<u>\$ 760,507</u>	<u>\$ 448,669</u>	<u>\$ (311,838)</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Income Tax Transfer Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal Income Taxes	\$ 3,015,800	\$ 3,015,800	\$ 2,711,232	\$ (304,568)
<b>Total Revenues</b>	<u>3,015,800</u>	<u>3,015,800</u>	<u>2,711,232</u>	<u>(304,568)</u>
<b>Expenditures:</b>				
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	3,015,800	3,015,800	2,711,232	(304,568)
<b>Other Financing Uses</b>				
Transfers Out	\$ (552,500)	\$ (1,244,000)	\$ (365,000)	\$ 879,000
<b>Total Other Financing Uses</b>	<u>(552,500)</u>	<u>(1,244,000)</u>	<u>(365,000)</u>	<u>879,000</u>
Net Change in Fund Balance	2,463,300	1,771,800	2,346,232	574,432
Fund Balance - Beginning of Year	4,826,977	4,826,977	4,826,977	-
<b>Fund Balance - End of Year</b>	<u>\$ 7,290,277</u>	<u>\$ 6,598,777</u>	<u>\$ 7,173,209</u>	<u>\$ 574,432</u>



**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Bond Retirement (Unvoted) Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Total Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Debt Service:				
Principal	7,217,682	7,611,900	7,628,786	(16,886)
Interest & Fiscal Charges	224,546	236,810	228,411	8,399
Debt Issuance Costs	9,482	10,000	25,468	(15,468)
<b>Total Expenditures</b>	<u>7,451,710</u>	<u>7,858,710</u>	<u>7,882,665</u>	<u>(23,955)</u>
Excess of Revenues Over (Under) Expenditures	(7,451,710)	(7,858,710)	(7,882,665)	(23,955)
<b>Other Financing Sources</b>				
Bond Anticipation Notes Issued	6,346,000	6,346,000	6,346,000	-
Premium on Debt Issuance	12,921	12,921	178,321	165,400
Transfers In	1,050,000	1,050,000	1,050,000	-
<b>Total Other Financing Sources</b>	<u>7,408,921</u>	<u>7,408,921</u>	<u>7,574,321</u>	<u>165,400</u>
Net Change in Fund Balance	(42,789)	(449,789)	(308,344)	141,445
Fund Balance - Beginning of Year	1,181,372	1,181,372	1,181,372	-
<b>Fund Balance - End of Year</b>	<u>\$ 1,138,583</u>	<u>\$ 731,583</u>	<u>\$ 873,028</u>	<u>\$ 141,445</u>

## City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Fairfield/Brookfield Improvement Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Total Revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Capital Outlay:				
Capital Outlay	-	8,000,000	482,680	7,517,320
<b>Total Expenditures</b>	-	8,000,000	482,680	7,517,320
<b>Other Financing Sources</b>				
General Obligation Bonds Issued	-	8,000,000	8,000,000	-
<b>Total Other Financing Sources</b>	-	8,000,000	8,000,000	-
Net Change in Fund Balance	-	-	7,517,320	7,517,320
Fund Balance - Beginning of Year	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,517,320</b>	<b>\$ 7,517,320</b>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Capital Improvement Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal Income Taxes	\$ 835,000	\$ 835,000	\$ 835,000	\$ -
Intergovernmental	1,580	2,070	1,580	(490)
Interest	180,862	180,866	176,526	(4,340)
<b>Total Revenues</b>	<u>1,017,442</u>	<u>1,017,936</u>	<u>1,013,106</u>	<u>(4,830)</u>
<b>Expenditures:</b>				
Capital Outlay:				
Other	-	21,500	13,800	7,700
Capital Outlay	4,282,598	4,702,598	3,231,413	1,471,185
<b>Total Capital Outlay</b>	<u>4,282,598</u>	<u>4,724,098</u>	<u>3,245,213</u>	<u>1,478,885</u>
Debt Service:				
Principal	-	87,600	87,600	-
Interest & Fiscal Charges	-	2,600	2,584	16
<b>Total Debt Service</b>	<u>-</u>	<u>90,200</u>	<u>90,184</u>	<u>16</u>
<b>Total Expenditures</b>	<u>4,282,598</u>	<u>4,814,298</u>	<u>3,335,397</u>	<u>1,478,901</u>
Excess of Revenues Over (Under) Expenditures	(3,265,156)	(3,796,362)	(2,322,291)	1,474,071
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	23,291	30,505	23,290	(7,215)
Bond Anticipation Notes Issued	2,900,073	3,233,724	1,400,000	(1,833,724)
Transfers In	44	258,685	365,000	106,315
<b>Total Other Financing Sources (Uses)</b>	<u>2,923,408</u>	<u>3,522,914</u>	<u>1,788,290</u>	<u>(1,734,624)</u>
Net Change in Fund Balance	(341,748)	(273,448)	(534,001)	(260,553)
Fund Balance - Beginning of Year	616,037	616,037	616,037	-
Prior Year Encumbrances Appropriated	904,598	904,598	904,598	-
<b>Fund Balance - End of Year</b>	<u>\$ 1,178,887</u>	<u>\$ 1,247,187</u>	<u>\$ 986,634</u>	<u>\$ (260,553)</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity -  
 Budget (Non-GAAP Basis) and Actual  
 Water Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 233,982	\$ 233,982	\$ 98,847	\$ (135,135)
Interest	21	21	9	(12)
Charges for Services	29,261,902	29,261,902	12,361,873	(16,900,029)
All Other Revenues	93,281	93,281	39,407	(53,874)
<b>Total Revenues</b>	<u>29,589,186</u>	<u>29,589,186</u>	<u>12,500,136</u>	<u>(17,089,050)</u>
<b>Expenses:</b>				
Current:				
Personal Services	2,769,600	2,769,600	2,573,276	196,324
Other	4,672,322	5,483,567	5,483,567	-
Capital Outlay	24,752,546	23,237,401	3,711,165	19,526,236
Debt Service:				
Principal	2,457,000	2,457,000	3,434,889	(977,889)
Interest & Fiscal Charges	805,281	785,281	411,073	374,208
Total Debt Service	<u>3,262,281</u>	<u>3,242,281</u>	<u>3,845,962</u>	<u>(603,681)</u>
<b>Total Expenses</b>	<u>35,456,749</u>	<u>34,732,849</u>	<u>15,613,970</u>	<u>19,118,879</u>
Excess of Revenues Over (Under) Expenses	(5,867,563)	(5,143,663)	(3,113,834)	2,029,829
<b>Other Financing Sources (Uses)</b>				
Bond Anticipation Notes Issued	7,364,015	7,364,015	7,364,015	-
Premium on Debt Issuance	-	-	-	-
Advances Out	-	(800,000)	(800,000)	-
Transfers In	3,556,799	3,556,799	3,556,799	-
Transfers Out	(4,257,800)	(4,437,800)	(4,391,554)	46,246
<b>Total Other Financing Sources (Uses)</b>	<u>6,663,014</u>	<u>5,683,014</u>	<u>5,729,260</u>	<u>46,246</u>
Net Change in Fund Equity	795,451	539,351	2,615,426	2,076,075
Fund Equity - Beginning of Year	3,217,424	3,217,424	3,217,424	-
Prior Year Encumbrances Appropriated	858,368	858,368	858,368	-
<b>Fund Equity - End of Year</b>	<u>\$ 4,871,243</u>	<u>\$ 4,615,143</u>	<u>\$ 6,691,218</u>	<u>\$ 2,076,075</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity -  
 Budget (Non-GAAP Basis) and Actual  
 Sewer Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Interest	3,493	3,493	3,504	11
Charges for Services	5,981,776	5,981,776	6,000,291	18,515
Special Assessments	28,705	28,705	28,794	89
<b>Total Revenues</b>	<b>6,013,974</b>	<b>6,013,974</b>	<b>6,032,589</b>	<b>18,615</b>
<b>Expenses:</b>				
Current:				
Personal Services	2,652,700	2,598,200	2,598,174	26
Other	3,146,679	3,979,883	3,979,883	-
Capital Outlay	25,866,338	25,778,940	2,385,058	23,393,882
Debt Service:				
Principal	7,561,725	11,072,674	11,069,915	2,759
Interest & Fiscal Charges	1,065,966	1,560,900	1,548,452	12,448
Total Debt Service	8,627,691	12,633,574	12,618,367	15,207
<b>Total Expenses</b>	<b>40,293,408</b>	<b>44,990,597</b>	<b>21,581,482</b>	<b>23,409,115</b>
Excess of Revenues Over (Under) Expenses	(34,279,434)	(38,976,623)	(15,548,893)	23,427,730
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	40,370,191	40,370,191	16,247,034	(24,123,157)
Premium on Debt Issuance	74,580	74,580	74,580	-
Advances In	800,000	800,000	800,000	-
Transfers In	3,740,255	3,740,255	3,740,255	-
Transfers Out	(6,700,000)	(7,558,000)	(2,518,690)	5,039,310
<b>Total Other Financing Sources (Uses)</b>	<b>38,285,026</b>	<b>37,427,026</b>	<b>18,343,179</b>	<b>(19,083,847)</b>
Net Change in Fund Equity	4,005,592	(1,549,597)	2,794,286	4,343,883
Fund Equity - Beginning of Year	2,537,628	2,537,628	2,537,628	-
Prior Year Encumbrances Appropriated	895,084	895,084	895,084	-
<b>Fund Equity - End of Year</b>	<b>\$ 7,438,304</b>	<b>\$ 1,883,115</b>	<b>\$ 6,226,998</b>	<b>\$ 4,343,883</b>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Street Construction, Maintenance and Repair Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Revenues:</b>			
Intergovernmental	\$ 970,025	\$ 1,070,282	\$ 100,257
<b>Total Revenues</b>	<u>970,025</u>	<u>1,070,282</u>	<u>100,257</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Personal Services	839,140	811,056	28,084
Other	495,618	370,018	125,600
<b>Total Expenditures</b>	<u>1,334,758</u>	<u>1,181,074</u>	<u>153,684</u>
Excess of Revenues Over (Under) Expenditures	(364,733)	(110,792)	253,941
<b>Other Financing Sources</b>			
Transfers In	350,000	350,000	-
<b>Total Other Financing Sources</b>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Net Change in Fund Balance	(14,733)	239,208	253,941
Fund Balance - Beginning of Year	478,838	478,838	-
Prior Year Encumbrances Appropriated	24,976	24,976	-
<b>Fund Balance - End of Year</b>	<u>\$ 489,081</u>	<u>\$ 743,022</u>	<u>\$ 253,941</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 State Highway Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Revenues:</b>			
Intergovernmental	\$ 59,210	\$ 60,244	\$ 1,034
<b>Total Revenues</b>	<u>59,210</u>	<u>60,244</u>	<u>1,034</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Other	90,350	58,181	32,169
<b>Total Expenditures</b>	<u>90,350</u>	<u>58,181</u>	<u>32,169</u>
Net Change in Fund Balance	(31,140)	2,063	33,203
Fund Balance - Beginning of Year	33,330	33,330	-
Prior Year Encumbrances Appropriated	350	350	-
<b>Fund Balance - End of Year</b>	<u>\$ 2,540</u>	<u>\$ 35,743</u>	<u>\$ 33,203</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Paramedic Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Revenues:</b>			
Property Taxes	\$ 1,585,060	\$ 1,505,994	\$ (79,066)
Intergovernmental	-	92,859	92,859
<b>Total Revenues</b>	<u>1,585,060</u>	<u>1,598,853</u>	<u>13,793</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Fire			
Personal Services	1,161,469	1,155,047	6,422
Other	219,448	183,487	35,961
Total Security of Persons & Property	<u>1,380,917</u>	<u>1,338,534</u>	<u>42,383</u>
Debt Service:			
Principal	23,000	23,000	-
<b>Total Expenditures</b>	<u>1,403,917</u>	<u>1,361,534</u>	<u>42,383</u>
Net Change in Fund Balance	181,143	237,319	56,176
Fund Balance - Beginning of Year	534,405	534,405	-
Prior Year Encumbrances Appropriated	53,003	53,003	-
<b>Fund Balance - End of Year</b>	<u>\$ 768,551</u>	<u>\$ 824,727</u>	<u>\$ 56,176</u>



**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Office on Aging Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>			
Current:			
Public Health Services			
Other	53,433	52,164	1,269
<b>Total Expenditures</b>	<u>53,433</u>	<u>52,164</u>	<u>1,269</u>
Excess of Revenues Over (Under) Expenditures	(53,433)	(52,164)	1,269
<b>Other Financing Sources</b>			
Transfers In	42,542	42,542	-
<b>Total Other Financing Sources</b>	<u>42,542</u>	<u>42,542</u>	<u>-</u>
Net Change in Fund Balance	(10,891)	(9,622)	1,269
Fund Balance - Beginning of Year	3,432	3,432	-
Prior Year Encumbrances Appropriated	10,433	10,433	-
<b>Fund Balance - End of Year</b>	<u>\$ 2,974</u>	<u>\$ 4,243</u>	<u>\$ 1,269</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Dial-A-Bus Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>			
Current:			
Transportation			
Service			
Personal Services	36,090	16,317	19,773
Other	3,000	429	2,571
<b>Total Expenditures</b>	<u>39,090</u>	<u>16,746</u>	<u>22,344</u>
Excess of Revenues Over (Under) Expenditures	(39,090)	(16,746)	22,344
<b>Other Financing Sources</b>			
Transfers In	30,000	30,000	-
<b>Total Other Financing Sources</b>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	(9,090)	13,254	22,344
Fund Balance - Beginning of Year	61,308	61,308	-
<b>Fund Balance - End of Year</b>	<u>\$ 52,218</u>	<u>\$ 74,562</u>	<u>\$ 22,344</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Cable TV Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Charges for Services	51,551	51,551	-
<b>Total Revenues</b>	<b>51,551</b>	<b>51,551</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
Leisure Time Activities			
Cable TV			
Personal Services	106,831	94,929	11,902
Other	57,026	49,718	7,308
<b>Total Expenditures</b>	<b>163,857</b>	<b>144,647</b>	<b>19,210</b>
Excess of Revenues Over (Under) Expenditures	(112,306)	(93,096)	19,210
<b>Other Financing Sources</b>			
Transfers In	91,049	192,000	100,951
<b>Total Other Financing Sources</b>	<b>91,049</b>	<b>192,000</b>	<b>100,951</b>
Net Change in Fund Balance	(21,257)	98,904	120,161
Fund Balance - Beginning of Year	12,915	12,915	-
Prior Year Encumbrances Appropriated	9,327	9,327	-
<b>Fund Balance - End of Year</b>	<b>\$ 985</b>	<b>\$ 121,146</b>	<b>\$ 120,161</b>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Law Enforcement Trust Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Fines and Forfeitures	\$ 2,200	\$ 668	\$ (1,532)
<b>Total Revenues</b>	<u>2,200</u>	<u>668</u>	<u>(1,532)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Other	2,000	-	2,000
<b>Total Expenditures</b>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net Change in Fund Balance	200	668	468
Fund Balance - Beginning of Year	58,661	58,661	-
<b>Fund Balance - End of Year</b>	<u>\$ 58,861</u>	<u>\$ 59,329</u>	<u>\$ 468</u>

## City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Law Enforcement and Education Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Revenues:</b>			
Fines and Forfeitures	\$ 1,000	\$ 655	\$ (345)
<b>Total Revenues</b>	1,000	655	(345)
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Other	1,000	-	1,000
<b>Total Expenditures</b>	1,000	-	1,000
Net Change in Fund Balance	-	655	655
Fund Balance - Beginning of Year	28,729	28,729	-
<b>Fund Balance - End of Year</b>	\$ 28,729	\$ 29,384	\$ 655

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Indigent Drivers Alcohol Treatment Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Fines and Forfeitures	\$ 10,000	\$ 8,331	\$ (1,669)
<b>Total Revenues</b>	<u>10,000</u>	<u>8,331</u>	<u>(1,669)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Other	42,762	19,110	23,652
<b>Total Expenditures</b>	<u>42,762</u>	<u>19,110</u>	<u>23,652</u>
Net Change in Fund Balance	(32,762)	(10,779)	21,983
Fund Balance - Beginning of Year	49,865	49,865	-
Prior Year Encumbrances Appropriated	7,762	7,762	-
<b>Fund Balance - End of Year</b>	<u>\$ 24,865</u>	<u>\$ 46,848</u>	<u>\$ 21,983</u>

**City of Avon Lake, Ohio**

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Municipal Court Computer Fund  
For the Year Ended December 31, 2016*

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	<u>Budgeted Amounts</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive
			(Negative)
<b>Revenues:</b>			
Fines and Forfeitures	\$ 30,000	\$ 31,977	\$ 1,977
<b>Total Revenues</b>	<u>30,000</u>	<u>31,977</u>	<u>1,977</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Other	47,000	46,519	481
<b>Total Expenditures</b>	<u>47,000</u>	<u>46,519</u>	<u>481</u>
Net Change in Fund Balance	(17,000)	(14,542)	2,458
Fund Balance - Beginning of Year	146,590	146,590	-
<b>Fund Balance - End of Year</b>	<u>\$ 129,590</u>	<u>\$ 132,048</u>	<u>\$ 2,458</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 COPS Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental	\$ 52,720	\$ 55,270	\$ 2,550
<b>Total Revenues</b>	<u>52,720</u>	<u>55,270</u>	<u>2,550</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Personal Services	113,484	113,490	(6)
<b>Total Expenditures</b>	<u>113,484</u>	<u>113,490</u>	<u>(6)</u>
Excess of Revenues Over (Under) Expenditures	(60,764)	(58,220)	2,544
<b>Other Financing Sources</b>			
Transfers In	55,951	55,951	-
<b>Total Other Financing Sources</b>	<u>55,951</u>	<u>55,951</u>	<u>-</u>
Net Change in Fund Balance	(4,813)	(2,269)	2,544
Fund Balance - Beginning of Year	12,144	12,144	-
<b>Fund Balance - End of Year</b>	<u>\$ 7,331</u>	<u>\$ 9,875</u>	<u>\$ 2,544</u>



**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Avon Lake/Bay Park Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental	\$ 300	\$ -	\$ (300)
<b>Total Revenues</b>	<u>300</u>	<u>-</u>	<u>(300)</u>
<b>Expenditures:</b>			
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	300	-	(300)
Fund Balance - Beginning of Year	432	432	-
<b>Fund Balance - End of Year</b>	<u>\$ 732</u>	<u>\$ 432</u>	<u>\$ (300)</u>

## City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Board of Building Standards Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Revenues:</b>			
Fees, Licenses, and Permits	\$ 3,000	\$ 8,325	\$ 5,325
<b>Total Revenues</b>	<u>3,000</u>	<u>8,325</u>	<u>5,325</u>
<b>Expenditures:</b>			
Current:			
Community Environment			
Building Inspection			
Other	8,128	7,632	496
<b>Total Expenditures</b>	<u>8,128</u>	<u>7,632</u>	<u>496</u>
Net Change in Fund Balance	(5,128)	693	5,821
Fund Balance - Beginning of Year	1,563	1,563	-
Prior Year Encumbrances Appropriated	128	128	-
<b>Fund Balance - End of Year</b>	<u>\$ (3,437)</u>	<u>\$ 2,384</u>	<u>\$ 5,821</u>

## City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Employee Sick Time Buy Back Fund  
For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Personal Services	50,000	-	50,000
Fire			
Personal Services	50,000	-	50,000
Total Security of Persons & Property	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Transportation			
Service			
Personal Services	15,000	-	15,000
<b>Total Expenditures</b>	<u>115,000</u>	<u>-</u>	<u>115,000</u>
Excess of Revenues Over (Under) Expenditures	(115,000)	-	115,000
<b>Other Financing Sources</b>			
Transfers In	50,000	50,000	-
<b>Total Other Financing Sources</b>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balance	(65,000)	50,000	115,000
Fund Balance - Beginning of Year	187,203	187,203	-
<b>Fund Balance - End of Year</b>	<u>\$ 122,203</u>	<u>\$ 237,203</u>	<u>\$ 115,000</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Street Tree Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Charges for Services	\$ 5,000	\$ 1,890	\$ (3,110)
<b>Total Revenues</b>	<u>5,000</u>	<u>1,890</u>	<u>(3,110)</u>
<b>Expenditures:</b>			
Current:			
Leisure Time Activities			
Parks and Recreation			
Other	5,000	-	5,000
<b>Total Expenditures</b>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	-	1,890	1,890
Fund Balance - Beginning of Year	151,222	151,222	-
<b>Fund Balance - End of Year</b>	<u>\$ 151,222</u>	<u>\$ 153,112</u>	<u>\$ 1,890</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Continued Professional Training - Police Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
All Other Revenues	\$ -	\$ 7,040	\$ 7,040
<b>Total Revenues</b>	<u>-</u>	<u>7,040</u>	<u>7,040</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Other	5,780	-	5,780
<b>Total Expenditures</b>	<u>5,780</u>	<u>-</u>	<u>5,780</u>
Net Change in Fund Balance	(5,780)	7,040	12,820
Fund Balance - Beginning of Year	13,865	13,865	-
<b>Fund Balance - End of Year</b>	<u>\$ 8,085</u>	<u>\$ 20,905</u>	<u>\$ 12,820</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual*  
**Court Security Fund**  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Revenues:</b>			
Fines and Forfeitures	\$ -	\$ 31,802	\$ 31,802
<b>Total Revenues</b>	<b>-</b>	<b>31,802</b>	<b>31,802</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Personal Services	36,370	29,182	7,188
Other	2,400	4,821	(2,421)
<b>Total Expenditures</b>	<b>38,770</b>	<b>34,003</b>	<b>4,767</b>
Net Change in Fund Balance	(38,770)	(2,201)	36,569
Fund Balance - Beginning of Year	84,760	84,760	-
Prior Year Encumbrances Appropriated	400	400	-
<b>Fund Balance - End of Year</b>	<b>\$ 46,390</b>	<b>\$ 82,959</b>	<b>\$ 36,569</b>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Court Interlock Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Fines and Forfeitures	\$ 12,500	\$ 11,470	\$ (1,030)
<b>Total Revenues</b>	<u>12,500</u>	<u>11,470</u>	<u>(1,030)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Other	15,000	3,500	11,500
<b>Total Expenditures</b>	<u>15,000</u>	<u>3,500</u>	<u>11,500</u>
Net Change in Fund Balance	(2,500)	7,970	10,470
Fund Balance - Beginning of Year	88,514	88,514	-
<b>Fund Balance - End of Year</b>	<u>\$ 86,014</u>	<u>\$ 96,484</u>	<u>\$ 10,470</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Police Pension Fund  
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Revenues:</b>			
Property Taxes	\$ 259,335	\$ 240,322	\$ (19,013)
Intergovernmental	-	14,960	14,960
<b>Total Revenues</b>	<u>259,335</u>	<u>255,282</u>	<u>(4,053)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Police			
Personal Services	213,600	209,119	4,481
Other	5,545	3,707	1,838
<b>Total Expenditures</b>	<u>219,145</u>	<u>212,826</u>	<u>6,319</u>
Net Change in Fund Balance	40,190	42,456	2,266
Fund Balance - Beginning of Year	57,969	57,969	-
<b>Fund Balance - End of Year</b>	<u>\$ 98,159</u>	<u>\$ 100,425</u>	<u>\$ 2,266</u>



**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Fire Pension Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Property Taxes	\$ 259,335	\$ 240,322	\$ (19,013)
Intergovernmental	-	14,960	14,960
<b>Total Revenues</b>	<u>259,335</u>	<u>255,282</u>	<u>(4,053)</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property			
Fire			
Personal Services	210,300	212,109	(1,809)
Other	5,555	3,707	1,848
<b>Total Expenditures</b>	<u>215,855</u>	<u>215,816</u>	<u>39</u>
Net Change in Fund Balance	43,480	39,466	(4,014)
Fund Balance - Beginning of Year	62,462	62,462	-
<b>Fund Balance - End of Year</b>	<u>\$ 105,942</u>	<u>\$ 101,928</u>	<u>\$ (4,014)</u>

**City of Avon Lake, Ohio**

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Recreation Trust Fund  
For the Year Ended December 31, 2016*

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	<u>Budgeted Amounts</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive
			(Negative)
<b>Revenues:</b>			
Interest	\$ 316	\$ 483	\$ 167
Charges for Services	29,359	44,895	15,536
All Other Revenues	-	535	535
<b>Total Revenues</b>	<u>29,675</u>	<u>45,913</u>	<u>16,238</u>
 <b>Expenditures:</b>			
 <b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	29,675	45,913	16,238
 Fund Balance - Beginning of Year	230,781	230,781	-
<b>Fund Balance - End of Year</b>	<u>\$ 260,456</u>	<u>\$ 276,694</u>	<u>\$ 16,238</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Bond Retirement (Voted) Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Property Taxes	\$ 311,471	\$ 320,429	\$ 8,958
Intergovernmental	19,389	19,947	558
<b>Total Revenues</b>	<u>330,860</u>	<u>340,376</u>	<u>9,516</u>
<b>Expenditures:</b>			
Current:			
General Government			
Other General Government			
Other	5,500	4,943	557
Debt Service:			
Principal	235,000	235,000	-
Interest & Fiscal Charges	93,210	93,213	(3)
Total Debt Service	<u>328,210</u>	<u>328,213</u>	<u>(3)</u>
<b>Total Expenditures</b>	<u>333,710</u>	<u>333,156</u>	<u>554</u>
Net Change in Fund Balance	(2,850)	7,220	10,070
Fund Balance- Beginning of Year	107,095	107,095	-
<b>Fund Balance- End of Year</b>	<u>\$ 104,245</u>	<u>\$ 114,315</u>	<u>\$ 10,070</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Special Assessment Bond Retirement Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Special Assessments	-	290,310	290,310
<b>Total Revenues</b>	<u>-</u>	<u>290,310</u>	<u>290,310</u>
<b>Expenditures:</b>			
Current:			
General Government			
Other General Government			
Other	14,050	13,106	944
Debt Service:			
Principal	4,000	-	4,000
Interest & Fiscal Charges	52,660	19,898	32,762
Total Debt Service	<u>56,660</u>	<u>19,898</u>	<u>36,762</u>
<b>Total Expenditures</b>	<u>70,710</u>	<u>33,004</u>	<u>37,706</u>
Excess of Revenues Over (Under) Expenditures	(70,710)	257,306	328,016
<b>Other Financing Sources</b>			
Transfers In	-	19,865	19,865
<b>Total Other Financing Sources</b>	<u>-</u>	<u>19,865</u>	<u>19,865</u>
Net Change in Fund Balance	(70,710)	277,171	347,881
Fund Balance - Beginning of Year	515,477	515,477	-
<b>Fund Balance - End of Year</b>	<u>\$ 444,767</u>	<u>\$ 792,648</u>	<u>\$ 347,881</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Lear/Krebs Intersection Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>			
Capital Outlay:			
Capital Outlay	<u>1,006,000</u>	<u>16,135</u>	<u>989,865</u>
<b>Total Expenditures</b>	<u>1,006,000</u>	<u>16,135</u>	<u>989,865</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,006,000)</u>	<u>(16,135)</u>	<u>989,865</u>
<b>Other Financing Sources</b>			
Transfers In	<u>1,066,000</u>	<u>1,020,000</u>	<u>(46,000)</u>
<b>Total Other Financing Sources</b>	<u>1,066,000</u>	<u>1,020,000</u>	<u>(46,000)</u>
Net Change in Fund Balance	60,000	1,003,865	943,865
Fund Balance - Beginning of Year	<u>(6,926)</u>	<u>(6,926)</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 53,074</u>	<u>\$ 996,939</u>	<u>\$ 943,865</u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Sewer Separation Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>			
Capital Outlay:			
Capital Outlay	<u>495,932</u>	<u>479,469</u>	<u>16,463</u>
<b>Total Expenditures</b>	<u>495,932</u>	<u>479,469</u>	<u>16,463</u>
Net Change in Fund Balance	(495,932)	(479,469)	16,463
Fund Balance - Beginning of Year	950,722	950,722	-
Prior Year Encumbrances Appropriated	<u>495,932</u>	<u>495,932</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 950,722</u></u>	<u><u>\$ 967,185</u></u>	<u><u>\$ 16,463</u></u>

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Police/Court Facility Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>			
Capital Outlay:			
Capital Outlay	<u>42,000</u>	<u>-</u>	<u>42,000</u>
<b>Total Expenditures</b>	<u>42,000</u>	<u>-</u>	<u>42,000</u>
Net Change in Fund Balance	(42,000)	-	42,000
Fund Balance - Beginning of Year	79,494	79,494	-
<b>Fund Balance - End of Year</b>	<u><u>\$ 37,494</u></u>	<u><u>\$ 79,494</u></u>	<u><u>\$ 42,000</u></u>

## City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Canterbury Road Improvement Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Revenues:</b>			
Charges for Services	\$ 10,555	\$ 244,317	\$ 233,762
<b>Total Revenues</b>	<u>10,555</u>	<u>244,317</u>	<u>233,762</u>
<b>Expenditures:</b>			
Debt Service:			
Principal	538,315	538,314	1
Interest & Fiscal Charges	15,885	15,880	5
<b>Total Expenditures</b>	<u>554,200</u>	<u>554,194</u>	<u>6</u>
 Net Change in Fund Balance	 (543,645)	 (309,877)	 233,768
 Fund Balance - Beginning of Year	 177,092	 177,092	 -
<b>Fund Balance - End of Year</b>	<u><u>\$ (366,553)</u></u>	<u><u>\$ (132,785)</u></u>	<u><u>\$ 233,768</u></u>



**City of Avon Lake, Ohio**

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Troy School Driveway Fund  
For the Year Ended December 31, 2016*

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	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Charges for Services	\$ 5,000	\$ -	\$ (5,000)
<b>Total Revenues</b>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
<b>Expenditures:</b>			
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	5,000	-	(5,000)
Fund Balance - Beginning of Year	5,000	5,000	-
<b>Fund Balance - End of Year</b>	<u>\$ 10,000</u>	<u>\$ 5,000</u>	<u>\$ (5,000)</u>

**City of Avon Lake, Ohio**

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Bicycle Trails Fund  
For the Year Ended December 31, 2016*

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

**City of Avon Lake, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 Walker Rd. Widening Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>			
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	-	-	-
<b>Other Financing Uses</b>			
Transfers Out	<u>(1,058,573)</u>	<u>(1,020,000)</u>	<u>38,573</u>
<b>Total Other Financing Uses</b>	<u>(1,058,573)</u>	<u>(1,020,000)</u>	<u>38,573</u>
Net Change in Fund Balance	(1,058,573)	(1,020,000)	38,573
Fund Balance - Beginning of Year	1,009,716	1,009,716	-
Prior Year Encumbrances Appropriated	38,573	38,573	-
<b>Fund Balance - End of Year</b>	<u>\$ (10,284)</u>	<u>\$ 28,289</u>	<u>\$ 38,573</u>

**City of Avon Lake, Ohio**

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Pool Renovation Fund  
For the Year Ended December 31, 2016*

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	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>			
Capital Outlay:			
Capital Outlay	<u>36,478</u>	<u>25,169</u>	<u>11,309</u>
<b>Total Expenditures</b>	<u>36,478</u>	<u>25,169</u>	<u>11,309</u>
Net Change in Fund Balance	(36,478)	(25,169)	11,309
Fund Balance - Beginning of Year	42,660	42,660	-
Prior Year Encumbrances Appropriated	<u>11,278</u>	<u>11,278</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 17,460</u></u>	<u><u>\$ 28,769</u></u>	<u><u>\$ 11,309</u></u>

**City of Avon Lake, Ohio**

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Walker Rd. Sewer/Lear Rd. East Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
<b>Revenues:</b>			
Special Assessments	\$ 24,000	\$ 23,091	\$ (909)
<b>Total Revenues</b>	<u>24,000</u>	<u>23,091</u>	<u>(909)</u>
<b>Expenditures:</b>			
Current:			
General Government			
Other	-	1,004	(1,004)
<b>Total Expenditures</b>	<u>-</u>	<u>1,004</u>	<u>(1,004)</u>
Net Change in Fund Balance	24,000	22,087	(1,913)
Fund Balance - Beginning of Year	<u>420,617</u>	<u>420,617</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u>\$ 444,617</u>	<u>\$ 442,704</u>	<u>\$ (1,913)</u>

**City of Avon Lake, Ohio**

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Titus-Pitts-Hill Ditch Fund  
For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Charges for Services	\$ 40,121	\$ 293,754	\$ 253,633
<b>Total Revenues</b>	<u>40,121</u>	<u>293,754</u>	<u>253,633</u>
<b>Expenditures:</b>			
Capital Outlay:			
Other	14,000	14,000	-
<b>Total Expenditures</b>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Net Change in Fund Balance	26,121	279,754	253,633
Fund Balance - Beginning of Year	479,044	479,044	-
Prior Year Encumbrances Appropriated	14,000	14,000	-
<b>Fund Balance - End of Year</b>	<u>\$ 519,165</u>	<u>\$ 772,798</u>	<u>\$ 253,633</u>

**City of Avon Lake, Ohio**

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Sidewalk/Street Lighting Fund  
For the Year Ended December 31, 2016*

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	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Special Assessments	\$ 1,000	\$ -	\$ (1,000)
<b>Total Revenues</b>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<b>Expenditures:</b>			
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,000	-	(1,000)
Fund Balance - Beginning of Year	<u>138,405</u>	<u>138,405</u>	<u>-</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 139,405</u></u>	<u><u>\$ 138,405</u></u>	<u><u>\$ (1,000)</u></u>

**City of Avon Lake, Ohio**

*Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
Cove Ave. Improvements Fund  
For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>			
Special Assessments	\$ 15,000	\$ 26,560	\$ 11,560
<b>Total Revenues</b>	<u>15,000</u>	<u>26,560</u>	<u>11,560</u>
<b>Expenditures:</b>			
Current:			
General Government			
Other	2,300	2,299	1
<b>Total Expenditures</b>	<u>2,300</u>	<u>2,299</u>	<u>1</u>
Excess of Revenues Over (Under) Expenditures	12,700	24,261	11,561
<b>Other Financing Uses</b>			
Transfers Out	-	(17,034)	(17,034)
<b>Total Other Financing Uses</b>	<u>-</u>	<u>(17,034)</u>	<u>(17,034)</u>
Net Change in Fund Balance	12,700	7,227	(5,473)
Fund Balance - Beginning of Year	32,748	32,748	-
<b>Fund Balance - End of Year</b>	<u>\$ 45,448</u>	<u>\$ 39,975</u>	<u>\$ (5,473)</u>



# **STATISTICAL SECTION**



# City of Avon Lake, Ohio

## Statistical Section

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

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

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

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

	2016	2015	2014 (1)
<b><u>Governmental Activities</u></b>			
Net Investment in Capital Assets	\$ 44,792,875	\$ 47,819,200	\$ 47,692,149
Restricted	8,808,675	8,126,696	7,513,366
Unrestricted	(8,228,818)	(10,251,230)	(8,629,554)
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 45,372,732</u></b>	<b><u>\$ 45,694,666</u></b>	<b><u>\$ 46,575,961</u></b>
<b><u>Business Type - Activities</u></b>			
Net Investment in Capital Assets	\$ 44,246,451	\$ 50,834,571	\$ 43,880,621
Restricted	0	0	1,343,581
Unrestricted	7,049,592	117,369	7,891,672
<b>Total Business-Type Activities Net Position</b>	<b><u>\$ 51,296,043</u></b>	<b><u>\$ 50,951,940</u></b>	<b><u>\$ 53,115,874</u></b>
<b><u>Primary Government</u></b>			
Net Investment in Capital Assets	\$ 89,039,326	\$ 98,653,771	\$ 91,572,770
Restricted	8,808,675	8,126,696	8,856,947
Unrestricted	(1,179,226)	(10,133,861)	(737,882)
<b>Total Primary Government Net Position</b>	<b><u>\$ 96,668,775</u></b>	<b><u>\$ 96,646,606</u></b>	<b><u>\$ 99,691,835</u></b>

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

2013	2012	2011	2010	2009	2008	2007
\$ 44,445,366	\$ 44,703,908	\$ 46,558,254	\$ 46,549,247	\$ 45,910,786	\$ 49,477,777	\$ 46,314,994
9,152,098	7,833,010	7,757,417	8,350,517	10,625,576	9,609,593	5,686,481
6,929,989	7,930,749	6,860,542	8,380,284	8,602,963	7,756,771	14,049,795
<u>\$ 60,527,453</u>	<u>\$ 60,467,667</u>	<u>\$ 61,176,213</u>	<u>\$ 63,280,048</u>	<u>\$ 65,139,325</u>	<u>\$ 66,844,141</u>	<u>\$ 66,051,270</u>
\$ 38,036,092	\$ 35,920,203	\$ 34,565,370	\$ 28,756,401	\$ 26,741,033	\$ 24,000,628	\$ 22,247,782
1,353,870	1,383,230	1,304,490	1,305,583	1,305,570	1,316,165	1,514,933
15,355,883	15,180,871	14,224,028	14,382,693	13,596,723	13,149,864	13,008,301
<u>\$ 54,745,845</u>	<u>\$ 52,484,304</u>	<u>\$ 50,093,888</u>	<u>\$ 44,444,677</u>	<u>\$ 41,643,326</u>	<u>\$ 38,466,657</u>	<u>\$ 36,771,016</u>
\$ 82,481,458	\$ 80,624,111	\$ 81,123,624	\$ 75,305,648	\$ 72,651,819	\$ 73,478,405	\$ 68,562,776
10,505,968	9,216,240	9,061,907	9,656,100	11,931,146	10,925,758	7,201,414
22,285,872	23,111,620	21,084,570	22,762,977	22,199,686	20,906,635	27,058,096
<u>\$ 115,273,298</u>	<u>\$ 112,951,971</u>	<u>\$ 111,270,101</u>	<u>\$ 107,724,725</u>	<u>\$ 106,782,651</u>	<u>\$ 105,310,798</u>	<u>\$ 102,822,286</u>

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

	2016	2015	2014
<b><u>Program Revenues</u></b>			
Governmental Activities:			
Charges for Services:			
Security of Persons and Property	\$ 545,414	\$ 460,031	\$ 618,555
Public Health	0	0	0
Leisure Time Activities	646,179	495,657	493,336
Community Environment	8,325	11,515	3,812
Basic Utility Services	0	0	0
Transportation	246,147	206,922	300,721
General Government	1,086,256	743,508	575,566
Subtotal - Charges for Services	<u>2,532,321</u>	<u>1,917,633</u>	<u>1,991,990</u>
Operating Grants and Contributions:			
Security of Persons and Property	4,260	54,107	1,327
Leisure Time Activities	1,890	21,618	8,646
Community Environment	0	11,768	0
Basic Utility Services	0	0	0
Transportation	1,106,175	974,559	875,929
General Government	56,396	7,282	13,214
Subtotal - Operating Grants and Contributions	<u>1,168,721</u>	<u>1,069,334</u>	<u>899,116</u>
Capital Grants and Contributions:			
Security of Persons and Property	0	0	0
Public Health	0	0	0
Leisure Time Activities	0	0	0
Transportation	55,400	0	1,179,656
General Government	0	0	0
Subtotal - Capital Grants and Contributions	<u>55,400</u>	<u>0</u>	<u>1,179,656</u>
<b>Total Governmental Activities Program Revenues</b>	<u><u>3,756,442</u></u>	<u><u>2,986,967</u></u>	<u><u>4,070,762</u></u>
<b><u>Business-Type Activities</u></b>			
Charges for Services:			
Water	12,343,359	11,300,714	10,225,815
Sewer	5,666,281	5,515,053	5,070,984
Operating Grants and Contributions:			
Water	305,784	230,280	314,822
Sewer	0	322,352	0
Capital Grants and Contributions			
Water	66,360	0	224,212
Sewer	66,650	0	291,625
<b>Total Business-Type Activities Program Revenues</b>	<u><u>18,448,434</u></u>	<u><u>17,368,399</u></u>	<u><u>16,127,458</u></u>
<b>Total Primary Government Program Revenues</b>	<u><u>\$ 22,204,876</u></u>	<u><u>\$ 20,355,366</u></u>	<u><u>\$ 20,198,220</u></u>

2013	2012	2011	2010	2009	2008	2007
\$ 476,704	\$ 395,176	\$ 458,276	\$ 328,839	\$ 360,755	\$ 269,107	\$ 254,720
0	0	0	0	53,723	0	0
470,814	499,203	463,375	463,739	304,145	25,010	229,817
0	0	0	0	1,922	6,276	45,932
7,490	144,040	10,471	7,189	0	0	0
156,440	158,564	197,409	160,049	2,766	31,692	0
866,938	636,803	760,510	857,767	224,022	834,381	575,069
<u>1,978,386</u>	<u>1,833,786</u>	<u>1,890,041</u>	<u>1,817,583</u>	<u>947,333</u>	<u>1,166,466</u>	<u>1,105,538</u>
31,444	0	1,200	2,348	1,184	118,647	0
9,092	7,782	10,575	11,038	0	86,412	0
0	0	22,481	0	0	0	0
0	0	0	10,000	0	0	0
934,353	909,418	900,321	1,393,473	29,105	0	0
24,340	30,421	21,938	6,959	0	0	0
<u>999,229</u>	<u>947,621</u>	<u>956,515</u>	<u>1,423,818</u>	<u>30,289</u>	<u>205,059</u>	<u>0</u>
0	0	0	0	0	2,425	0
0	0	0	0	86,412	0	0
0	225,000	0	229,000	159,966	11,893	0
397,058	90,084	769,020	93,042	487,552	1,717,268	3,196,696
697	0	0	0	0	0	0
<u>397,755</u>	<u>315,084</u>	<u>769,020</u>	<u>322,042</u>	<u>733,930</u>	<u>1,731,586</u>	<u>3,196,696</u>
<u>3,375,370</u>	<u>3,096,491</u>	<u>3,615,576</u>	<u>3,563,443</u>	<u>1,711,552</u>	<u>3,103,111</u>	<u>4,302,234</u>
10,965,314	11,344,168	9,766,739	9,614,319	8,907,934	10,070,403	9,519,996
4,963,589	5,408,552	5,223,139	3,028,479	2,995,026	3,181,306	2,963,673
324,886	222,175	473,053	0	0	0	0
5,056	0	39,954	0	0	0	0
73,200	32,000	75,640	0	0	186,339	376,084
72,150	123,422	2,886,826	2,959,058	1,083,193	147,764	679,566
<u>16,404,195</u>	<u>17,130,317</u>	<u>18,465,351</u>	<u>15,601,856</u>	<u>12,986,153</u>	<u>13,585,812</u>	<u>13,539,319</u>
<u>\$ 19,779,565</u>	<u>\$ 20,226,808</u>	<u>\$ 22,080,927</u>	<u>\$ 19,165,299</u>	<u>\$ 14,697,705</u>	<u>\$ 16,688,923</u>	<u>\$ 17,841,553</u>

(Continued)

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

	2016	2015	2014
<b><u>Expenses</u></b>			
Governmental Activities:			
Security of Persons and Property	\$ 10,039,529	\$ 9,003,214	\$ 8,933,432
Public Health	5,546	29,823	88,023
Leisure Time Activities	1,302,035	1,153,093	1,312,553
Community Environment	524,453	459,925	461,484
Basic Utility Services (1)	0	0	0
Transportation	7,536,427	6,739,622	7,473,350
General Government	3,414,524	3,515,818	3,325,069
Interest & Fiscal Charges	424,664	488,696	431,533
<b>Total Governmental Activities Expenses</b>	<u>23,247,178</u>	<u>21,390,191</u>	<u>22,025,444</u>
<b><u>Business-Type Activities</u></b>			
Water	10,400,178	12,176,431	9,325,575
Sewer	7,742,785	7,079,585	6,058,831
<b>Total Business-Type Activities Expenses</b>	<u>18,142,963</u>	<u>19,256,016</u>	<u>15,384,406</u>
<b>Total Primary Government Program Expenses</b>	<u>41,390,141</u>	<u>40,646,207</u>	<u>37,409,850</u>
<b><u>Net (Expense)/Revenue</u></b>			
Governmental Activities	(19,490,736)	(18,403,224)	(17,954,682)
Business-Type Activities	305,471	(1,887,617)	743,052
<b>Total Primary Government Net Expense</b>	<u>(19,185,265)</u>	<u>(20,290,841)</u>	<u>(17,211,630)</u>



2013	2012	2011	2010	2009	2008	2007
\$ 8,465,633	\$ 8,534,837	\$ 8,503,399	\$ 8,431,818	\$ 8,116,714	\$ 8,081,408	\$ 7,549,732
188,239	140,705	153,410	128,170	111,728	136,490	84,207
1,158,288	1,239,644	1,266,323	628,833	1,653,617	1,370,665	1,329,943
487,654	473,952	395,885	429,459	302,258	327,723	395,427
0	388,614	621,573	628,726	44,730	68,840	28,484
6,236,676	6,157,639	7,264,429	7,195,981	6,538,060	6,866,122	6,989,020
3,391,591	3,136,087	2,941,143	2,833,799	3,324,095	3,303,881	3,210,104
470,790	473,463	523,145	649,798	523,512	408,718	484,948
<u>20,398,871</u>	<u>20,544,941</u>	<u>21,669,307</u>	<u>20,926,584</u>	<u>20,614,714</u>	<u>20,563,847</u>	<u>20,071,865</u>
9,109,859	9,214,574	9,785,666	7,912,953	7,294,819	7,640,691	7,854,970
5,796,151	5,259,464	3,834,849	6,115,362	3,140,757	5,284,361	4,158,545
<u>14,906,010</u>	<u>14,474,038</u>	<u>13,620,515</u>	<u>14,028,315</u>	<u>10,435,576</u>	<u>12,925,052</u>	<u>12,013,515</u>
<u>35,304,881</u>	<u>35,018,979</u>	<u>35,289,822</u>	<u>34,954,899</u>	<u>31,050,290</u>	<u>33,488,899</u>	<u>32,085,380</u>
(17,023,501)	(17,448,450)	(18,053,731)	(17,363,141)	(18,903,162)	(17,460,736)	(15,769,631)
1,498,185	2,656,279	4,844,836	1,573,541	2,550,577	660,760	1,525,804
<u>(15,525,316)</u>	<u>(14,792,171)</u>	<u>(13,208,895)</u>	<u>(15,789,600)</u>	<u>(16,352,585)</u>	<u>(16,799,976)</u>	<u>(14,243,827)</u>

(Continued)

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

	2016	2015	2014
<b><u>General Revenues and Other Changes in Net Position</u></b>			
Governmental Activities			
Property Taxes Levied For:			
General Purposes	\$ 3,988,090	\$ 3,393,633	\$ 3,272,816
Debt Service Purpose	321,191	292,499	285,751
Other Purposes	1,994,500	1,805,298	1,774,044
Municipal Income Taxes Levied For:			
General Purposes	11,667,821	10,232,789	9,929,219
Sewer	0	0	0
Special Assessments	0	0	0
Intergovernmental	0	0	0
Grants and Entitlements not Restricted to			
Specific Programs	895,131	1,505,059	1,556,651
Investment Income	189,676	133,216	143,406
Gain on Sale of Capital Assets	23,080	27,905	2,731
All Other Revenues	89,313	131,530	278,953
Transfers	0	0	0
<b>Total Governmental</b>	<u>19,168,802</u>	<u>17,521,929</u>	<u>17,243,571</u>
Business-Type Activities			
Municipal Income Taxes Levied For:			
Sewer	0	0	214,650
Special Assessments	0	0	0
Intergovernmental	0	0	0
Investment Income	(775)	9,911	18,659
All Other Revenues	39,407	158,471	436,561
Transfers	0	0	0
<b>Total Business-Type Activities</b>	<u>38,632</u>	<u>168,382</u>	<u>669,870</u>
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>	<u>19,207,434</u>	<u>17,690,311</u>	<u>17,913,441</u>
<b><u>Change in Net Position</u></b>			
Governmental Activities	(321,934)	(881,295)	(711,111)
Business-Type Activities	344,103	(1,719,235)	1,412,922
<b>Total Primary Government Change in Net Position</b>	<u>\$ 22,169</u>	<u>\$ (2,600,530)</u>	<u>\$ 701,811</u>

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

	2013	2012	2011	2010	2009	2008	2007
\$	3,716,672	3,876,214	4,913,620	\$ 6,132,324	\$ 5,571,368	\$ 5,427,231	\$ 5,566,092
	300,607	285,046	0	0	0	0	0
	1,813,852	1,352,126	0	0	0	0	0
	9,746,498	9,763,450	9,001,318	8,118,314	7,559,236	9,721,195	10,013,692
	0	0	0	0	0	0	0
	0	0	0	0	328,542	7,336	901,641
	0	0	0	0	0	0	3,363,079
	1,195,278	2,056,510	2,026,080	1,781,735	3,765,072	3,177,253	0
	58,145	123,385	259,795	267,001	161,242	740,381	1,377,075
	1,469	0	37,061	0	0	0	0
	263,925	370,066	28,696	86,562	221,817	222,278	288,235
	(13,159)	25,703	4,137	(882,072)	(408,931)	(545,323)	(440,669)
	<u>17,083,287</u>	<u>17,852,500</u>	<u>16,270,707</u>	<u>15,503,864</u>	<u>17,198,346</u>	<u>18,750,351</u>	<u>21,069,145</u>
	512,524	473,049	258,615	0	0	0	0
	0	0	0	0	0	0	26,685
	0	0	0	0	0	0	0
	7,034	72,661	127,307	220,757	119,890	121,309	224,866
	230,639	337,426	101,779	124,981	97,271	0	0
	13,159	(25,703)	(4,137)	882,072	408,931	545,323	485,111
	<u>763,356</u>	<u>857,433</u>	<u>483,564</u>	<u>1,227,810</u>	<u>626,092</u>	<u>666,632</u>	<u>736,662</u>
	<u>17,846,643</u>	<u>18,709,933</u>	<u>16,754,271</u>	<u>16,731,674</u>	<u>17,824,438</u>	<u>19,416,983</u>	<u>21,805,807</u>
	59,786	404,050	(1,783,024)	(1,859,277)	(1,704,816)	1,289,615	5,299,514
	2,261,541	3,513,712	5,328,400	2,801,351	3,176,669	1,327,392	2,262,466
\$	<u>2,321,327</u>	<u>\$ 3,917,762</u>	<u>\$ 3,545,376</u>	<u>\$ 942,074</u>	<u>\$ 1,471,853</u>	<u>\$ 2,617,007</u>	<u>\$ 7,561,980</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>General Fund</u></b>				
Nonspendable	\$ 70,880	\$ 67,966	\$ 112,319	\$ 149,282
Committed	442,006	261,380	278,633	384,401
Assigned	920,391	1,216,648	1,710,552	2,203,130
Unassigned	1,040,308	1,220,231	760,805	331,507
Reserved For:				
Encumbrances	0	0	0	0
Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Unreserved Reported In:				
General Fund	0	0	0	0
<b>Total General Fund</b>	<u>2,473,585</u>	<u>2,766,225</u>	<u>2,862,309</u>	<u>3,068,320</u>
<b><u>All Other Governmental Funds</u></b>				
Nonspendable	151,595	296,051	234,170	70,355
Restricted	6,114,011	5,408,042	3,302,014	5,303,791
Committed	8,536,885	5,702,131	6,698,389	6,365,290
Assigned	87,418	87,418	87,921	143,428
Unassigned (Deficit)	(6,807,634)	(4,276,494)	(2,120,540)	(230,119)
Reserved For:				
Encumbrances	0	0	0	0
Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Debt Service Funds	0	0	0	0
Unreserved Reported In:				
General Fund	0	0	0	0
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Project Funds	0	0	0	0
<b>Total All Other Governmental Funds</b>	<u>8,082,275</u>	<u>7,217,148</u>	<u>8,201,954</u>	<u>11,652,745</u>
<b>Total Governmental Funds</b>	<u>\$ 10,555,860</u>	<u>\$ 9,983,373</u>	<u>\$ 11,064,263</u>	<u>\$ 14,721,065</u>

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

2012	2011	2010	2009	2008	2007
\$ 154,115	\$ 147,081	\$ 0	\$ 0	\$ 0	\$ 0
365,421	390,996	0	0	0	0
1,971,632	2,145,213	0	0	0	0
636,982	671,702	0	0	0	0
0	0	137,555	260,041	125,120	90,264
0	0	59,093	59,717	34,857	17,540
0	0	34,016	534,720	0	0
0	0	2,956,952	2,587,648	2,870,052	2,370,440
<u>3,128,150</u>	<u>3,354,992</u>	<u>3,187,616</u>	<u>3,442,126</u>	<u>3,030,029</u>	<u>2,478,244</u>
80,426	90,173	0	0	0	0
2,603,420	2,463,198	0	0	0	0
6,635,452	5,743,801	0	0	0	0
145,545	145,515	0	0	0	0
(240,094)	(302,207)	0	0	0	0
0	0	179,810	1,948,154	529,223	814,946
0	0	130,486	103,997	95,362	84,265
0	0	7,766	0	0	0
0	0	0	0	0	526,437
0	0	0	0	0	5,621,051
0	0	5,827,991	6,960,348	7,398,236	2,257,454
0	0	587,008	582,506	559,965	0
0	0	1,964,956	1,644,416	1,148,631	1,452,282
<u>9,224,749</u>	<u>8,140,480</u>	<u>8,698,017</u>	<u>11,239,421</u>	<u>9,731,417</u>	<u>10,756,435</u>
<u>\$ 12,352,899</u>	<u>\$ 11,495,472</u>	<u>\$ 11,885,633</u>	<u>\$ 14,681,547</u>	<u>\$ 12,761,446</u>	<u>\$ 13,234,679</u>

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

	2016	2015	2014
<b><u>Revenues</u></b>			
Property and Other Taxes	\$ 6,280,195	\$ 5,542,344	\$ 5,393,371
Municipal Income Taxes	12,343,455	10,537,547	10,424,202
Intergovernmental	2,144,101	2,677,043	2,975,550
Interest	189,676	133,216	143,406
Fees, Licenses and Permits	421,148	292,465	283,496
Fines and Forfeitures	357,291	391,869	379,546
Charges for Services	1,732,212	1,095,404	1,088,715
Contributions and Donations	4,550	10,209	10,005
Special Assessments	339,961	330,281	398,003
All Other Revenues	89,313	131,530	279,397
<b>Total Revenues</b>	<b>23,901,902</b>	<b>21,141,908</b>	<b>21,375,691</b>
<b><u>Expenditures</u></b>			
Current:			
Security of Persons and Property	8,526,874	8,580,683	8,284,112
Public Health Services	77,920	81,250	80,000
Leisure Time Activities	943,592	834,646	898,760
Community Environment	481,223	474,261	452,526
Basic Utility Services (1)	0	0	0
Transportation	4,504,531	4,079,694	3,980,188
General Government	2,873,869	3,083,760	2,860,068
Capital Outlay	4,453,527	3,673,188	5,255,871
Debt Service:			
Principal Retirement	1,807,539	1,104,432	2,958,998
Interest and Fiscal Charges	237,478	330,506	379,746
Bond Issuance Costs	25,468	83,453	9,955
<b>Total Expenditures</b>	<b>23,932,021</b>	<b>22,325,873</b>	<b>25,160,224</b>
Excess of Revenues Over (Under) Expenditures	<b>(30,119)</b>	<b>(1,183,965)</b>	<b>(3,784,533)</b>

2013	2012	2011	2010	2009	2008	2007
\$ 5,823,203	\$ 5,452,174	\$ 5,492,222	\$ 5,378,941	\$ 5,650,803	\$ 5,168,414	\$ 5,566,092
9,528,994	9,407,646	9,404,479	7,308,383	7,766,597	9,543,714	9,896,822
2,768,724	2,860,391	3,904,539	4,559,299	4,052,249	3,663,561	3,363,079
58,145	123,385	259,795	333,840	278,211	556,573	1,377,075
314,258	264,386	248,856	344,963	243,696	480,964	427,811
363,806	343,231	349,213	443,945	314,370	280,896	254,720
1,094,002	1,102,449	908,736	662,193	355,073	404,574	423,007
13,619	12,335	0	0	0	0	51,765
376,113	465,612	410,275	402,899	417,206	422,505	901,641
513,815	117,416	139,565	157,988	190,038	167,194	327,340
<u>20,854,679</u>	<u>20,149,025</u>	<u>21,117,680</u>	<u>19,592,451</u>	<u>19,268,243</u>	<u>20,688,395</u>	<u>22,589,352</u>
8,043,110	8,375,212	8,309,778	8,546,321	7,826,875	7,972,125	7,126,210
176,361	150,834	153,410	128,170	111,728	136,490	84,207
899,472	917,967	919,497	1,143,540	1,545,296	998,018	796,172
472,910	482,536	396,484	387,038	300,413	325,405	392,594
0	388,614	667,103	635,832	25,164	43,757	0
3,896,164	4,456,045	6,031,554	5,183,094	5,318,815	6,438,048	5,318,742
2,921,343	2,553,332	2,720,378	2,504,806	2,831,674	2,792,067	2,451,021
2,130,676	508,078	1,795,595	1,466,267	3,723,312	1,010,865	1,467,186
1,260,302	1,136,937	1,062,842	942,966	839,715	573,350	557,541
414,542	462,746	481,950	649,378	505,510	376,314	484,948
10,650	20,069	0	92,319	0	0	0
<u>20,225,530</u>	<u>19,452,370</u>	<u>22,538,591</u>	<u>21,679,731</u>	<u>23,028,502</u>	<u>20,666,439</u>	<u>18,678,621</u>
629,149	696,655	(1,420,911)	(2,087,280)	(3,760,259)	21,956	3,910,731

(Continued)

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

	2016	2015	2014
<b><u>Other Financing Sources (Uses)</u></b>			
Loans Issued	0	0	0
Refunding Bonds Issued	0	0	0
Premium on Bond Issuance	0	0	0
Payment to Refunded Bond Escrow Account	0	(3,234,044)	0
Transfers In	3,294,701	5,307,197	1,810,984
Transfers Out	(3,294,701)	(5,307,197)	(1,810,984)
Sale of Capital Assets	23,736	27,905	2,731
Bond Anticipation Notes Issued	0	0	0
Premium on Notes Issued	0	344,216	0
Inception of Capital Lease	0	0	0
Promissory Notes Issued	0	0	0
Bond Proceeds	0	2,964,998	0
Loan Proceeds	578,870	0	125,000
Capital Lease Proceeds	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b><u>602,606</u></b>	<b><u>103,075</u></b>	<b><u>127,731</u></b>
<b>Net Change in Fund Balances</b>	<b><u>\$ 572,487</u></b>	<b><u>\$ (1,080,890)</u></b>	<b><u>\$ (3,656,802)</u></b>
Debt Service as a Percentage of Noncapital Expenditures	10.13%	7.45%	15.36%

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



2013	2012	2011	2010	2009	2008	2007
0	115,000	0	0	0	0	0
0	765,000	0	4,980,000	0	0	0
0	11,122	0	109,961	0	0	0
0	(756,053)	0	(4,993,270)	0	0	0
3,677,999	1,747,894	2,291,517	8,939,484	9,864,998	10,569,353	10,712,250
(3,714,762)	(1,722,191)	(2,287,380)	(9,821,556)	(10,273,929)	(11,064,542)	(11,142,488)
21,138	0	37,061	0	0	0	0
1,743,000	0	1,071,000	0	0	0	0
11,642	0	2,900	0	0	0	0
0	0	0	12,247	0	0	0
0	0	0	64,500	0	0	0
0	0	0	0	5,930,000	0	0
0	0	0	0	100,000	0	0
0	0	0	0	59,291	0	0
<u>1,739,017</u>	<u>160,772</u>	<u>1,115,098</u>	<u>(708,634)</u>	<u>5,680,360</u>	<u>(495,189)</u>	<u>(430,238)</u>
<u>\$ 2,368,166</u>	<u>\$ 857,427</u>	<u>\$ (305,813)</u>	<u>\$ (2,795,914)</u>	<u>\$ 1,920,101</u>	<u>\$ (473,233)</u>	<u>\$ 3,480,493</u>
9.08%	8.82%	8.10%	8.60%	7.37%	5.94%	7.64%

**City of Avon Lake, Ohio**  
*Assessed Valuations and Estimated  
 Actual Values of Taxable Property  
 Last Ten Years*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Other Real Estate		Assessed Value	Estimated Actual Value
2016	\$ 714,330,370	\$ 91,450,730	\$2,302,231,714	\$ 43,768,750	\$49,737,216
2015	656,953,220	91,620,740	2,138,782,743	39,187,470	44,531,216
2014	647,831,640	91,423,030	2,112,156,200	38,214,330	43,425,375
2013	639,492,550	89,718,790	2,083,460,971	56,087,710	63,736,034
2012	685,489,510	88,643,530	2,211,808,686	55,420,640	62,978,000
2011	679,942,600	88,859,130	2,196,576,371	57,136,730	64,928,102
2010	673,103,030	87,597,840	2,173,431,057	56,889,809	64,647,510
2009	696,704,860	87,612,390	2,240,906,429	78,619,679	89,340,544
2008	675,269,400	89,124,220	2,183,981,771	80,254,830	91,198,670
2007	648,700,950	84,229,750	2,094,087,714	82,074,850	93,266,875

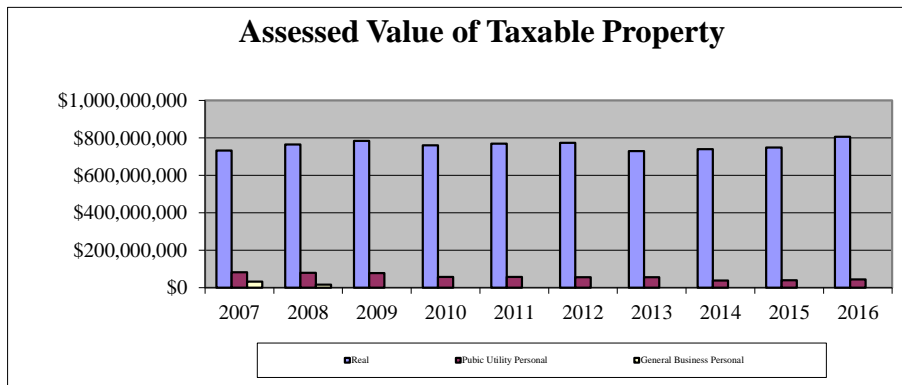
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

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

Source: Lorain County Auditor

<u>Tangible Personal Property</u>		<u>Total</u>			
<u>General Business</u>					
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>	<u>Direct Tax Rate</u>
\$ -	\$ -	\$ 849,549,850	\$2,351,968,930	36.12%	\$ 8.10
-	-	787,761,430	2,183,313,959	36.08%	8.12
-	-	777,469,000	2,155,581,575	36.07%	8.13
-	-	785,299,050	2,147,197,005	36.57%	8.13
-	-	829,553,680	2,274,786,686	36.47%	7.34
-	-	825,938,460	2,261,504,474	36.52%	7.34
-	-	817,590,679	2,238,078,567	36.53%	7.35
-	-	862,936,929	2,330,246,973	37.03%	7.36
16,228,352	86,551,211	860,876,802	2,361,731,653	36.45%	6.95
32,948,472	175,725,184	847,954,022	2,363,079,773	35.88%	6.95



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

	Collection Year 2016	Collection Year 2015	Collection Year 2014	Collection Year 2013
<b><u>Unvoted Millage</u></b>				
General	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60
Fireman's Fund	0.30	0.30	0.30	0.30
Police Pension	0.30	0.30	0.30	0.30
<b>Total Unvoted Millage</b>	<b>4.20</b>	<b>4.20</b>	<b>4.20</b>	<b>4.20</b>
<b><u>Voted Millage</u></b>				
2000 Charter Current Expense	1.50	1.50	1.50	1.50
2003 Ambulance & EMS	-	-	-	-
2008 Bond	0.40	0.42	0.43	0.43
2009 Ambulance & EMS	-	-	-	-
2012 Ambulance & EMS	2.00	2.00	2.00	2.00
<b>Total Voted Millage</b>	<b>3.90</b>	<b>3.92</b>	<b>3.93</b>	<b>3.93</b>
<b>Total Millage</b>	<b>\$ 8.10</b>	<b>\$ 8.12</b>	<b>\$ 8.13</b>	<b>\$ 8.13</b>
<b><u>Overlapping Rates by Taxing District</u></b>				
<b>City of Avon Lake</b>				
Residential/Agricultural Effective Rate	\$ 7.5170	\$ 7.7490	\$ 7.7610	\$ 7.7630
Commercial/Industrial and Public Utility Effective Rate	7.9640	7.9884	8.0016	8.0090
General Business and Public Utility Personal Property	8.1000	8.1200	8.1300	8.1300
<b>Avon Lake School District</b>				
Residential/Agricultural Effective Rate	43.4947	46.6387	47.1799	39.3201
Commercial/Industrial and Public Utility Effective Rate	54.8818	56.7991	57.3566	49.5474
General Business and Public Utility Personal Property	72.6900	74.5700	75.1000	67.2300
<b>Lorain County</b>				
Residential/Agricultural Effective Rate	14.3715	14.0857	14.0927	12.8534
Commercial/Industrial and Public Utility Effective Rate	13.7749	13.7749	13.7186	12.5193
General Business and Public Utility Personal Property	15.0820	14.4820	14.4820	13.6550
<b>Special Taxing Districts (1)</b>				
Residential/Agricultural Effective Rate	4.8283	5.1100	5.1134	5.1161
Commercial/Industrial and Public Utility Effective Rate	4.7883	4.7956	4.7728	4.7762
General Business and Public Utility Personal Property	5.2500	5.2500	5.2500	5.2500

Source: Lorain County Auditor

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

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Collection Year 2012	Collection Year 2011	Collection Year 2010	Collection Year 2009	Collection Year 2008	Collection Year 2007
\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60
0.30	0.30	0.30	0.30	0.30	0.30
0.30	0.30	0.30	0.30	0.30	0.30
<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>
1.50	1.50	1.50	1.50	1.50	1.50
-	-	-	-	1.25	1.25
0.39	0.39	0.40	0.41	-	-
1.25	1.25	1.25	1.25	-	-
-	-	-	-	-	-
<u>3.14</u>	<u>3.14</u>	<u>3.15</u>	<u>3.16</u>	<u>2.75</u>	<u>2.75</u>
<u>\$ 7.34</u>	<u>\$ 7.34</u>	<u>\$ 7.35</u>	<u>\$ 7.36</u>	<u>\$ 6.95</u>	<u>\$ 6.95</u>
\$ 6.8917	\$ 6.8907	\$ 6.8994	\$ 6.5797	\$ 6.1844	\$ 6.1954
7.2862	7.2847	7.2967	7.2115	6.7832	6.7885
7.3400	7.3400	7.3500	7.3600	6.9500	6.9500
36.3220	36.6250	36.7441	33.7194	33.8538	34.2071
48.4658	48.7681	48.9317	46.2283	46.1552	46.5637
65.5700	65.8900	66.0300	66.0300	64.0200	64.3700
12.2226	12.2143	11.5436	10.9380	10.9618	10.9270
12.4841	12.3890	11.9718	11.8436	11.9061	11.8184
13.6900	13.6900	13.3900	13.3900	13.3900	13.4900
4.9184	3.7588	3.7556	3.5562	3.5679	3.5766
4.8177	3.7564	3.7780	3.7243	3.7192	3.7157
5.2500	4.2500	4.2500	4.2500	4.2500	4.2500

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

Year	Current Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Current Tax Levy
2016	\$ 6,452,483	\$ 6,345,423	98.34%	\$ 117,559	\$ 6,462,982	100.16%	\$ 188,269	2.92%
2015	6,141,076	6,056,711	98.63%	152,679	6,209,390	101.11%	164,684	2.68%
2014	6,070,204	5,959,788	98.18%	130,919	6,090,707	100.34%	215,597	3.55%
2013	6,138,888	6,024,471	98.14%	139,194	6,163,665	100.40%	303,289	4.94%
2012	5,776,842	5,634,246	97.53%	119,655	5,753,901	99.60%	303,401	5.25%
2011	5,751,945	5,574,744	96.92%	129,590	5,704,334	99.17%	286,221	4.98%
2010	5,698,741	5,314,413	93.26%	115,039	5,429,452	95.27%	531,893	9.33%
2009	5,787,865	5,637,584	97.40%	95,795	5,733,379	99.06%	186,606	3.22%
2008	5,313,751	5,218,434	98.21%	87,601	5,306,035	99.85%	130,373	2.45%
2007	5,161,168	4,497,052	87.13%	75,444	4,572,496	88.59%	725,209	14.05%

Source: Lorain County Auditor

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

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

**City of Avon Lake, Ohio**  
*Principal Taxpayers – Real Estate Tax*  
 2016 and 2007

Taxpayer	<b>2016</b>	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Orion Power Midwest LP	\$ 19,034,690	2.37 %
NRG Power Midwest LP	16,700,480	2.07 %
American Transmission Systems Inc	12,549,900	1.56 %
Cleveland Electric Illuminating Co	11,986,910	1.49 %
Ford Motor Company	4,739,550	0.59 %
181 Somerset Realty LLC	4,356,650	0.54 %
Health Care REIT Inc	4,133,560	0.51 %
Polyone Corporation	3,977,040	0.49 %
Columbia Gas of Ohio Inc	2,577,170	0.32 %
Legacy Pointe LTD	2,536,180	0.31 %
Total	<u>\$ 82,592,130</u>	<u>10.25 %</u>

Total Assessed Valuation \$ 805,781,100

Taxpayer	<b>2007</b>	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Orion Power Midwest LP	\$ 84,561,980	11.54 %
Cleveland Electric	9,729,860	1.33 %
Ford Motor Company	7,510,160	1.02 %
American Transmission Systems Inc	4,142,520	0.57 %
Polyone Corporation	4,126,190	0.56 %
Legacy Pointe LTD	3,729,230	0.51 %
American Landmark LTD	3,405,920	0.46 %
Avon Lake Village LLC	2,625,810	0.36 %
Kopf Properties II LTD	2,152,470	0.29 %
Learwood Square Co LLC	2,081,280	0.27 %
Total	<u>\$ 124,065,420</u>	<u>16.91 %</u>

Total Assessed Valuation \$ 732,930,700

Source: Lorain County Auditor

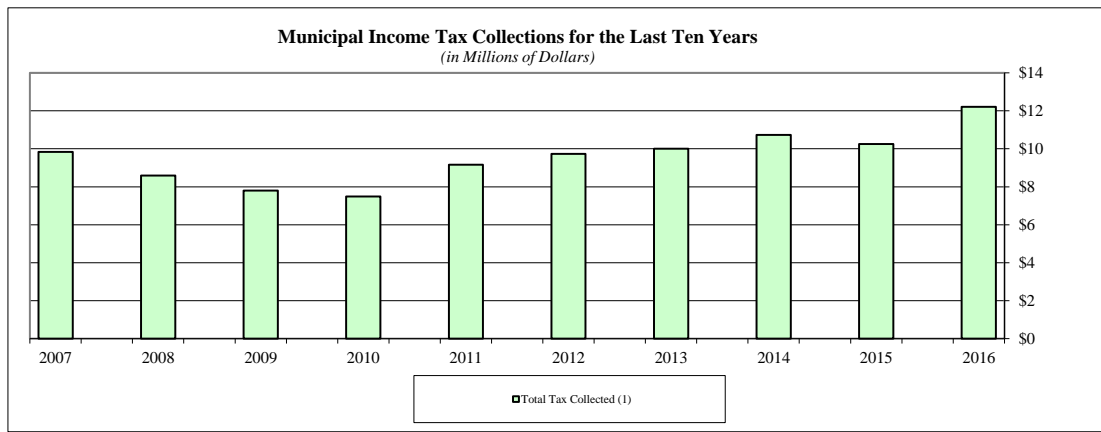
(1) The amounts presented represent the assessed values upon which 2016 and 2007 collections were based.

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

Tax Year	Tax Rate	Total Tax Collected (1)
2016	1.50%	\$ 12,213,281
2015	1.50%	10,253,084
2014	1.50%	10,732,138
2013	1.50%	9,999,500
2012	1.50%	9,726,367
2011	1.50%	9,167,096
2010	1.50%	7,492,129
2009	1.50%	7,798,625
2008	1.50%	8,585,458
2007	1.50%	9,830,694

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

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







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

Year	Governmental Activities						
	General Obligation Bonds (1)	Special Assessment Bonds	OWDA Loans	OPWC Loans	Notes Payable	Capital Leases	Other Debt
2016	\$5,925,733	\$867,458	\$782,318	\$162,499	\$0	\$0	\$104,278
2015	6,745,040	1,147,817	226,302	175,416	626,204	0	130,132
2014	7,009,404	1,415,685	232,081	188,333	626,784	0	155,868
2013	7,807,179	1,675,983	237,675	70,000	2,510,728	0	181,491
2012	8,595,954	1,928,697	0	76,666	938,972	0	227,006
2011	9,063,612	2,055,283	0	83,333	1,073,610	7,821	134,418
2010	9,725,770	2,271,423	65,835	90,000	0	38,048	163,770
2009	10,234,263	2,404,937	126,919	100,000	0	54,741	201,545
2008	4,858,877	2,602,537	183,599	0	0	23,481	303,727
2007	5,175,065	2,794,011	236,193	0	0	0	220,484

(1) Amounts include associated premiums

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

Business-Type Activities							
General Obligation Bonds (1)	Capital Leases	OWDA Loans	Other Debt	Mortgage Revenue Bond	Total Debt	Percentage of Personal Income	Per Capita
\$2,792,312	\$0	\$75,706,390	\$0	\$3,982,832	\$90,323,820	9.79%	\$4,000
3,005,297	0	49,041,258	0	4,727,210	65,824,676	7.13%	2,915
3,218,282	0	46,068,004	0	6,210,000	65,124,441	7.06%	2,884
4,225,645	8,870	40,682,410	0	6,595,000	63,994,981	6.94%	2,834
5,177,681	36,017	39,988,768	0	7,545,000	64,514,761	6.99%	2,857
5,727,803	4,711	38,472,429	247,638	8,460,000	65,330,658	7.08%	2,893
6,535,221	60,534	33,899,521	0	9,340,000	62,190,122	6.74%	2,754
7,294,431	102,571	15,141,625	0	10,195,000	45,856,032	7.82%	2,527
8,025,710	150,389	12,335,034	0	11,020,000	39,503,354	6.73%	2,177
8,725,728	0	10,520,581	0	11,825,000	39,497,062	6.73%	2,177

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

<u>Year</u>	<u>Population (1)</u>	<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Net Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
2016	22,581	\$2,351,968,930	\$3,470,026	0.15 %	\$154
2015	22,581	2,183,313,959	5,770,290	0.26 %	256
2014	22,581	2,155,581,575	10,227,686	0.47 %	453
2013	22,581	2,147,197,005	22,380,176	1.04 %	991
2012	22,581	2,274,786,686	13,635,388	0.60 %	604
2011	22,581	2,261,504,474	14,672,215	0.65 %	650
2010	22,581	2,238,078,567	16,164,605	0.72 %	716
2009	18,145	2,330,246,973	17,528,694	0.75 %	966
2008	18,145	2,361,731,653	12,884,587	0.55 %	710
2007	18,145	2,363,079,773	13,900,793	0.59 %	766

Sources:

(1) Source: U. S. Census

(a) Years 2007 through 2009 - 2000 Federal Census

(b) Years 2010 through 2016 - 2010 Federal Census

(2) Lorain County Auditor

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

**City of Avon Lake, Ohio**  
*Computation of Direct and Overlapping  
 Governmental Activities Debt  
 December 31, 2016*

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
<b>Direct - City of Avon Lake</b>			
General Obligation Bonds, net	\$5,925,733	100.00%	\$ 5,925,733
Special Assessment Bonds, net	867,458	100.00%	867,458
OPWC Loan	162,499	100.00%	162,499
OWDA Loan	782,318	100.00%	782,318
Other Loans	<u>104,278</u>	100.00%	<u>104,278</u>
<b>Total Direct Debt</b>	<u>7,842,286</u>		<u>7,842,286</u>
<b>Overlapping</b>			
Avon Lake City School District (2)	44,980,089	100.00%	44,980,089
Lorain County	<u>21,780,000</u>	13.61%	<u>2,964,258</u>
<b>Total Overlapping Debt</b>	<u>66,760,089</u>		<u>47,944,347</u>
<b>Total</b>	<u>\$ 74,602,375</u>		<u>\$ 55,786,633</u>

Source: Lorain County Auditor

- (1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.  
 (2) Debt outstanding is as of June 30, 2016

# City of Avon Lake, Ohio

## Legal Debt Margin

### Last Ten Years

	2016	2015	2014	2013
<b>Total Assessed Property Value</b>	<u>\$ 849,549,850</u>	<u>\$ 787,761,430</u>	<u>\$ 777,469,000</u>	<u>\$ 785,299,050</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>89,202,734</u>	<u>82,714,950</u>	<u>81,634,245</u>	<u>82,456,400</u>
<b>Debt Outstanding:</b>				
General Obligation Bonds	\$ 5,925,733	\$ 6,745,040	\$ 7,009,404	\$ 7,807,179
General Obligation Bonds - Enterprise	2,792,312	3,005,297	3,218,282	4,225,645
Special Assessment Bonds	867,458	1,147,817	1,415,685	1,675,983
Notes Payable	14,435,160	5,879,628	5,976,740	2,717,728
OPWC Loans	162,499	175,416	188,333	70,000
OWDA Loans	782,318	226,302	232,081	237,675
OWDA Loans - Enterprise	75,706,390	49,041,258	46,068,004	40,682,410
Mortgage Revenue Bonds	3,982,832	4,274,210	6,210,000	6,595,000
<b>Total Gross Indebtedness</b>	<u>104,654,702</u>	<u>70,494,968</u>	<u>70,318,529</u>	<u>64,011,620</u>
Less:				
General Obligation Bonds - Enterprise	(2,792,312)	(3,005,297)	(3,218,282)	(4,225,645)
Special Assessment Bonds	(867,458)	(1,147,817)	(1,415,685)	(1,675,983)
OPWC Loans	(162,499)	(175,416)	(188,333)	(70,000)
OWDA Loans	(782,318)	(226,302)	(232,081)	(237,675)
OWDA Loans - Enterprise	(75,706,390)	(49,041,258)	(46,068,004)	(40,682,410)
Mortgage Revenue Bonds	(3,982,832)	(4,274,210)	(6,210,000)	(6,595,000)
General Obligation Bond Retirement Fund Balance	(5,248,019)	(3,980,047)	(1,737,434)	(177,555)
<b>Total Net Debt Applicable to Debt Limit</b>	<u>15,112,874</u>	<u>8,644,621</u>	<u>11,248,710</u>	<u>10,347,352</u>
<b>Legal Debt Margin Within 10 ½ % Limitations</b>	<u>\$ 74,089,860</u>	<u>\$ 74,070,329</u>	<u>\$ 70,385,535</u>	<u>\$ 72,109,048</u>
<b>Legal Debt Margin as a Percentage of the Debt Limit</b>	83.06%	89.55%	86.22%	87.45%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$ 46,725,242</u>	<u>\$ 43,326,879</u>	<u>\$ 42,760,795</u>	<u>\$ 43,191,448</u>
<b>Total Gross Indebtedness</b>	\$ 104,654,702	\$ 70,494,968	\$ 70,318,529	\$ 64,011,620
Less:				
General Obligation Bonds - Enterprise	(2,792,312)	(3,005,297)	(3,218,282)	(4,225,645)
Special Assessment Bonds	(867,458)	(1,147,817)	(1,415,685)	(1,675,983)
OPWC Loans	(162,499)	(175,416)	(188,333)	(70,000)
OWDA Loans	(782,318)	(226,302)	(232,081)	(237,675)
OWDA Loans - Enterprise	(75,706,390)	(49,041,258)	(46,068,004)	(40,682,410)
Mortgage Revenue Bonds	(3,982,832)	(4,274,210)	(6,210,000)	(6,595,000)
General Obligation Bond Retirement Fund Balance	(5,248,019)	(3,980,047)	(1,737,434)	(177,555)
<b>Net Debt Within 5 ½ % Limitations</b>	<u>15,112,874</u>	<u>8,644,621</u>	<u>11,248,710</u>	<u>10,347,352</u>
<b>Unvoted Legal Debt Margin Within 5 ½ % Limitations</b>	<u>\$ 31,612,368</u>	<u>\$ 34,682,258</u>	<u>\$ 31,512,085</u>	<u>\$ 32,844,096</u>
<b>Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation</b>	67.66%	80.05%	73.69%	76.04%

Source: City Financial Records

	2012	2011	2010	2009	2008	2007
	<u>\$ 829,553,680</u>	<u>\$ 825,938,460</u>	<u>\$ 817,590,679</u>	<u>\$ 862,936,929</u>	<u>\$ 860,876,802</u>	<u>\$ 847,954,022</u>
	87,103,136	86,723,538	85,847,021	90,608,378	90,392,064	89,035,172
\$	8,595,954	\$ 9,063,612	\$ 9,725,770	\$ 10,234,263	\$ 4,858,877	\$ 5,175,065
	5,177,681	5,727,803	6,535,221	7,294,431	8,025,710	8,725,728
	1,928,697	2,055,283	2,271,423	2,404,937	2,602,537	2,794,011
	938,972	1,073,610	0	0	0	0
	76,666	83,333	90,000	100,000	0	0
	0	0	65,835	126,919	183,599	236,193
	39,988,768	38,472,429	33,899,521	15,141,625	12,335,034	10,520,581
	7,545,000	8,460,000	9,340,000	10,195,000	11,020,000	11,825,000
	<u>64,251,738</u>	<u>64,936,070</u>	<u>61,927,770</u>	<u>45,497,175</u>	<u>39,025,757</u>	<u>39,276,578</u>
	(5,177,681)	(5,727,803)	(6,535,221)	(7,294,431)	(8,025,710)	(8,725,728)
	(1,928,697)	(2,055,283)	(2,271,423)	(2,404,937)	(2,602,537)	(2,794,011)
	(76,666)	(83,333)	(90,000)	(100,000)	0	0
	0	0	(65,835)	(126,919)	(183,599)	(236,193)
	(39,988,768)	(38,472,429)	(33,899,521)	(15,141,625)	(12,335,034)	(10,520,581)
	(7,545,000)	(8,460,000)	(9,340,000)	(10,195,000)	(11,020,000)	(11,825,000)
	(138,247)	(119,200)	(96,386)	0	0	0
	<u>9,396,679</u>	<u>10,018,022</u>	<u>9,629,384</u>	<u>10,234,263</u>	<u>4,858,877</u>	<u>5,175,065</u>
\$	<u>77,706,457</u>	<u>\$ 76,705,516</u>	<u>\$ 76,217,637</u>	<u>\$ 80,374,115</u>	<u>\$ 85,533,187</u>	<u>\$ 83,860,107</u>
	89.21%	88.45%	88.78%	88.70%	94.62%	94.19%
\$	<u>45,625,452</u>	<u>\$ 45,426,615</u>	<u>\$ 44,967,487</u>	<u>\$ 47,461,531</u>	<u>\$ 47,348,224</u>	<u>\$ 46,637,471</u>
\$	64,251,738	\$ 64,936,070	\$ 61,927,770	\$ 45,497,175	\$ 39,025,757	\$ 39,276,578
	(5,177,681)	(5,727,803)	(6,535,221)	(7,294,431)	(8,025,710)	(8,725,728)
	(1,928,697)	(2,055,283)	(2,271,423)	(2,404,937)	(2,602,537)	(2,794,011)
	(76,666)	(83,333)	(90,000)	(100,000)	0	0
	0	0	(65,835)	(126,919)	(183,599)	(236,193)
	(39,988,768)	(38,472,429)	(33,899,521)	(15,141,625)	(12,335,034)	(10,520,581)
	(7,545,000)	(8,460,000)	(9,340,000)	(10,195,000)	(11,020,000)	(11,825,000)
	(138,247)	(119,200)	(96,386)	0	0	0
	<u>9,396,679</u>	<u>10,018,022</u>	<u>9,629,384</u>	<u>10,234,263</u>	<u>4,858,877</u>	<u>5,175,065</u>
\$	<u>36,228,773</u>	<u>\$ 35,408,593</u>	<u>\$ 35,338,103</u>	<u>\$ 37,227,268</u>	<u>\$ 42,489,347</u>	<u>\$ 41,462,406</u>
	79.40%	77.95%	78.59%	78.44%	89.74%	88.90%

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>
2016	22,581	\$922,614,498	\$40,858	\$77,060	41.9	49.3%
2015	22,581	922,614,498	40,858	77,060	41.9	49.3%
2014	22,581	922,614,498	40,858	77,060	41.9	49.3%
2013	22,581	922,614,498	40,858	77,060	41.9	49.3%
2012	22,581	922,614,498	40,858	77,060	41.9	49.3%
2011	22,581	922,614,498	40,858	77,060	41.9	49.3%
2010	22,581	922,614,498	40,858	77,060	41.9	49.3%
2009	18,145	586,736,720	32,336	65,988	38.4	43.0%
2008	18,145	586,736,720	32,336	65,988	38.4	43.0%
2007	18,145	586,736,720	32,336	65,988	38.4	43.0%

(1) Source: U. S. Census

(a) Years 2007 through 2009 - 2000 Federal Census

(b) Years 2010 through 2016 - 2010 Federal Census

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

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

(4) Source: Lorain County Auditor

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



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School Enrollment (2)	Lorain County Unemployment Rate (3)	Average Value of Residential Property (4)	Total Assessed Property Value (4)
3,700	5.8%	\$235,270	\$ 849,549,850
3,640	5.6%	218,583	787,761,430
3,543	5.7%	218,758	777,469,000
3,575	8.1%	217,034	785,299,050
3,718	8.1%	217,406	829,553,680
3,781	8.3%	231,737	825,938,460
3,689	9.4%	230,941	817,590,679
3,616	9.9%	230,180	862,936,929
3,487	7.2%	239,740	860,876,802
3,446	6.3%	236,930	847,954,022

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

**2016**

Employer	Number of Employees
Ford Motor Company	1,862
Polyone Corporation	720
Avon Lake City Schools	539
City of Avon Lake	392
Lubrizol Advances Materials	243
Grace Management Svcs Inc	203
Thogus Products	136
CSIG Property Solutions	199
Riser Foods Company/DBA	192
Allumalloy Metal Casting Company	147
<b>Total</b>	<b>4,633</b>
Total Estimated Employment within the City	N/A

**2007**

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

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

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

Function/Program	2016	2015	2014	2013	2012	2011	2010
<b>General Government</b>							
Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance	5.50	6.50	6.50	5.00	4.50	4.50	5.50
Law	3.00	2.50	2.50	3.00	3.50	3.00	3.50
Administration	2.50	3.00	3.00	3.00	5.00	3.00	3.00
Engineer	5.50	5.50	5.50	5.00	5.00	4.50	5.00
Court	10.00	8.50	8.50	6.50	6.50	6.50	7.50
<b>Security of Persons and Property</b>							
Police	29.00	31.00	34.00	33.00	32.00	31.50	31.00
Police - Dispatchers/Office/Other	16.00	15.50	15.50	13.50	15.50	14.00	14.00
Police - Animal Wardens	-	0.50	0.50	1.00	0.50	0.50	0.50
Fire	28.00	28.00	28.00	28.00	29.00	29.00	30.00
Fire - Secretary - Other	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<b>Leisure Time Activities</b>							
Recreation	30.50	13.50	24.50	27.50	24.50	24.50	27.00
Municipal Pool	42.50	46.50	46.50	51.00	45.50	40.00	35.00
Cable Television	4.00	4.50	4.50	4.00	3.50	4.00	4.50
<b>Community Environment</b>							
Building	4.50	5.00	5.00	7.00	4.50	5.00	5.00
Economic Development	1.50	0.50	0.50	0.50	-	-	-
<b>Transportation</b>							
Service	28.50	28.00	27.50	27.00	31.00	28.00	25.50
Streets	9.50	11.00	11.50	11.00	11.00	11.00	12.50
<b>Basic Utility Services</b>							
Water	33.50	22.00	21.00	23.00	19.00	22.50	21.00
Sewer	21.50	28.00	27.50	25.50	32.50	26.50	30.50
<b>Totals:</b>	<u>282.50</u>	<u>267.00</u>	<u>279.50</u>	<u>281.50</u>	<u>280.00</u>	<u>265.00</u>	<u>268.00</u>

**Source:** City Payroll Department

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

(1) Information prior to 2010 is not available

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

Function/Program	2016	2015	2014
<b>General Government</b>			
<i>Council and Clerk</i>			
Number of Ordinances Introduced	168	158	148
Number of Resolutions Introduced	10	14	18
<i>Finance Department</i>			
Number of checks issued	4,480	5,420	5,020
Amount of checks issued	\$ 29,424,779	\$ 31,395,228	\$ 23,547,741
<b>Community Environment</b>			
<i>Building Department Indicators</i>			
Construction Permits Issued	1,902	1,888	1,786
Estimated Value of Construction	\$ 67,569,737	\$ 41,058,238	\$ 39,275,086
Amount of Revenue generated from permits	\$ 421,266	\$ 302,660	\$ 275,925
Number of contract registrations issued (A)	660	754	747
Annual Apartment/Rooming House License Fees (B)	0	0	0
Revenue generated from above (A, B)	\$ 66,300	\$ 75,700	\$ 75,775
<b>Security of Persons &amp; Property</b>			
<i>Police</i>			
Total Calls for Services	11,651	14,571	14,882
Number of traffic citations issued	642	777	434
Number of parking citations issued	208	263	227
Number of criminal arrests	182	144	717
Number of accident reports completed	257	276	298
Part 1 Offenses (major offenses)	196	158	71
Animal Warden service calls responded to per annual report	n/a	62	105
DUI Arrests	39	46	48
Prisoners	245	68	341
Prisoner meal costs	\$ 176	\$ 468	\$ 926
Property damage accidents	63	59	52
Fatalities from Motor Vehicle Accidents	0	0	0
<i>Fire</i>			
Fire Calls	48	54	48
Overpressure, Overhear (no fire)	2	4	3
Rescue & EMS Incident	1,602	1,650	1,423
Hazardous Condition (no fire)	88	94	71
Service Call	296	327	294
Good Intent Call	163	129	91
False Alarm & False Call	214	173	211
Severe Weather & Natural Disaster	0	3	0
Special Incident Type	0	5	1
Miscellaneous Calls	0	0	0
Total Calls	<u>2,413</u>	<u>2,439</u>	<u>2,142</u>
Number of times Mutual Aid given to Fire and EMS	79	62	59
Number of times Mutual Aid received for Fire and EMS	67	54	44

2013	2012	2011	2010	2009	2008	2007
157	148	123	104	105	n/a	n/a
13	22	19	26	21	n/a	n/a
4,921	4,951	5,105	5,120	4,963	4,819	4,786
\$ 18,807,358	\$ 18,060,712	\$ 23,132,288	\$ 21,580,223	\$ 21,755,452	\$ 19,384,724	\$ 17,151,900
1,431	1,117	1,036	1,662	906	980	1,113
\$ 44,513,459	\$ 38,500,941	\$ 32,298,388	\$ 49,964,911	\$ 30,158,897	\$ 57,517,152	\$ 65,254,112
\$ 309,563	\$ 237,941	\$ 192,688	\$ 269,941	\$ 183,048	\$ 375,113	\$ 386,443
695	656	743	810	734	606	770
0	0	0	0	0	0	0
\$ 47,575	\$ 43,477	\$ 49,650	\$ 54,140	\$ 47,931	\$ 39,800	\$ 49,725
13,057	12,444	13,866	14,005	14,308	14,902	14,737
438	489	397	514	534	408	450
144	191	137	90	268	150	201
596	405	412	460	344	523	535
375	311	352	345	291	355	377
37	33	49	33	53	56	64
128	115	94	184	194	513	308
40	43	36	56	53	36	43
282	319	283	391	342	392	450
\$ 2,227	\$ 1,029	n/a	n/a	n/a	n/a	n/a
63	74	43	92	54	46	140
0	0	0	0	0	0	0
35	65	50	58	61	n/a	n/a
1	0	1	1	1	n/a	n/a
1,416	1,476	1,443	1,364	1,390	n/a	n/a
62	70	107	81	47	n/a	n/a
233	224	229	203	139	n/a	n/a
80	91	126	78	62	n/a	n/a
174	182	197	170	162	n/a	n/a
3	4	0	3	0	n/a	n/a
4	9	5	3	4	n/a	n/a
0	0	0	0	0	n/a	n/a
<u>2,008</u>	<u>2,121</u>	<u>2,158</u>	<u>1,961</u>	<u>1,866</u>	<u>0</u>	<u>0</u>
58	58	67	45	52	n/a	n/a
37	61	50	51	37	n/a	n/a

(Continued)

**City of Avon Lake, Ohio**  
*Operating Indicators by Function/Program*  
*Last Ten Years*  
*(Continued)*

Function/Program	2016	2015	2014
<b>Leisure Time Activities</b>			
<i>Recreation</i>			
Pool:			
Total Attendance	41,528	35,761	75,761
Total Admission Income	\$ 74,294	\$ 164,271	\$ 150,363
Total Pass Sales	93,205	1,143	930
Total Pool Parties	12	0	41
Total Pool Party Income	\$ 1,800	\$ 1,950	\$ 6,158
Other Recreation Programs:			
Total Income from Sport related Programs	\$ 135,915	\$ 101,348	\$ 70,207
Total Income from Non-Sport related Programs	\$ 110,867	\$ 20,194	\$ 3,940
Total Income from Food Programs	\$ 77,267	\$ 66,530	\$ 2,421
Total Income from Youth & Family related Programs	\$ 7,341	\$ 6,141	\$ 892
Rental of Facilities:			
Total Income from Pavilion Rentals	\$ 8,115	\$ 8,225	\$ 9,325
Total Income from Lake House Rentals	\$ 32,170	\$ 18,708	\$ 40,972
<i>Cable Television</i>			
Bulletin Boards	334	406	544
Program Hours	397h 0m	388h 56m	386h 33m
Community Producers	15	24	20
Series:			
Public	15	16	15
Government	8	8	12
One Time/Specials:			
Public	27	8	16
Government	33	57	39
Studio Tours	2	1	1
Public Editor Used	28	25	6
<b>Water</b>			
Water rates per 1000 gallons, 1st 50,000 gallons of water used (2)	\$ 1.78	\$ 1.73	\$ 1.68
Total accounts within Avon Lake	8,855	8,355	8,311
Bulk customers outside of Avon Lake	7	7	7
Total water sales (billions of gallons)	7.428	7.020	6.831
Average daily production (millions of gallons)	20	20	19
Total miles of water line in Avon Lake	134	134	134
Total water revenues from within Avon Lake	\$ 2,237,628	\$ 1,437,738	\$ 1,557,478
Total water revenues from bulk customers outside of Avon Lake	\$ 8,083,827	\$ 8,712,715	\$ 7,860,528
<b>Sewer</b>			
Wastewater rates per 1000 gallons	\$ 4.17	\$ 3.63	\$ 3.39
Total accounts within Avon Lake	8,502	8,186	8,140
Bulk customers outside of Avon Lake	2	2	2
Total flow of wastewater treatment plant (billions of gallons)	1.700	1.678	1.699
Average daily flow (millions of gallons per day)	5	5	5
Tons of dry sludge removed	3,266	1,713	2,492
Total miles of sanitary and combined sewer in Avon Lake	103	103	103
Total wastewater pumping stations in Avon Lake	5	5	5
Total wastewater revenues from within Avon Lake	\$ 3,604,454	\$ 3,047,574	\$ 3,247,971
Total wastewater revenues from bulk customers outside of Avon Lake	\$ 587,422	\$ 502,313	\$ 444,078

Source: Information provided by the City's various departments.  
n/a - Information is unavailable

	2013	2012	2011	2010	2009	2008	2007
	39,784	51,810	25,871	27,283	6,885	9,715	8,573
\$	137,257	\$ 143,946	\$ 140,962	\$ 119,160	\$ 36,969	\$ 58,327	\$ 58,847
	641	642	793	555	300	354	401
	55	53	46	59	9	23	n/a
\$	8,160	\$ 8,348	\$ 10,066	\$ 8,850	\$ 1,350	\$ 995	n/a
\$	49,972	\$ 41,000	\$ 34,626	\$ 35,079	\$ 21,432	\$ 17,210	\$ 8,023
\$	4,039	\$ 4,112	\$ 6,283	n/a	n/a	n/a	n/a
\$	2,972	\$ 2,568	\$ 2,948	n/a	n/a	n/a	n/a
\$	2,723	\$ 3,134	\$ 2,317	\$ 1,987	\$ 2,605	n/a	n/a
\$	9,475	\$ 8,500	\$ 8,000	n/a	n/a	n/a	n/a
	n/a	\$ 37,135	\$ 35,168	n/a	n/a	\$ 21,460	\$ 17,286
	350	229	386	306	334	227	392
	414h 35m	387h 29m	392h 40m	376h 31m	315h 16m	465h 55m	n/a
	21	17	16	11	15	24	19
	12	12	13	13	15	20	14
	11	11	12	11	15	15	9
	15	11	7	11	11	10	14
	33	22	23	21	22	30	23
	1	5	0	0	3	3	n/a
	11	13	7	3	13	80	n/a
\$	1.61	\$ 1.55	\$ 1.37	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.10
	8,251	8,192	8,124	8,082	8,034	7,962	7,884
	7	7	7	7	7	7	7
	7.159	8.086	7.548	7.532	7.314	7.676	8.207
	20	22	21	21	21	22	23
	133	133	132	131	131	131	130
\$	1,493,529	\$ 1,563,952	\$ 1,315,101	\$ 1,279,250	\$ 1,134,044	\$ 1,212,929	\$ 1,214,969
\$	7,320,250	\$ 7,557,323	\$ 6,306,417	\$ 6,020,174	\$ 5,960,861	\$ 6,054,225	\$ 5,924,925
\$	3.17	\$ 2.84	\$ 2.51	\$ 2.18	\$ 2.18	\$ 2.18	\$ 1.98
	8,054	7,990	7,929	7,885	7,831	7,768	7,684
	2	2	2	1	1	1	1
	1.942	2.042	2.229	1.760	1.663	1.835	1.688
	5	6	6	5	5	5	5
	7,245	8,426	6,768	5,730	6,191	5,471	5,747
	102	102	102	101	101	97	95
	5	5	5	5	5	5	5
\$	3,019,221	\$ 2,900,898	\$ 2,590,456	\$ 2,425,504	\$ 2,255,238	\$ 2,302,068	\$ 2,298,781
\$	411,844	\$ 385,622	\$ 323,587	\$ 257,500	\$ 252,431	\$ 240,316	\$ 153,665

**City of Avon Lake, Ohio**  
*Capital Asset Statistics by Function/Program*  
*Last Eight Years (1)*

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government</b>								
Administrative Building	1	1	1	1	1	1	1	1
<b>Police</b>								
Stations	1	1	1	1	1	1	1	1
Vehicles	32	31	31	26	24	24	23	24
<b>Fire</b>								
Stations	1	1	1	1	1	1	1	1
Vehicles	13	15	15	13	13	11	11	11
Personal Water Craft (PWC)	2	2	2	2	2	2	2	2
<b>Recreation</b>								
Number of Parks	14	14	14	14	14	14	14	14
Parks (in acres)	226	226	226	226	226	226	226	226
Number of Lighted Tennis Courts (1 location)	4	4	4	4	4	4	4	4
Baseball/Softball Diamonds (2 locations)	11	11	11	11	11	11	11	11
Pool	1	1	1	1	1	1	1	1
<b>Transportation</b>								
Streets (miles)	117	117	117	116	114	113	108	108
<b>Water</b>								
Water Lines (miles)	134	134	134	133	133	132	131	131
<b>Sewer and Storm Sewer</b>								
Sanitary Sewers (miles)	103	103	103	102	102	102	101	101
Storm Sewers (miles)	88	88	88	87	86	86	86	86

Source: City's Department records  
(1) - Information prior to 2009 is unavailable.





# Dave Yost • Auditor of State

CITY OF AVON LAKE

LORAIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 12, 2017