



Dave Yost • Auditor of State

CITY OF PAINESVILLE
LAKE COUNTY

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Dave Yost • Auditor of State

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

City of Painesville
Lake County
7 Richmond Street
Painesville, Ohio 44077

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Painesville, Lake County, (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 27, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

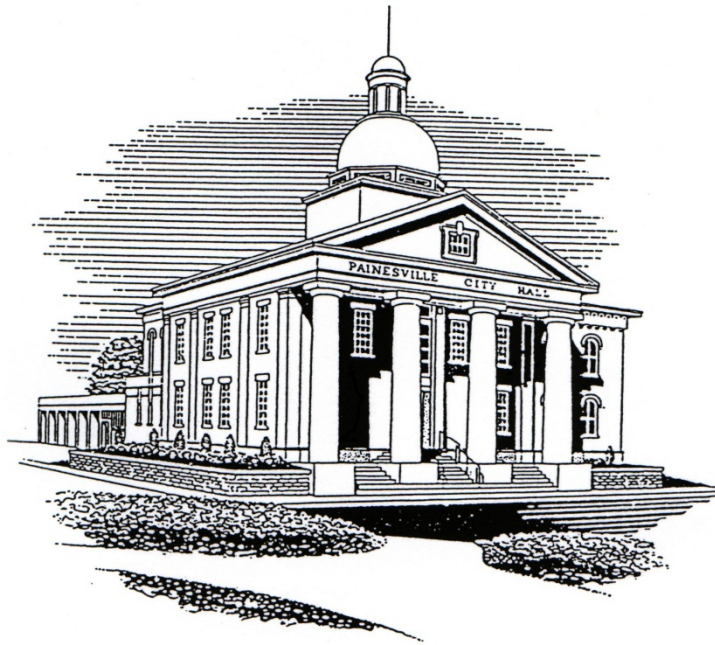
This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering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

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

Dave Yost
Auditor of State
Columbus, Ohio

June 27, 2017

CITY OF PAINESVILLE, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016



Lake County, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

Prepared by the Finance Department

Andrew A. Unetic
Director

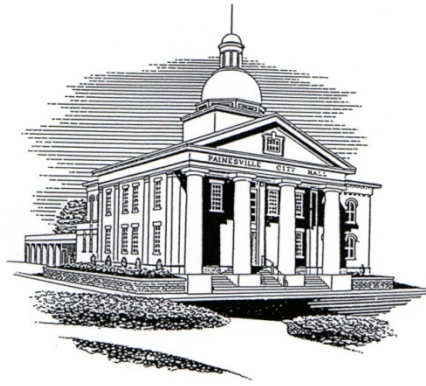


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LAKE COUNTY, OHIO

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INTRODUCTORY SECTION





7 Richmond Street • P.O. Box 601 • Painesville, Ohio 44077 • 440.352.9301 • www.painesville.com

June 27, 2017

Honorable Members of Painesville City Council and
The Citizens of the City of Painesville, Ohio:

We are pleased to present this Comprehensive Annual Financial Report for the City of Painesville, Ohio for the fiscal year ended December 31, 2016. This report has been prepared in conformity with Generally Accepted Accounting Principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Painesville to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City of Painesville's MD&A can be found immediately following the report of the independent auditors.

The Reporting Entity

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units"* and GASB Statement No. 61, *"The Financial Reporting Entity; Omnibus"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

***Letter of Transmittal
For the Year Ended December 31, 2016***

Based on the foregoing, the reporting entity of the City has no component units but includes the following services as authorized by its charter: public safety (police and fire), culture and recreation (parks and recreation), community environment (planning, zoning and community development), basic utility (water, electric, sanitation, public parking, wastewater pollution control and storm water), highways and streets (street and highway maintenance), and general government.

The History of the City

The City of Painesville was incorporated as a town on February 11, 1832, reclassified as an incorporated village in 1852 and became a city in 1903. The City became a home rule municipal corporation operating under the laws of the State of Ohio in 1962. The City's current Charter has been amended four times since its original adoption. The State Constitution prevails when conflicts exist between the Charter and the Constitution and in matters where the Charter is silent. The City's Charter can only be amended by a majority of the City's voters.

Painesville is located approximately 35 miles east of the City of Cleveland in northeastern Ohio. It is the county seat for Lake County and is the fourth largest city, based upon population, within the County. According to the 2010 Census, Painesville is the 87th largest city in the State. Some of the City's major transportation arteries include State Routes 2, 44, 84 and 86, U. S. Highway 20 and Interstate Highway I-90. Lake Erie College, a private four-year college with an enrollment of approximately 1,100, is located near the center of the City.

The Management

The Council-Manager form of government is established by the Charter. The legislative power of the City is vested in a Council of seven members who are elected on a non-partisan basis for a term of four years. Four of the members are elected from wards and their current terms began on January 1, 2016; the remaining members are elected At-Large and their current term expires on December 31, 2017. The chief executive power of the City is vested in the City Manager who is appointed by the City Council. The Director of Finance and Law Director, as well as other administrative directors, are appointed by the City Manager, with the affirmation of City Council.

The Painesville Municipal Court provides judicial services for the City of Painesville. The jurisdiction of the court, as established by the Ohio Revised Code, encompasses the east side of Lake County. The Court serves the following communities: Concord Township, Fairport Harbor Village, Grand River Village, Leroy Township, Madison Township, Madison Village, North Perry Village, Painesville Township, Perry Township and Perry Village.

Services Provided

As authorized by its Charter and codified ordinances, the City provides a full range of municipal services that include police and fire protection, emergency medical service, street construction, maintenance and repair, recreation and cultural activities, cemeteries, municipal court, community development, economic development, public improvements, planning and general administrative services. The City does not operate hospitals or schools, nor is it responsible for public assistance programs.

***Letter of Transmittal
For the Year Ended December 31, 2016***

The City also operates seven enterprise activities: a water system, sanitary sewer system, storm water system, electric system, refuse, off-street parking facilities and a community program activity. These activities are accounted for in separate enterprise funds. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City's enterprise activities are not subject to rate review or determination by the Public Utilities Commission of Ohio or any similar regulatory body. The City's Council has the necessary authority to establish and amend appropriate user rates as required. The rates are monitored on an on-going basis to ensure their adequacy. Responsibility for the frequency and amount of rate change lies solely with the City Council.

The Organization

The municipal government consists of four chartered departments and one office. Four departments were also created at the direction of City Council. A director who is appointed by and reports directly to the City Manager heads each department. All directors work closely with the City Manager in providing the citizens of Painesville with the highest quality of services while maintaining efficiency and cost effectiveness.

The Department of Public Safety consists of two divisions: Police Division and Fire Division. The Police Division enforces local, state, and federal laws in addition to protecting citizens and their property. Most recently, the division has taken a more community oriented policing approach that has met with great success. Numerous programs are offered to citizens. The division is headed by the Police Chief. The Police Division is located in a separate section of City Hall. The Fire Division provides fire protection and emergency medical services to citizens, as well as placing strong emphasis on community involvement and education. The Fire Chief heads the division. A Fire Prevention unit focuses on the reduction of potential fires and loss of property within the City. The fire station is a separate section of City Hall.

The Department of Public Service is comprised of three divisions and two enterprise activities administered by a director. The Public Works Division is responsible for the maintenance of all City vehicles, all non-contractual street repairs, snow and ice removal, leaf and yard waste pick-up and maintenance of storm and sanitary sewers. The Parking Division is in charge of installation, removal, maintenance of the City parking meters including collection and deposit of all monies from the meters. This division is also responsible for striping, cleaning and plowing snow from off-street parking areas. The Traffic Division consists of the fabrication and installation of regulatory, warning and informational signage within the City. This division is also responsible for the striping of traffic lanes, edge lines and parking stalls on the City streets. The enterprise functions within the Department of Public Service consist of the general operational maintenance of the parking garage (Off-Street Parking) and a storm water utility. The Off-Street Parking operation is sustained through a user-fee for hourly and monthly parkers as well as merchant validations for surrounding businesses. The Storm Water Division is responsible for the management and monitoring of the general maintenance of the storm water system of the City. This division is also responsible for providing long-range planning for the infrastructure improvements for the overall system. The operation of the Storm Water Utility is a part of the Public Works Division.

***Letter of Transmittal
For the Year Ended December 31, 2016***

The *Department of Finance* is responsible for the accurate recording of all receipts and disbursements. The department also maintains the capital asset system. The department compiles the Annual Budget, and prepares the Comprehensive Annual Financial Report for residents, and assists the City Manager in all financial decisions.

The *Department of Law* advises Council, the City Manager, and all departments on legal matters concerning the City. The department prepares or reviews all contracts, legislation, and legal documents.

The *City Manager's Office* was established to ensure that the policies of City Council are followed and implemented by all of the City employees. There are several functions managed and maintained under the umbrella of this office. Community and public relations is managed through this office for the entire City. The retention, expansion and attraction of businesses to the City of Painesville are coordinated through the Economic Development activities in this office. The information technology management and maintenance is coordinated through this department.

The four departments created by City Council are the Recreation and Public Lands Department, the Human Resources Department, the Community Development Department, and the Department of Utilities. These departments are outlined below:

The *Recreation and Public Lands Department* provides numerous courses and programs throughout the year. This department provides a diverse range of leisure activities and services to improve the quality of life within the community. The Division of Parks within this department maintains the publicly owned parks and facilities of the City. The Cemetery Division is a non-profit enterprise activity that provides for the daily operation and maintenance of eighty-four acres of cemetery properties and their amenities.

The *Human Resources Department* furnishes consistent and timely guidance to management and employees in all human resource functions including retirement, employee enhancement, employee orientation, development and training and labor relations. This department ensures compliance with established policies and procedures, labor contracts and employment laws. The department also handles all personnel matters, including health insurance.

The *Community Development Department* is responsible for implementing plans and programs that promote the comprehensive and orderly development of the City. The department works in conjunction with the Planning Commission and the Board of Zoning. This department is responsible for interpreting and enforcing all building codes in the City. The department issues permits and citations, conducts site inspections, and licenses all contractors. This department was reorganized in 2006 to include the engineering function. The engineering division must ensure that all contractors working in Painesville meet the general engineering requirements of the City. Engineering controls the review and implementation of plans and programs relating to the City's infrastructure.

***Letter of Transmittal
For the Year Ended December 31, 2016***

The Department of Utilities consists of three divisions that are individually operated utility systems—Water, Water Pollution Control, and Electric. The Water Division consists of the plant and a water distribution system. The Water Division provides the highest quality service in a timely, safe and reliable manner to its customers. The Water Pollution Control Division consists of the wastewater treatment plant. The collection and transmission is maintained by the Department of Public Services as noted above. The goal of this division is to efficiently operate and maintain the wastewater treatment facility. The Electric Division consists of the plant and an electric distribution system. The Electric Division provides adequate, reliable and economical power to its customers in an efficient and professional manner.

Basis of Accounting

The basis of accounting used by the City is in conformity with GAAP as applicable to governmental units and is consistent with GASB Section 1600, “Basis of Accounting,” except for accounting used for budgetary purposes. All governmental funds are accounted for using a flow of current financial resources measurement focus. The modified accrual basis of accounting is utilized for the governmental funds. Revenues are recognized when they are susceptible to accrual, both measurable and available. Expenditures are recognized when the related liability is incurred, except for the interest on long-term debt which is recorded when due.

The measurement focus for the City’s proprietary and private-purpose trust funds is on “economic resources.” All assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the balance sheet. The accrual basis of accounting is used for the proprietary and private-purpose trust funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses when they are incurred.

The City’s basis of accounting for budgetary purposes differs from GAAP in that revenues are recognized when received, rather than when susceptible to accrual. In addition, encumbrances are recorded as expenditures on the budgetary basis of accounting. A reconciliation of the results of these two methods appears in Note 1.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The primary focus of the Office of Economic Development in 2016 was business retention. With continued great uncertainty in the US economy, there was some positive feedback we began to see from local businesses in our manufacturing sector and had one new manufacturing investment secured. At the same time, however, our commercial, retail and office sectors were still struggling to return to previous year’s profits. In an effort to gain perspective on the conditions within our community we conducted several one-on-one company visits.

Painesville City remains a progressive and pro-business community and we have established many programs that enable us to work on business attraction, retention and expansion on a regular basis. These programs the Key Accounts and Direct Connections program through AMP, Inc. which provides us a one to one communication point on a technical basis with these largest employers as well as our largest energy users on an annual basis. The Office of Economic Development also meets with local business owners and managers monthly to identify resources and sources to aid their future business growth.

***Letter of Transmittal
For the Year Ended December 31, 2016***

Some of the new and exciting things taking place at this time include the redevelopment of an 8 acre parcel in our downtown district and a new downtown master plan. These plans are a great compliment to our new downtown Streetscape Plan which was completed in 2016. In addition we continue to look at re-development for the former hotel and health district sites to open this area of the downtown for new development opportunities as well.

We continue to work on our Economic Development Strategic Plan designed to enhance our abilities to grow our local businesses here within the community to further new private investments.

Local Business

We are now focusing new efforts on attracting new customers, attracting new industry and business and continuing our business retention and expansion efforts.

This past year the Economic Development Office worked closely with and offered proposals on several leads on industrial investment in 2016 and the beginning of this year. This continues to be a good year for industrial investment and interest in industrial land has increased due to less industrial building inventory on the market. So we have put much of our resources into reevaluating our incentives for new construction and industrial investment.

The retention efforts of the department over the past year have been aggressive towards our existing industry and helping them determine where potential opportunities and cost saving measures could be obtained. We worked with several to identify key energy savings and worked closely with the Lake County Port Authority to try and identify re-financing and alternative creative financing solutions on new equipment that would enable them to gain new work contracts replacing customers they may have lost due to the economic downturn.

Business Growth

The business growth in the City of Painesville is a direct result of the Economic Development Office's focus on business retention, expansion and attraction. The office continues to aggressively work to attract commercial, retail and manufacturing companies into various citywide developments including a business center and a business parkway. In addition to marketing those developments the City continues its focus on the Ohio Main Street Approach to economic restructuring for the downtown retail and commercial district.

Business connections and communication are also very important to the City of Painesville. Efforts have been placed on the State of the City, Party on Main – a new summer kickoff event, Art in the Park, Taste of Painesville, and the Farmers Market. In addition, we publish our section of the City's newsletter "Speaking of Painesville" which is sent to each city business. This newsletter details new projects, new businesses and other on-going community events that are focused around the Painesville Business Community.

***Letter of Transmittal
For the Year Ended December 31, 2016***

MAJOR INITIATIVES

Current Year Projects

The Citywide goals are the primary factor used in making determinations of the appropriateness of increased expenditures in any given budget year. The mission of the City of Painesville, City Council and City employees is to enhance and improve the quality of life and growth in the community by providing the highest level of service in an efficient and cost effective manner. In 2016, the City continued to uphold that mission by expanding and improving services, upgrading and constructing infrastructure, and enhancing public grounds and facilities.

During the year, vehicles were acquired by the Fire, Public Works, Parks & Recreation, Code Enforcement, Water, and Electric Departments to enhance the overall operational effectiveness and readiness of the City. To maintain the public safety, the Police Department purchased two new patrol cars.

Public Works entered into its twelfth year of an intensive sanitary sewer maintenance program. Public Works along with the Department of Recreation and Public Lands maintains most City vehicles (with basic maintenance) resulting in a substantial savings to the City. In 2014 the City began receiving the funds from the new road levy. This road levy allows the City to do some much needed repairs on the City roads.

In 2016, the City budgeted \$1,000,000 for road paving projects that were paid for with General Fund monies, road levy monies, and through grants the City received. Also in 2016, the City demolished an old parking garage complex.

The Water Department continues to replace water mains on several streets throughout the City and in communities outside the City that the City provides water to. The Water Department also made various improvements to the plant to make it more efficient and improve its technology. In 2016, the Water Department began engineering for construction on a new water intake line in Lake Erie that will cost approximately \$15,000,000. This new water in-take line will provide the consumers of Painesville Water with uninterrupted raw water and reduce the danger of the harmful algae blooms in the lake. The City is financing this project through a 20 year interest free loan through the EPA and will pay off the loan through the Water Department's Water Infrastructure fee, which generates \$1.2 million annually.

The Water Pollution Control Division made various improvements to the plants infrastructure as well as improving the plant's technology.

In 2016, the Electric Department had several capital projects to increase the plant's efficiency and improve the plant's technology. The Electric Department also made several improvements to the electric distribution system to make it more reliable.

Future Projects

The City will be spending \$2,000,000 on repaving roads in 2017.

In 2017, the City will continue the construction of the new water intake in Lake Erie.

In 2017, the electric plant will have several capital projects that will increase the efficiency and reliability of the Electric Department.

***Letter of Transmittal
For the Year Ended December 31, 2016***

MANAGEMENT PRACTICES

Internal Control

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The Finance Department is committed to strengthening internal controls to assure the safeguarding of assets and to provide reasonable assurance that all financial transactions are properly recorded. A capital asset software system allows for detailed reporting and analysis. On an annual basis, the individual departments perform an inventory of their assets. These inventories are given to the Finance Department to assure accuracy and accountability. An independent appraisal is also done periodically to value and ensure the existence of capital assets within the City.

Budgetary System

Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and in the City Charter. With the assistance of the Finance Director, the City Manager may submit to Council, a temporary appropriation ordinance to control expenditures for passage on or about January 1 of each year for the period January 1 through March 31. By charter, the City Manager must submit an annual appropriation ordinance, for the period January 1 through December 31, to City Council by March 31 of each year.

The primary level of budgetary control is at the program level (general government, public safety, highways and streets, public health and welfare, culture and recreation and community environment) and within each program at the level of personal services, certain other expenditures, capital outlay and transfers as required by Ohio law.

The City maintains budgetary control on a cash basis by department for personal services, materials and supplies, other services and charges, utilities, other operating charges, capital outlay, debt service, and other financing uses. Estimated expenditure amounts must be encumbered prior to release of purchase orders to vendors or finalization of other contracts. Encumbrances which would exceed the available appropriation level are identified on an ongoing basis and are not approved or recorded until City Council authorizes additional appropriations or transfers. Unencumbered appropriations lapse at the end of each calendar year. As an additional control over expenditures, the City's Purchasing Policy requires that all contracts in excess of \$50,000 shall be authorized and directed by ordinance of City Council.

The City compiles its Annual Budget in document form. The budget presents anticipated revenues and expenditures by fund and department by category with additional supporting documentation that explains the budgetary process and individual departmental goals. The budget is submitted to the Government Finance Officers Association (GFOA) and has received the Distinguished Budget Presentation Award for the last sixteen consecutive years.

***Letter of Transmittal
For the Year Ended December 31, 2016***

Accounting System

The City uses automated governmental accounting software developed and licensed by Civica CMI, Inc. This software controls budgetary accounting, payroll, utility billing, and capital assets. In 2003 the Finance Department purchased a new mainframe computer and updated software on all modules by September 2004.

The City's accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Generally accepted accounting principles determine the type of funds used. Prudent financial administration determines the number of individual funds established.

The City maintains records on a cash basis for all fund types. After year-end closing, adjusting entries are prepared for the various funds to convert the cash/budgetary basis records to the modified accrual basis of accounting for all governmental fund types and to the accrual basis of accounting for the proprietary fund types. The fund statements are then converted to entity-wide financial statements, and classified as either governmental or business-type activities, using the accrual basis of accounting. Modified accrual basis accounting requires that revenues be recognized when both measurable and available. Expenditures are recorded as fund liabilities when incurred, except for interest on long-term debt which is recorded when due. The accrual basis of accounting recognizes revenues when earned and expenses when incurred. A more detailed explanation of the basis of accounting for the various funds is included in the Notes to the Basic Financial Statements, located in the Financial Section of this report.

OTHER INFORMATION

Independent Audit

Under federal law, the City is required to have an audit performed every year. The State of Ohio Auditor's Office performed the 2016 audit. The independent auditor's unmodified report has been included in this report. The Administration plans to continue this audit procedure as required by law as part of the preparation of its CAFR. The annual audit and management letter submitted by the independent auditor provides information to the City to enable it to maintain and strengthen the City's accounting and budgeting controls.

Awards

A Certificate of Achievement for Excellence in Financial Reporting was awarded to the City of Painesville, Ohio for its Comprehensive Annual Financial Report for the year ended December 31, 2015. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement represents a significant accomplishment by a governmental unit.

***Letter of Transmittal
For the Year Ended December 31, 2016***

A Certificate of Achievement is valid for a period of one year. Painesville has received a Certificate of Achievement for the last twenty-nine consecutive years, fiscal years ended 1987 – 2015. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting the report to the GFOA to determine its eligibility for another certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) also awarded the City with the Distinguished Budget Presentation Award. The GFOA established the Distinguished Budget Presentation Awards Program to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal. The City of Painesville has received this award for sixteen consecutive years from 2001 – 2016.

Public Disclosure

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Painesville, the recipients of this report include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

Acknowledgements

We would like to thank the staff and extend special recognition to all members of the Finance Department and related departments within the City who assisted with the preparation of the Comprehensive Annual Financial Report and annual independent audit.

Special thanks are also due to Donald J. Schonhardt, President, Donald J. Schonhardt & Associates, Inc., Columbus, Ohio, and the members of his staff for their efforts in converting the City's budgetary basis accounting records to the generally accepted accounting principles (GAAP) basis. In addition, we would like to express appreciation to the State Auditors, for their assistance and review during this project.

In closing, without the leadership and support of the Painesville City Council, preparation of this report would not have been possible.

Sincerely,



Anthony J. Carson, Jr.
City Manager



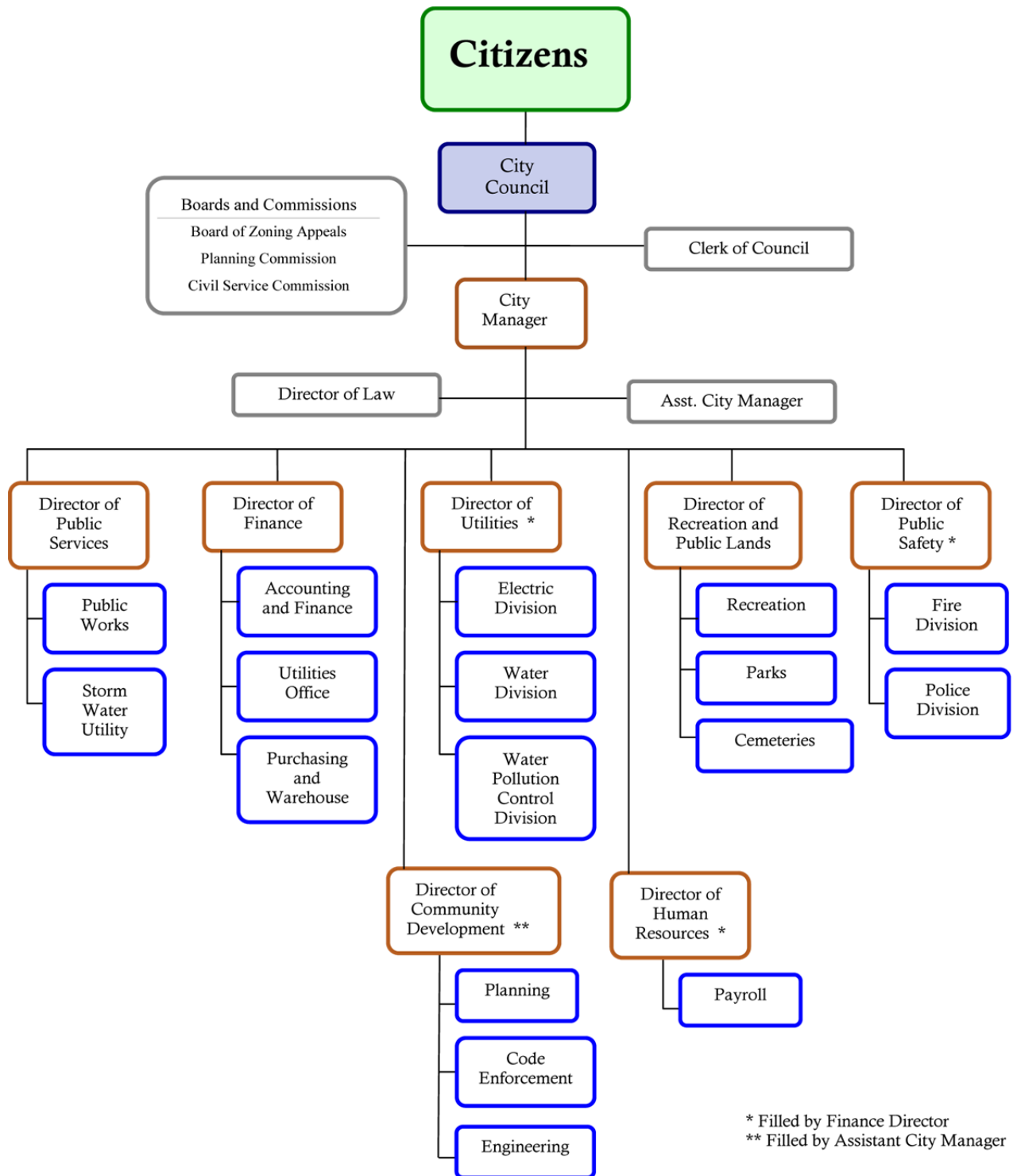
Andrew A. Unetic
Director of Finance

CITY OF PAINESVILLE, OHIO

List of Principal Officials For the Year Ended December 31, 2016

<u>Name</u>	<u>Title</u>	<u>Years of Municipal/Governmental Service</u>				
		<u>Position</u>	<u>City</u>	<u>Other Municipal/ Governmental Service</u>	<u>Total Public Service</u>	
CITY COUNCIL						
Paul W. Hach II	President (Ward 4)	3.0	13.0	0.0	13.0	
Lori Dinallo	Vice President (at Large)	3.0	7.0	2.0	9.0	
Tom Fitzgerald	Council Member (at Large)	3.0	3.0	0.0	3.0	
Jim Fodor	Council Member (at Large)	7.0	7.0	0.0	7.0	
Christine Shoop	Council Member (Ward 1)	1.0	1.0	0.0	1.0	
Katie Jenkins	Council Member (Ward 2)	5.0	5.0	9.0	14.0	
Mike DeLeone	Council Member (Ward 3)	5.0	5.0	13.0	18.0	
Valerie Vargo	Clerk of Council	0.1	0.1	0.0	0.1	
CITY ADMINISTRATION						
Monica Irelan	City Manager	0.1	0.1	9.8	9.9	
Doug Lewis	Assistant City Manager	8.6	8.6	13.0	21.6	
Andrew A. Unetic	Director of Finance	9.1	9.1	14.1	23.2	
Joseph M. Gurley	Director of Law	29.0	36.3	15.3	51.6	
DEPARTMENT/DIVISION HEADS						
Brian Belfiore	Service Director	3.0	10.9	0.0	10.9	
Leanne Exum	City Engineer	2.5	2.5	0.0	2.5	
Jeffrey McHugh	Electric Power Superintendent	4.3	4.3	33.3	37.6	
Randy Bruback	Water Pollution Control Superintendent	14.8	14.8	16.0	30.8	
Mark Mlachak	Fire Chief	14.3	35.3	0.0	35.3	
Anthony Powalie	Chief of Police	2.5	19.7	7.0	26.7	
George Ginnis	Water Supt./Public Serv. Executive Dir.	3.0	5.7	19.9	25.6	
Michelle LaPuma	Director of Recreation and Public Lands	1.3	4.2	0.0	4.2	
Lynn White	City Planner	2.0	24.5	0.0	24.5	

**City Organizational Chart
For the Year Ended December 31, 2016**



***Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting***



Government Finance Officers Association

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

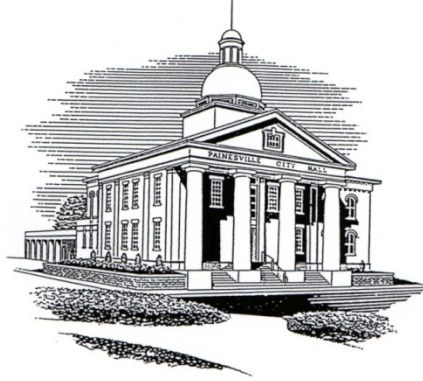
Presented to

**City of Painesville
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO



FINANCIAL SECTION





Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Painesville
Lake County
7 Richmond Street
Painesville, Ohio 44077

To the City Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

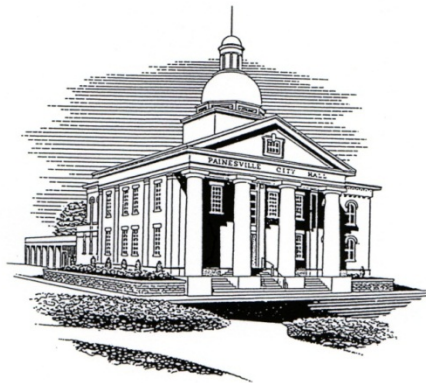
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

June 27, 2017



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

Unaudited

The discussion and analysis of the City of Painesville's financial performance provides an overall review of the City's financial activities for the 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 notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016 are as follows:

- ❑ In total, net position increased \$554,346. Net position of governmental activities increased \$1,436,346, which represents a 4% increase from 2015. Net position of business-type activities decreased \$882,000, or 1% from 2015.
- ❑ General revenues accounted for \$13,519,239 in revenue, or 24% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$41,886,836, or 76% of total revenues of \$55,406,075.
- ❑ The City had \$16,445,439 in expenses related to governmental activities; only \$3,795,652 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13,519,239 were adequate to fully provide for these programs.
- ❑ Among major funds, the general fund had \$13,203,413 in revenues, including other financing sources and \$13,780,657 in expenditures, including other financing uses. The general fund's fund balance decreased \$577,244.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *pension required supplemental information*, and an optional section that presents *combining statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, liabilities, and deferred outflows/inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net-position is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's programs and services are reported here including general government, public safety, highways and streets, public health and welfare, culture and recreation, community environment, interest and fiscal charges, and other expenses.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, electric, refuse, off-street parking, storm water and community program services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance governmental programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF PAINESVILLE, OHIO

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

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position at December 31, 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$22,492,611	\$21,713,352	\$31,500,494	\$32,119,477	\$53,993,105	\$53,832,829
Capital Assets, Net	47,414,423	46,960,259	65,021,722	63,522,208	112,436,145	110,482,467
Total Assets	<u>69,907,034</u>	<u>68,673,611</u>	<u>96,522,216</u>	<u>95,641,685</u>	<u>166,429,250</u>	<u>164,315,296</u>
Deferred Outflows of Resources	4,595,633	1,789,169	4,162,862	1,355,384	8,758,495	3,144,553
Net Pension Liability	16,837,875	13,029,863	11,327,781	7,795,383	28,165,656	20,825,246
Long-Term Liabilities	13,054,589	14,051,963	11,754,429	10,959,348	24,809,018	25,011,311
Other Liabilities	1,266,355	1,566,338	3,670,025	3,505,047	4,936,380	5,071,385
Total Liabilities	<u>31,158,819</u>	<u>28,648,164</u>	<u>26,752,235</u>	<u>22,259,778</u>	<u>57,911,054</u>	<u>50,907,942</u>
Deferred Inflows of Resources	2,478,018	2,385,132	201,086	123,534	2,679,104	2,508,666
Net Position						
Net Investment in Capital Assets	36,810,050	35,636,534	55,073,798	54,770,683	91,883,848	90,407,217
Restricted	7,672,865	7,102,200	0	0	7,672,865	7,102,200
Unrestricted	(3,617,085)	(3,309,250)	18,657,959	19,843,074	15,040,874	16,533,824
Total Net Position	<u>\$40,865,830</u>	<u>\$39,429,484</u>	<u>\$73,731,757</u>	<u>\$74,613,757</u>	<u>\$114,597,587</u>	<u>\$114,043,241</u>

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

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

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

Unaudited

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

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

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

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

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.

CITY OF PAINESVILLE, OHIO

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

Unaudited

Change in Net Position – The following table shows the change in net position for 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,686,552	\$2,948,180	\$37,796,684	\$35,554,909	\$40,483,236	\$38,503,089
Operating Grants and Contributions	1,046,834	921,812	0	3,136	1,046,834	924,948
Capital Grants and Contributions	62,266	1,542,778	294,500	58,539	356,766	1,601,317
Total Program Revenues	3,795,652	5,412,770	38,091,184	35,616,584	41,886,836	41,029,354
General Revenues:						
Property Taxes	2,214,980	2,215,786	0	0	2,214,980	2,215,786
Municipal Income Taxes	9,448,284	9,190,538	0	0	9,448,284	9,190,538
Intergovernmental, Unrestricted	840,902	881,985	0	0	840,902	881,985
Investment Earnings	347,822	318,260	0	0	347,822	318,260
Miscellaneous	667,251	649,609	0	0	667,251	649,609
Total General Revenues	13,519,239	13,256,178	0	0	13,519,239	13,256,178
Total Revenues	17,314,891	18,668,948	38,091,184	35,616,584	55,406,075	54,285,532
Program Expenses						
General Government	4,277,546	3,848,049	0	0	4,277,546	3,848,049
Public Safety	7,886,075	7,172,546	0	0	7,886,075	7,172,546
Highways and Streets	2,625,969	3,189,101	0	0	2,625,969	3,189,101
Public Health and Welfare	522,594	491,545	0	0	522,594	491,545
Culture and Recreation	723,245	666,284	0	0	723,245	666,284
Community Environment	119,266	114,791	0	0	119,266	114,791
Interest and Fiscal Charges	290,744	303,218	0	0	290,744	303,218
Water	0	0	5,746,233	5,542,369	5,746,233	5,542,369
Sewer	0	0	4,137,233	4,257,321	4,137,233	4,257,321
Electric	0	0	27,199,162	24,875,586	27,199,162	24,875,586
Refuse	0	0	3,300	2,967	3,300	2,967
Off-Street Parking	0	0	998,589	127,751	998,589	127,751
Storm Water Utility	0	0	274,588	188,244	274,588	188,244
Community Programs	0	0	47,185	44,711	47,185	44,711
Total Expenses	16,445,439	15,785,534	38,406,290	35,038,949	54,851,729	50,824,483
Excess (Deficiency) Before Transfers	869,452	2,883,414	(315,106)	577,635	554,346	3,461,049
Transfers	566,894	839,243	(566,894)	(839,243)	0	0
Total Change in Net Position	1,436,346	3,722,657	(882,000)	(261,608)	554,346	3,461,049
Beginning Net Position	39,429,484	35,706,827	74,613,757	74,875,365	114,043,241	110,582,192
Ending Net Position	\$40,865,830	\$39,429,484	\$73,731,757	\$74,613,757	\$114,597,587	\$114,043,241

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

Unaudited

Governmental Activities

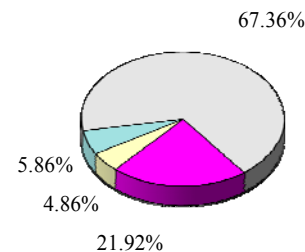
Net position of the City's governmental activities increased \$1,436,346. A decrease in charges for services can mostly be attributed to a decrease in special assessment collections. Ohio Department of Transportation grants received in the prior year for street improvements resulted in the subsequent decrease in capital grants in the current year.

An increase in general government can be attributed to increases in insurance costs and severance payouts. An increase in public safety expense can be attributed to an increase in the police and fire net pension liability.

The City also receives an income tax, which is based on 2.0% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City and businesses operating in the City.

Taxes made up 67% of revenues for governmental activities in 2016. The City's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2016	Percent of Total
Taxes	\$11,663,264	67.36%
Program Revenues	3,795,652	21.92%
Intergovernmental, Unrestricted	840,902	4.86%
General Other	1,015,073	5.86%
Total Revenue	\$17,314,891	100.00%



Business-Type Activities

Net position of the business-type activities decreased \$882,000. A hot summer season resulted in increases in electric charges to consumers as well as expenses for purchased power. The disposal of a parking garage resulted in an increase in expenses in Off Street Parking.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$17,058,477, which is an increase from last year's balance of \$16,616,732. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2016 and 2015:

	Fund Balance December 31, 2016	Fund Balance December 31, 2015	Increase (Decrease)
General	\$7,608,501	\$8,185,745	(\$577,244)
Other Governmental	9,449,976	8,430,987	1,018,989
Total	\$17,058,477	\$16,616,732	\$441,745

CITY OF PAINESVILLE, OHIO

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

Unaudited

General Fund – The City's General Fund balance change is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2016 Revenues	2015 Revenues	Increase (Decrease)
Property Taxes	\$365,462	\$362,308	\$3,154
Municipal Income Taxes	8,723,871	9,190,538	(466,667)
Intergovernmental Revenues	846,701	874,510	(27,809)
Charges for Services	57,139	58,389	(1,250)
Licenses, Permits and Inspection Fees	502,156	551,881	(49,725)
Investment Earnings	307,177	373,102	(65,925)
Fines and Forfeitures	989,137	934,467	54,670
All Other Revenue	609,839	395,310	214,529
Total	<u>\$12,401,482</u>	<u>\$12,740,505</u>	<u>(\$339,023)</u>

General Fund revenues in 2016 decreased approximately 3% when compared to 2015 revenues. An increase in income tax collections in the prior year attributable to the collection of approximately \$700,000 in delinquent income taxes and penalties from a corporation resulted in the subsequent decrease in collections in 2016.

	2016 Expenditures	2015 Expenditures	Increase (Decrease)
Current:			
General Government	\$3,600,523	\$3,272,588	\$327,935
Public Safety	5,997,290	5,908,447	88,843
Highways and Streets	637,880	727,207	(89,327)
Public Health and Welfare	131,645	121,058	10,587
Culture and Recreation	644,296	634,046	10,250
Community Environment	120,000	112,913	7,087
Debt Service:			
Principal Retirement	69,139	59,604	9,535
Interest and Fiscal Charges	4,884	12,788	(7,904)
Total	<u>\$11,205,657</u>	<u>\$10,848,651</u>	<u>\$357,006</u>

General Fund expenditures increased \$357,006, or approximately 3% from the prior year. An increase in general government can be attributed to increases in insurance costs and severance payouts.

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

Unaudited

Water Fund – The City's Water Fund reported an increase in net position of 3%. Revenues and expenses were consistent with the previous year.

Sewer Fund – The City's Sewer Fund revenues and expenses remained stable when compared with the prior year, resulting in a decrease in net position of approximately 5%.

Electric Fund – The City's Electric Fund net position remained stable, decreasing approximately 2%. A hot summer season resulted in increases in electric charges to consumers as well as expenses for purchased power.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2016 the City amended its General Fund budget several times.

For the General Fund, final revenue and other financing sources estimates were 14% higher than original revenue estimates due to an increase in income tax receipts. Actual budget basis revenues were not materially different from final revenue estimates. Original appropriations, final appropriations, and actual budget basis expenditures were not materially different. The General Fund had an adequate fund balance to cover expenditures.

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

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016 the City had \$112,436,145 net of accumulated depreciation invested in land, construction in progress, buildings and improvements, improvements other than buildings, machinery and equipment, and infrastructure. Of this total, \$47,414,423 was related to governmental activities and \$65,021,722 to the business-type activities. The following tables show 2016 and 2015 balances:

	Governmental Activities		Increase (Decrease)
	2016	2015	
Land	\$12,981,572	\$9,838,526	\$3,143,046
Construction in Progress	4,259,060	15,666,789	(11,407,729)
Buildings and Improvements	5,504,478	5,459,295	45,183
Improvements other than Buildings	1,106,740	1,062,441	44,299
Machinery and Equipment	6,531,781	6,536,269	(4,488)
Infrastructure	42,591,173	32,970,642	9,620,531
Less: Accumulated Depreciation	(25,560,381)	(24,573,703)	(986,678)
Totals	<u>\$47,414,423</u>	<u>\$46,960,259</u>	<u>\$454,164</u>

	Business-Type Activities		Increase (Decrease)
	2016	2015	
Land	\$1,397,784	\$1,397,784	\$0
Construction in Progress	24,199,716	21,568,890	2,630,826
Buildings and Improvements	30,268,395	32,466,522	(2,198,127)
Improvements other than Buildings	47,401,838	46,214,506	1,187,332
Machinery and Equipment	29,465,773	28,496,048	969,725
Less: Accumulated Depreciation	(67,711,784)	(66,621,542)	(1,090,242)
Totals	<u>\$65,021,722</u>	<u>\$63,522,208</u>	<u>\$1,499,514</u>

Increases in infrastructure in the Governmental Activities capital assets can be attributed to the Millstone park project, Main Street project, and Brookstone/Shamrock Boulevard improvement project. An increase in land can be attributed to building demolition costs. In Business-Type capital assets, an increase in construction in progress can be attributed to water and storm water line replacement and the Cedarbrook detention basin project. Additions to improvements consisted of electric infrastructure improvements. A digester sludge heater replacement project as well as other various equipment purchases contributed to an increase in machinery and equipment. Additional information on the City's capital assets can be found in Note 11.

As of December 31, 2016, the City had contractual commitments of \$3,446,064 related to various projects throughout the City. Additional information on the City's construction commitments can be found in Note 17.

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

Unaudited

Long Term Obligations

At December 31, 2016, the City had \$9,818,252 in general obligation bonds outstanding, \$494,000 due within one year. The following table summarizes the City's long term obligations outstanding as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Governmental Activities:		
General Obligation Bonds	\$7,953,252	\$8,373,080
Special Assessment Bonds	230,000	250,000
Ohio Public Works Commission Loans	1,262,689	1,265,026
Long Term Notes Payable	898,389	1,060,365
Construction Loan	0	69,193
Net Pension Liability	16,837,875	13,029,863
Compensated Absences	1,347,181	1,390,014
Workers' Compensation Liability	481,660	695,033
Capital Leases	260,043	306,061
Police and Firemen's Accrued Pension	621,375	643,191
Total Governmental Activities	<u>29,892,464</u>	<u>27,081,826</u>
Business-Type Activities:		
Mortgage Revenue Bonds	275,899	536,294
General Obligation Bonds	1,865,000	0
Ohio Water Development Authority Loans	3,929,625	3,882,369
Ohio Public Works Commission Loans	22,539	24,587
Long Term Notes Payable	1,351,611	1,799,635
Capital Leases	2,779,149	3,044,934
Net Pension Liability	11,327,781	7,795,383
Compensated Absences	1,530,606	1,671,529
Total Business-Type Activities	<u>23,082,210</u>	<u>18,754,731</u>
Totals	<u>\$52,974,674</u>	<u>\$45,836,557</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.50% of the total assessed value of real and personal property. At December 31, 2016, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

For the third year in a row, the 2016 General Fund original budget was balanced without having to use carryover to balance it. The City had an increase in General Fund revenues from 2015, which is a positive sign that the City is going in the right direction. The General Fund continues to be negatively affected by the state's decision to reduce the Local Government Fund revenue sharing and the elimination of the inheritance tax in 2013. The Enterprise funds 2016 revenues were up due to the second hottest summer since 1947, which caused an increase in electric and water consumption. In 2013, the City of Painesville resident's approved a road levy and a new fire levy. The City continued to receive these levy monies in 2016 and was able to do some much needed paving on several roads in 2016 as well as buy some critical pieces of fire equipment for the Fire Department.

City Council continued a conservative spending pattern in 2016. Departments of the City were asked to maintain their 2016 operating budgets at 2015 levels and positions were eliminated through attrition. Capital items that management and City Council determined necessary, or had off-setting grant revenues were appropriated. A close watch of current economic conditions is ongoing to determine if increased revenues, or further reductions in expenditures, are necessary in order to maintain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 440-392-5796 or writing to City of Painesville Finance Department, 7 Richmond Street, Painesville, Ohio 44077.

CITY OF PAINESVILLE, OHIO

**Statement of Net Position
December 31, 2016**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Pooled Cash and Investments	\$ 14,645,125	\$ 25,088,721	\$ 39,733,846
Receivables:			
Taxes	4,462,721	0	4,462,721
Accounts	244,582	3,596,138	3,840,720
Intergovernmental	772,068	168	772,236
Interest	88,122	0	88,122
Special Assessments	80,585	0	80,585
Internal Balances	155,399	(155,399)	0
Inventory of Supplies at Cost	0	602,668	602,668
Land Held for Resale	785,000	0	785,000
Prepaid Items	110,054	350,644	460,698
Investment in Joint Venture	0	695,135	695,135
Restricted Assets:			
Cash and Cash Equivalents	1,148,955	1,322,419	2,471,374
Capital Assets:			
Capital Assets Not Being Depreciated	17,240,632	25,597,500	42,838,132
Capital Assets Being Depreciated, Net	30,173,791	39,424,222	69,598,013
Total Assets	69,907,034	96,522,216	166,429,250
Deferred Outflows of Resources:			
Pension:			
OPERS	1,406,883	3,911,847	5,318,730
OP&F	3,188,750	251,015	3,439,765
Total Deferred Outflows of Resources	4,595,633	4,162,862	8,758,495
Liabilities:			
Accounts Payable	458,124	1,833,160	2,291,284
Accrued Wages and Benefits	423,201	427,842	851,043
Intergovernmental Payable	2,770	5,111	7,881
Claims Payable	294,188	0	294,188
Refundable Deposits	0	1,322,419	1,322,419
Accrued Interest Payable	88,072	81,493	169,565
Noncurrent Liabilities:			
Due Within One Year	1,223,418	2,002,679	3,226,097
Due in More Than One Year:			
Net Pension Liability	16,837,875	11,327,781	28,165,656
Other Amounts Due in More Than One Year	11,831,171	9,751,750	21,582,921
Total Liabilities	31,158,819	26,752,235	57,911,054
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,369,857	0	2,369,857
Pension:			
OPERS	71,233	198,062	269,295
OP&F	36,928	3,024	39,952
Total Deferred Inflows of Resources	2,478,018	201,086	2,679,104

CITY OF PAINESVILLE, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	36,810,050	55,073,798	91,883,848
Restricted For:			
Capital Projects	462,659	0	462,659
Debt Service	443,882	0	443,882
Highways	4,145,627	0	4,145,627
Public Safety	1,001,925	0	1,001,925
Cemetery Operations:			
Nonexpendable	1,148,955	0	1,148,955
Expendable	469,817	0	469,817
Unrestricted (Deficit)	(3,617,085)	18,657,959	15,040,874
Total Net Position	\$ 40,865,830	\$ 73,731,757	\$ 114,597,587

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Activities
For the Year Ended December 31, 2016**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 4,277,546	\$ 1,490,185	\$ 184,013	\$ 0
Public Safety	7,886,075	681,672	115,905	0
Highways and Streets	2,625,969	22,686	746,916	54,289
Public Health and Welfare	522,594	145,531	0	0
Culture and Recreation	723,245	15,150	0	7,977
Community Environment	119,266	331,328	0	0
Interest and Fiscal Charges	290,744	0	0	0
Total Governmental Activities	16,445,439	2,686,552	1,046,834	62,266
Business-Type Activities:				
Water	5,746,233	6,224,784	0	0
Sewer	4,137,233	3,842,638	0	0
Electric	27,199,162	27,174,232	0	0
Refuse	3,300	3,387	0	0
Off Street Parking	998,589	10,236	0	294,500
Storm Water Utility	274,588	500,059	0	0
Community Programs	47,185	41,348	0	0
Total Business-Type Activities	38,406,290	37,796,684	0	294,500
Totals	\$ 54,851,729	\$ 40,483,236	\$ 1,046,834	\$ 356,766

General Revenues and Transfers

Property Taxes
Municipal Income Taxes
Intergovernmental, Unrestricted
Investment Earnings
Miscellaneous
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,603,348)	\$ 0	\$ (2,603,348)
(7,088,498)	0	(7,088,498)
(1,802,078)	0	(1,802,078)
(377,063)	0	(377,063)
(700,118)	0	(700,118)
212,062	0	212,062
(290,744)	0	(290,744)
<u>(12,649,787)</u>	<u>0</u>	<u>(12,649,787)</u>
0	478,551	478,551
0	(294,595)	(294,595)
0	(24,930)	(24,930)
0	87	87
0	(693,853)	(693,853)
0	225,471	225,471
0	(5,837)	(5,837)
<u>0</u>	<u>(315,106)</u>	<u>(315,106)</u>
\$ (12,649,787)	\$ (315,106)	\$ (12,964,893)
2,214,980	0	2,214,980
9,448,284	0	9,448,284
840,902	0	840,902
347,822	0	347,822
667,251	0	667,251
566,894	(566,894)	0
<u>14,086,133</u>	<u>(566,894)</u>	<u>13,519,239</u>
1,436,346	(882,000)	554,346
39,429,484	74,613,757	114,043,241
<u>\$ 40,865,830</u>	<u>\$ 73,731,757</u>	<u>\$ 114,597,587</u>

CITY OF PAINESVILLE, OHIO

**Balance Sheet
Governmental Funds
December 31, 2016**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled Cash and Investments	\$ 5,478,415	\$ 8,731,104	\$ 14,209,519
Receivables:			
Taxes	2,469,502	1,993,219	4,462,721
Accounts	57,344	187,238	244,582
Intergovernmental	419,943	352,125	772,068
Interest	88,122	0	88,122
Special Assessments	0	80,585	80,585
Interfund Loans Receivable	170,000	0	170,000
Land Held for Resale	785,000	0	785,000
Prepaid Items	83,584	26,470	110,054
Restricted Assets:			
Cash and Cash Equivalents	0	1,148,955	1,148,955
Total Assets	\$ 9,551,910	\$ 12,519,696	\$ 22,071,606
Liabilities:			
Accounts Payable	\$ 31,036	\$ 402,548	\$ 433,584
Accrued Wages and Benefits Payable	368,421	54,780	423,201
Intergovernmental Payable	2,354	416	2,770
Interfund Loans Payable	0	170,000	170,000
Total Liabilities	401,811	627,744	1,029,555
Deferred Inflows of Resources:			
Unavailable Amounts	1,082,814	530,903	1,613,717
Property Tax Levy for Next Fiscal Year	458,784	1,911,073	2,369,857
Total Deferred Inflows of Resources	1,541,598	2,441,976	3,983,574
Fund Balances:			
Nonspendable	868,584	1,175,425	2,044,009
Restricted	0	6,192,754	6,192,754
Committed	11,931	2,081,797	2,093,728
Assigned	926,069	0	926,069
Unassigned	5,801,917	0	5,801,917
Total Fund Balances	7,608,501	9,449,976	17,058,477
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,551,910	\$ 12,519,696	\$ 22,071,606

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2016***

Total Governmental Fund Balances	\$ 17,058,477
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	47,414,423
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,613,717
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	(12,350,403)
Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	(209,383)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(12,661,001)</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 40,865,830</u>

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$ 365,462	\$ 1,860,939	\$ 2,226,401
Municipal Income Taxes	8,723,871	0	8,723,871
Intergovernmental Revenues	846,701	1,110,127	1,956,828
Charges for Services	57,139	674,045	731,184
Licenses, Permits and Inspection Fees	502,156	0	502,156
Investment Earnings	307,177	1,720	308,897
Special Assessments	0	112,284	112,284
Fines and Forfeitures	989,137	385,020	1,374,157
All Other Revenues	609,839	59,819	669,658
Total Revenues	12,401,482	4,203,954	16,605,436
Expenditures:			
Current:			
General Government	3,600,523	610,527	4,211,050
Public Safety	5,997,290	974,194	6,971,484
Highways and Streets	637,880	2,066,060	2,703,940
Public Health and Welfare	131,645	361,367	493,012
Culture and Recreation	644,296	0	644,296
Community Environment	120,000	0	120,000
Capital Outlay	0	621,855	621,855
Debt Service:			
Principal Retirement	69,139	1,668,327	1,737,466
Interest and Fiscal Charges	4,884	295,027	299,911
Total Expenditures	11,205,657	6,597,357	17,803,014
Excess (Deficiency) of Revenues Over Expenditures	1,195,825	(2,393,403)	(1,197,578)
Other Financing Sources (Uses):			
Sale of Capital Assets	15,037	31,450	46,487
Long Term Note Issuance	0	898,389	898,389
Issuance of OPWC Loans	0	2,553	2,553
Transfers In	786,894	2,355,000	3,141,894
Transfers Out	(2,575,000)	0	(2,575,000)
Other Financing Sources - Capital Leases	0	125,000	125,000
Total Other Financing Sources (Uses)	(1,773,069)	3,412,392	1,639,323
Net Change in Fund Balances	(577,244)	1,018,989	441,745
Fund Balance at Beginning of Year	8,185,745	8,430,987	16,616,732
Fund Balance End of Year	\$ 7,608,501	\$ 9,449,976	\$ 17,058,477

See accompanying notes to the basic financial statements

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2016***

Net Change in Fund Balances - Total Governmental Funds	\$ 441,745
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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.	454,888
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.	(724)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	709,455
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	1,247,106
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(2,313,469)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	741,168
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	1,339
Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	30,413
The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	124,425
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 1,436,346</u>

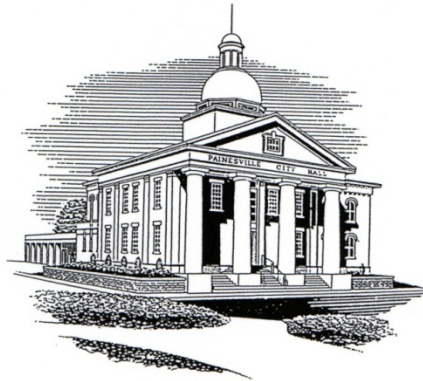
See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 332,818	\$ 372,000	\$ 363,522	\$ (8,478)
Municipal Income Taxes	7,810,750	9,110,750	9,239,051	128,301
Intergovernmental Revenue	833,200	833,200	842,566	9,366
Charges for Services	41,480	41,480	58,339	16,859
Licenses, Permits and Inspection Fees	366,600	423,810	505,836	82,026
Investment Earnings	380,000	380,000	401,161	21,161
Fines and Forfeitures	951,200	951,200	989,137	37,937
All Other Revenues	327,820	437,428	610,813	173,385
Total Revenues	<u>11,043,868</u>	<u>12,549,868</u>	<u>13,010,425</u>	<u>460,557</u>
Expenditures:				
Current:				
General Government	4,261,239	4,388,214	4,185,038	203,176
Public Safety	6,575,976	6,428,532	6,103,971	324,561
Highways and Streets	817,425	793,543	712,221	81,322
Public Health and Welfare	131,950	131,950	131,645	305
Culture and Recreation	661,187	668,857	642,968	25,889
Community Environment	119,732	138,206	130,655	7,551
Debt Service:				
Principal Retirement	71,958	69,394	69,391	3
Interest and Fiscal Charges	2,214	4,885	4,884	1
Total Expenditures	<u>12,641,681</u>	<u>12,623,581</u>	<u>11,980,773</u>	<u>642,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,597,813)	(73,713)	1,029,652	1,103,365
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	15,037	15,037
Transfers In	770,000	920,000	886,894	(33,106)
Transfers Out	(377,000)	(2,677,000)	(2,677,000)	0
Advances In	20,000	20,000	20,000	0
Total Other Financing Sources (Uses):	<u>413,000</u>	<u>(1,737,000)</u>	<u>(1,755,069)</u>	<u>(18,069)</u>
Net Changes in Fund Balance	(1,184,813)	(1,810,713)	(725,417)	1,085,296
Fund Balance at Beginning of Year	4,822,102	4,822,102	4,822,102	0
Prior Year Encumbrances	856,836	856,836	856,836	0
Fund Balance at End of Year	<u>\$ 4,494,125</u>	<u>\$ 3,868,225</u>	<u>\$ 4,953,521</u>	<u>\$ 1,085,296</u>

See accompanying notes to the basic financial statements



CITY OF PAINESVILLE, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Business-Type Activities			
	Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
Assets:				
Current Assets:				
Pooled Cash and Investments	\$ 3,171,695	\$ 1,720,507	\$ 19,378,178	\$ 818,341
Receivables:				
Accounts	501,606	348,602	2,697,357	48,573
Intergovernmental Receivable	84	12	72	0
Inventory of Supplies at Cost	0	0	602,668	0
Prepaid Items	92,541	72,209	181,870	4,024
Total Current Assets	<u>3,765,926</u>	<u>2,141,330</u>	<u>22,860,145</u>	<u>870,938</u>
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents	480,714	0	838,146	3,559
Investment in Joint Venture	0	0	695,135	0
Capital Assets:				
Capital Assets Not Being Depreciated	4,482,241	805,137	17,385,806	2,924,316
Capital Assets Being Depreciated, Net	<u>17,647,090</u>	<u>8,029,529</u>	<u>12,260,277</u>	<u>1,487,326</u>
Total Noncurrent Assets	<u>22,610,045</u>	<u>8,834,666</u>	<u>31,179,364</u>	<u>4,415,201</u>
Total Assets	<u>26,375,971</u>	<u>10,975,996</u>	<u>54,039,509</u>	<u>5,286,139</u>
Deferred Outflows of Resources:				
Pension:				
OPERS	927,637	793,675	2,140,590	49,945
OP&F	<u>17,048</u>	<u>51,145</u>	<u>182,822</u>	<u>0</u>
Total Deferred Outflows of Resources	<u>944,685</u>	<u>844,820</u>	<u>2,323,412</u>	<u>49,945</u>
Liabilities:				
Current Liabilities:				
Accounts Payable	50,595	26,596	1,648,899	107,070
Accrued Wages and Benefits	98,759	90,772	233,139	5,172
Intergovernmental Payable	765	898	3,448	0
Claims Payable - Current	0	0	0	0
Refundable Deposits	480,714	0	838,146	3,559
Accrued Interest Payable	23,044	49,588	241	8,620
Capital Leases Payable - Current	202,052	36,986	25,631	10,954
General Obligation Bonds Payable - Current	0	0	0	75,000
Revenue Bonds Payable - Current	0	0	275,899	0
OWDA Loans Payable - Current	104,725	147,224	0	0
OPWC Loans Payable - Current	0	2,048	0	0
Long Term Notes Payable - Current	335,070	40,000	0	72,694
Compensated Absences Payable - Current	<u>139,632</u>	<u>187,483</u>	<u>340,262</u>	<u>7,019</u>
Total Current Liabilities	<u>1,435,356</u>	<u>581,595</u>	<u>3,365,665</u>	<u>290,088</u>

CITY OF PAINESVILLE, OHIO

Total	Governmental Activities - Internal Service Funds
\$ 25,088,721	\$ 435,606
3,596,138	0
168	0
602,668	0
350,644	0
<u>29,638,339</u>	<u>435,606</u>
1,322,419	0
695,135	0
25,597,500	0
<u>39,424,222</u>	<u>0</u>
<u>67,039,276</u>	<u>0</u>
<u>96,677,615</u>	<u>435,606</u>
3,911,847	0
<u>251,015</u>	<u>0</u>
<u>4,162,862</u>	<u>0</u>
1,833,160	24,540
427,842	0
5,111	0
0	436,478
1,322,419	0
81,493	0
275,623	0
75,000	0
275,899	0
251,949	0
2,048	0
447,764	0
674,396	0
<u>5,672,704</u>	<u>461,018</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Business-Type Activities			
	Enterprise Funds			
	Water	Sewer	Electric	Other Enterprise Funds
Noncurrent Liabilities:				
Capital Leases Payable	2,206,328	171,031	115,013	11,154
General Obligation Bonds Payable	0	0	0	1,790,000
Claims Payable	0	0	0	0
OWDA Loans Payable	994,735	2,682,941	0	0
OPWC Loans Payable	0	20,491	0	0
Compensated Absences Payable	260,534	146,110	438,613	10,953
Long Term Notes Payable	689,829	22,000	0	192,018
Net Pension Liability	2,503,929	2,299,189	6,393,788	130,875
Total Noncurrent Liabilities	<u>6,655,355</u>	<u>5,341,762</u>	<u>6,947,414</u>	<u>2,135,000</u>
Total Liabilities	<u>8,090,711</u>	<u>5,923,357</u>	<u>10,313,079</u>	<u>2,425,088</u>
Deferred Inflows of Resources:				
Pension:				
OPERS	46,967	40,185	108,381	2,529
OP&F	205	616	2,203	0
Total Deferred Inflows of Resources	<u>47,172</u>	<u>40,801</u>	<u>110,584</u>	<u>2,529</u>
Net Position				
Net Investment in Capital Assets	17,596,592	5,711,945	29,505,439	2,259,822
Unrestricted	1,586,181	144,713	16,433,819	648,645
Total Net Position	<u>\$ 19,182,773</u>	<u>\$ 5,856,658</u>	<u>\$ 45,939,258</u>	<u>\$ 2,908,467</u>

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
2,503,526	0
1,790,000	0
0	339,370
3,677,676	0
20,491	0
856,210	0
903,847	0
11,327,781	0
<u>21,079,531</u>	<u>339,370</u>
<u>26,752,235</u>	<u>800,388</u>
198,062	0
<u>3,024</u>	<u>0</u>
<u>201,086</u>	<u>0</u>
55,073,798	0
<u>18,813,358</u>	<u>(364,782)</u>
<u>\$ 73,887,156</u>	<u>\$ (364,782)</u>
<u>(155,399)</u>	
<u>\$ 73,731,757</u>	

CITY OF PAINESVILLE, OHIO

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

	Business-Type Activities			
	Enterprise Funds			Other Enterprise Funds
	Water	Sewer	Electric	
Operating Revenues:				
Charges for Services	\$ 4,562,265	\$ 3,704,949	\$ 26,829,721	\$ 544,207
Other Charges for Services	115,162	41,690	275,658	6,260
Other Operating Revenues	265,935	93,704	61,643	3,367
Total Operating Revenues	<u>4,943,362</u>	<u>3,840,343</u>	<u>27,167,022</u>	<u>553,834</u>
Operating Expenses:				
Personal Services	3,065,730	2,506,750	7,156,244	160,612
Contractual Services	638,216	429,879	1,997,273	56,259
Materials and Supplies	352,572	235,757	1,431,301	14,295
Utilities	427,154	273,605	15,852,891	10,231
Depreciation	1,115,679	595,108	717,579	52,575
Total Operating Expenses	<u>5,599,351</u>	<u>4,041,099</u>	<u>27,155,288</u>	<u>293,972</u>
Operating Income (Loss)	(655,989)	(200,756)	11,734	259,862
Non-Operating Revenue (Expenses):				
Interest and Fiscal Charges	(145,132)	(96,134)	(6,355)	(89,798)
Loss on Disposal of Assets	(1,826)	(50)	(50)	(939,892)
Loss on Investment in Joint Venture	0	0	(170,870)	0
Other Nonoperating Revenue	1,283,248	2,345	7,260	1,196
Other Nonoperating Expense	(1,750)	0	(70,730)	0
Total Non-Operating Revenues (Expenses)	<u>1,134,540</u>	<u>(93,839)</u>	<u>(240,745)</u>	<u>(1,028,494)</u>
Income (Loss) Before Transfers and Contributions	478,551	(294,595)	(229,011)	(768,632)
Transfers and Contributions:				
Transfers In	0	0	0	220,000
Transfers Out	0	(25,000)	(761,894)	0
Capital Contributions	0	0	0	294,500
Total Transfers and Contributions	<u>0</u>	<u>(25,000)</u>	<u>(761,894)</u>	<u>514,500</u>
Change in Net Position	478,551	(319,595)	(990,905)	(254,132)
Net Position Beginning of Year	18,704,222	6,176,253	46,930,163	3,162,599
Net Position End of Year	<u>\$ 19,182,773</u>	<u>\$ 5,856,658</u>	<u>\$ 45,939,258</u>	<u>\$ 2,908,467</u>

Change in Net Position - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 35,641,142	\$ 4,867,467
438,770	0
424,649	10,058
<u>36,504,561</u>	<u>4,877,525</u>
12,889,336	3,083,016
3,121,627	1,285,711
2,033,925	180,292
16,563,881	0
2,480,941	0
<u>37,089,710</u>	<u>4,549,019</u>
(585,149)	328,506
(337,419)	0
(941,818)	0
(170,870)	0
1,294,049	0
(72,480)	0
<u>(228,538)</u>	<u>0</u>
(813,687)	328,506
220,000	0
(786,894)	0
294,500	0
<u>(272,394)</u>	<u>0</u>
(1,086,081)	328,506
<u>74,973,237</u>	<u>(693,288)</u>
\$ <u>73,887,156</u>	\$ <u>(364,782)</u>
\$ (1,086,081)	
<u>204,081</u>	
\$ <u>(882,000)</u>	

CITY OF PAINESVILLE, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$6,255,545	\$3,818,022	\$26,707,781
Cash Receipts from Interfund Services Provided	0	0	0
Cash Payments for Goods and Services	(1,448,377)	(942,462)	(19,434,484)
Cash Payments to Employees	(2,864,407)	(2,412,213)	(6,856,083)
Cash Payments for Employee Medical Claims	0	0	0
Net Cash Provided by Operating Activities	1,942,761	463,347	417,214
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Transfers Out to Other Funds	0	(25,000)	(761,894)
Net Cash Provided (Used) by Noncapital Financing Activities	0	(25,000)	(761,894)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds of General Obligation Notes	1,024,899	62,000	0
Premiums on Debt Issuances	1,129	75	0
Principal Paid on General Obligation Notes	(1,357,149)	(113,930)	0
Intergovernmental Grants Received	0	0	0
Sale of Capital Assets	1,369	0	0
Acquisition and Construction of Assets	(1,237,275)	(245,220)	(1,023,481)
Issuance of Ohio Water Development Authority Loans	315,779	0	0
Principal Paid on Capital Leases	(194,020)	(36,030)	(24,976)
Issuance of Bonds	0	0	0
Principal Paid on General Obligation Bonds	0	0	0
Principal Paid on Ohio Public Works Commission Loans	0	(2,048)	0
Principal Paid on Ohio Water Development Authority Loans	(126,208)	(142,315)	0
Interest Paid on All Debt	(147,524)	(99,003)	(6,451)
Net Cash Used for Capital and Related Financing Activities	(1,719,000)	(576,471)	(1,054,908)
Net Increase (Decrease) in Cash and Cash Equivalents	223,761	(138,124)	(1,399,588)
Cash and Cash Equivalents at Beginning of Year	3,428,648	1,858,631	21,615,912
Cash and Cash Equivalents at End of Year	\$3,652,409	\$1,720,507	\$20,216,324
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$3,171,695	\$1,720,507	\$19,378,178
Restricted Cash and Cash Equivalents	480,714	0	838,146
Cash and Cash Equivalents at End of Year	\$3,652,409	\$1,720,507	\$20,216,324

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities
		Internal Service Funds
\$553,580	\$37,334,928	\$0
0	0	4,888,739
(80,649)	(21,905,972)	(1,464,890)
(192,421)	(12,325,124)	(267,180)
0	0	(3,080,196)
<u>280,510</u>	<u>3,103,832</u>	<u>76,473</u>
220,000	220,000	0
0	(786,894)	0
<u>220,000</u>	<u>(566,894)</u>	<u>0</u>
264,712	1,351,611	0
320	1,524	0
(328,556)	(1,799,635)	0
294,500	294,500	0
0	1,369	0
(2,347,322)	(4,853,298)	0
0	315,779	0
(10,759)	(265,785)	0
1,900,000	1,900,000	0
(35,000)	(35,000)	0
0	(2,048)	0
0	(268,523)	0
(84,764)	(337,742)	0
<u>(346,869)</u>	<u>(3,697,248)</u>	<u>0</u>
153,641	(1,160,310)	76,473
668,259	27,571,450	359,133
<u>\$821,900</u>	<u>\$26,411,140</u>	<u>\$435,606</u>
\$818,341	\$25,088,721	\$435,606
3,559	1,322,419	0
<u>\$821,900</u>	<u>\$26,411,140</u>	<u>\$435,606</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Electric
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	(\$655,989)	(\$200,756)	\$11,734
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	1,115,679	595,108	717,579
Miscellaneous Nonoperating Revenues	1,330,781	2,345	40,627
Miscellaneous Nonoperating Expenses	(9,381)	0	(74,632)
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	(18,598)	(24,666)	(499,868)
Decrease in Intergovernmental Receivable	111	11	59
Decrease in Inventory	0	0	30,648
(Increase) Decrease in Prepaid Items	1,590	776	(2,595)
Increase in Deferred Outflows of Resources	(650,913)	(567,392)	(1,561,321)
Increase (Decrease) in Accounts Payable	(23,940)	(4,909)	149,911
Decrease in Accrued Wages and Benefits	(18,033)	(15,054)	(60,019)
Increase in Intergovernmental Payable	765	703	3,448
Decrease in Compensated Absences Payable	(29,677)	(29,782)	(72,174)
Decrease in Payable to Joint Venture	0	0	(260,395)
Decrease in Claims Liability	0	0	0
Increase in Net Pension Liability	880,739	691,800	1,951,821
Increase in Deferred Inflows of Resources	19,627	15,163	42,391
Total Adjustments	2,598,750	664,103	405,480
Net Cash Provided by Operating Activities	\$1,942,761	\$463,347	\$417,214

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2016 the Water, Sewer, Electric, and Storm Water Funds had outstanding liabilities of \$20,411, \$5,617, \$164,566, and \$104,829 respectively for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

Other Enterprise Funds	Total	Governmental Activities
		Internal Service Funds
\$259,862	(\$585,149)	\$328,506
52,575	2,480,941	0
1,196	1,374,949	0
(394)	(84,407)	0
(1,450)	(544,582)	11,214
0	181	0
0	30,648	0
(58)	(287)	0
(27,852)	(2,807,478)	0
568	121,630	24,322
(3,056)	(96,162)	0
0	4,916	0
(9,290)	(140,923)	0
0	(260,395)	0
0	0	(287,569)
8,038	3,532,398	0
371	77,552	0
<u>20,648</u>	<u>3,688,981</u>	<u>(252,033)</u>
<u>\$280,510</u>	<u>\$3,103,832</u>	<u>\$76,473</u>

CITY OF PAINESVILLE, OHIO

**Statement of Net Position
Fiduciary Funds
December 31, 2016**

	Private Purpose Trust	
	Deposit Trust	Agency
Assets:		
Cash and Cash Equivalents	\$ 871,763	\$ 190,649
Receivables:		
Taxes	0	55,223
Total Assets	<u>871,763</u>	<u>245,872</u>
Liabilities:		
Accounts Payable	10,941	0
Intergovernmental Payable	0	41,417
Due to Others	0	204,455
Total Liabilities	<u>10,941</u>	<u>245,872</u>
Net Position:		
Restricted For:		
Other Purposes	860,822	0
Total Net Position	<u>\$ 860,822</u>	<u>\$ 0</u>

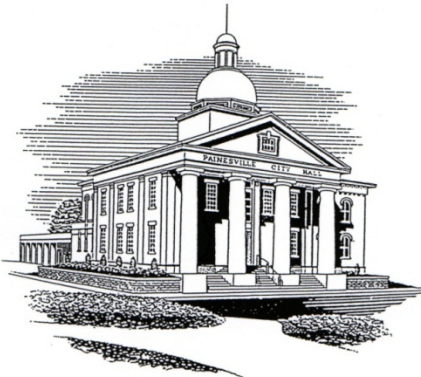
See accompanying notes to the basic financial statements

CITY OF PAINESVILLE, OHIO

**Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2016**

	Private Purpose Trust <u>Deposit Trust</u>
Additions:	
Contributions:	
Private Donations	\$ 316,386
Total Additions	<u>316,386</u>
Deductions:	
Administrative Expenses	<u>127,439</u>
Total Deductions	<u>127,439</u>
Change in Net Position	188,947
Net Position at Beginning of Year	<u>671,875</u>
Net Position End of Year	<u>\$ 860,822</u>

See accompanying notes to the basic financial statements



***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Painesville, Ohio (the City), is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted on November 6, 1962 and has been amended four times (1963, 1973, 1983 and 1989).

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units"* and GASB Statement No. 61, *"The Financial Reporting Entity; Omnibus"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety (police and fire), health (health department), culture and recreation (parks and recreation), community environment (planning, zoning and community development), basic utility (water, electric, sanitation, public parking and wastewater pollution control), highways and streets (street and highway maintenance), and general government (administrative services including the municipal court).

Joint Venture with Equity Interest – The City is a participant with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2). The Omega JV-2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economics of the participants' respective municipal electric utility systems. The Omega JV-2 is managed by AMP-Ohio, which acts as the joint venture's agent. See Note 16, "Joint Venture."

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues and expenditures (expenses).

The various funds are grouped into generic fund types and three broad fund categories for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service, capital projects, and permanent funds. Proprietary funds include enterprise and internal service funds. Fiduciary funds include trust and agency funds. The following fund types are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds - Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following is the City's only major governmental fund:

General Fund - This fund is used to account for all financial resources except those 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 general laws of Ohio and the provisions of the City Charter.

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

Proprietary Funds - All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are presented on the statement of net position. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City maintains separate enterprise funds for its water, sewer, electricity, refuse, off-street parking, storm water utility services and community programs. The following are the City's major enterprise funds:

Water Fund - This fund is used to account for the operation of the City's water treatment and distribution systems.

Sewer Fund - This fund is used to account for the operation of the City's sewage treatment and collection systems.

Electric Fund - This fund is used to account for the operation of the City's electric generation and distribution systems.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City uses internal service funds to account for costs associated with fuel, supplies, employee health insurance, and worker's compensation.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City's fiduciary funds are private-purpose trust funds and agency funds. The City's private-purpose trust fund accounts for various deposits held by the City. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's agency funds account for monies that flow through the Municipal Court, monies from electric license fees, monies from the sale of property under the Land Bank Program, deposits from contractors, and income tax collections generated by the Concord Township Joint Economic Development District.

C. Basis of Presentation - Financial Statements

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. In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. These balances appear as internal balances on the statement of net position.

Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Position. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, and deferred outflows/inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows/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 net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

The basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus. The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is considered to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes, interest on investments, fines and forfeitures, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Special assessment installments, including related accrued interest, which are measurable but not available at December 31, are recorded as deferred inflows of resources. Property taxes which are measurable at December 31, 2016, but which are not intended to finance 2016 operations or are not expected to be received within sixty (60) days after year end, are recorded as deferred inflows of resources. Property taxes are further described in Note 6.

The accrual basis of accounting is utilized for reporting purposes by all government wide statements, proprietary and fiduciary (including agency) funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in the proprietary funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the annual tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the program level (general government, public safety, highways and streets, public health and welfare, culture and recreation and community environment) and within each program at the level of personal services, certain other expenditures, capital outlay and transfers as required by Ohio law. The City Manager is authorized to transfer appropriations between objects of expenditure budgeted within the same program, so long as total appropriations for each program do not exceed the amount approved by Council. Budgetary modifications, other than those noted previously, may only be made by ordinance of the City Council.

1. Tax Budget

By July 15, the City Manager submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission then certifies its actions to the City by September 1st of each year. As part of the certification process, the City receives an official certificate of estimated resources which states the projected receipts by 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 fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The estimated revenue amounts reported on the accompanying budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued for 2016.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1st of each year for the period January 1 through March 31. By Charter, the City Manager must submit an annual appropriation ordinance (for the period January 1 through December 31) to City Council by March 31 of each year. The primary level of budgetary control is at the program level (general government, public safety, highways and streets, public health and welfare, culture and recreation and community environment) and within each program at the level of personal services, certain other expenditures, capital outlay and transfers as required by Ohio law. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During the year, several supplemental appropriations were necessary. The budgetary figures which appear in the Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund, are presented on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

5. Lapsing of Appropriations

At the close of each fiscal 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 subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures on the budgetary basis. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the “Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual” for the General Fund:

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	(\$577,244)
Increase (Decrease):	
Accrued Revenues at December 31, 2016 received during 2017	(1,663,313)
Accrued Revenues at December 31, 2015 received during 2016	2,205,115
Accrued Expenditures at December 31, 2016 paid during 2017	401,811
Accrued Expenditures at December 31, 2015 paid during 2016	(515,731)
2015 Prepays for 2016	92,739
2016 Prepays for 2017	(83,584)
2015 Adjustment to Fair Value	(84,107)
2016 Adjustment to Fair Value	171,427
Outstanding Encumbrances	(671,637)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	<u>(893)</u>
Budget Basis	<u><u>(\$725,417)</u></u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio), and short-term certificates of deposit with original maturities of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents (Continued)

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash, including the investment instrument described above, represents the balance on hand as if each fund maintained its own cash and investments account. For purposes of the statement of cash flows, the share of equity in the pooled cash and investments of the proprietary funds is considered to be a cash equivalent. See Note 5 "Cash and Cash Equivalents."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code, and the City Charter. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. Interest revenue credited to the General Fund during 2016 amounted to \$307,177, which includes \$280,144 assigned from other funds.

The City's investment in the 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 at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

H. Accounts Receivable

Receivables consist primarily of taxes in the governmental funds and accounts (billings for user charged services, including unbilled amounts) in the proprietary funds.

I. Inventory

On the government-wide financial statements and in the proprietary funds, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental funds when purchased.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life threshold of three or more years.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (Years)
Buildings and Improvements	40 - 60
Utility Plant in Service	20 - 60
Improvements other than Buildings	20
Infrastructure	25 - 50
Machinery, Equipment, Furniture, Fixtures and Vehicles	5 - 15

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. To the extent that certain transactions between funds have not been paid or received as of year end, interfund receivables or payables have been recorded.

L. Compensated Absences

In accordance with GASB Statement No. 16, “*Accounting for Compensated Absences*,” the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is probable and can be reasonably determined. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” The City only reports a “Compensated Absence Payable” in governmental funds if the liability has matured. In the government wide statement of net position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under statute. At termination or retirement, employees are paid at their full rate for 100% of their unused vacation leave.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments, as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

M. Long-Term Debt

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, and special termination benefits are reported in the government wide statement of net position as a liability to the extent that they will not be paid with current expendable available financial resources. Such liabilities are reported in the government wide statement of net position in the “Due within one year” account and the “Due in more than one year” account. Bonds are recognized as a liability in the government wide statement of net position. Long-term debt and other obligations to be paid from proprietary funds are reported in those funds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Debt (Continued)

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	General Bond Retirement Fund, Storm Water Utility Fund
Special Assessment Bonds	Special Assessment Bond Retirement Fund
Ohio Public Works Commission (OPWC) Loans	Street Construction, Maintenance and Repair Fund Water Fund, Sewer Fund
Ohio Water Development Authority (OWDA) Loans	Water Fund Sewer Fund
Mortgage Revenue Bonds	Electric Fund
Police and Fire Pension Accrued Liability	General Fund
Workers' Compensation Liability	Workers' Compensation Retrospective Fund
Capital Leases	General Fund Street Construction, Maintenance and Repair Fund Cemeteries Fund Capital Equipment Reserve Fund Capital Improvement Fund Water Fund Sewer Fund Electric Fund Storm Water Utility Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Cemeteries Fund Water Fund Sewer Fund Electric Fund Off-Street Parking Fund Storm Water Utility Fund
Long-Term Notes Payable	General Fund, Water Fund, Sewer Fund, Storm Water Utility Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

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

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Assigned amounts represent intended uses established by policies of City Council, including giving the Finance Director the authority to constrain monies for intended purposes. City Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget. Through the City’s purchasing policy, City Council has given the Finance Director the authority to constrain monies for intended purposes, which are also reported as assigned fund balance.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

O. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Restricted Assets

Certain cash and cash equivalents are classified as restricted on the balance sheet because these funds are being held by a trustee, an agent or by the City for specified purposes.

Q. Intergovernmental Revenues

In governmental funds, grants awarded on a non-reimbursement basis, entitlements and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made. Grants received for proprietary fund operations are recognized as revenues when measurable and earned. Such resources restricted for the construction of capital assets are recorded as contributed capital.

R. Pensions

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

S. Net Position

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

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

T. Estimates

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems, electric distribution, off-street parking and collection of solid waste refuse. 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 this definition are reported as nonoperating revenues and expenses.

V. 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 City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2016.

W. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. For the City, deferred outflows of resources are reported for pension amounts on the government-wide and proprietary funds statement of net position. See Note 12.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position. See Note 12.

X. Fair Market Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No. 77 “Tax Abatement Disclosures,” and GASB Statement No. 79 “Certain External Investment Pools and Pool Participants.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes, for applying fair value to certain investments, and disclosures related to all fair value measurements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 77 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. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 addresses for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Other long-term assets not available to pay for current-period expenditures:

Tax Revenues	\$829,711
Shared Revenues	522,584
Interest Revenues	46,491
Charges for Services	134,346
Special Assessment Revenue	80,585
	<u>\$1,613,717</u>

Net Pension liability and related deferred outflows/inflows:

Deferred Outflows - Pension	\$4,595,633
Deferred Inflows - Pension	(108,161)
Net Pension Liability	(16,837,875)
	<u>(\$12,350,403)</u>

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$7,953,252)
Special Assessment Bonds Payable	(230,000)
Long Term Notes Payable	(898,389)
OPWC Loans Payable	(1,262,689)
Accrued Interest on Long-Term Debt	(88,072)
Capital Leases Payable	(260,043)
Police/Firemen's Pension Accrued Liability	(621,375)
Compensated Absences Payable	(1,347,181)
	<u>(\$12,661,001)</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount by which capital outlay exceeded depreciation in the current period:

Capital Outlay	\$2,003,916
Depreciation Expense	(1,549,028)
	<u>\$454,888</u>

Governmental revenues not reported in the funds:

Increase in Tax Revenue	\$712,992
Decrease in Intergovernmental Revenue	(9,233)
Increase in Interest Revenue	38,925
Increase in Charges for Services	23,938
Decrease in Special Assessment Revenue	(57,167)
	<u>\$709,455</u>

Net amount of long-term debt issuance and principal payments:

Long-Term Note Issuance	(\$898,389)
Long-Term Note Principal Payment	1,060,365
Premium Amortization	7,828
General Obligation Bond Principal Payment	412,000
Special Assessment Bond Principal Payment	20,000
Construction Loan Principal Payment	69,193
OPWC Loan Principal Payment	4,890
OPWC Loan Issuance	(2,553)
Police/Firemen's Pension Liability Payment	21,816
Capital Lease Issuance	(125,000)
Capital Lease Payments	171,018
	<u>\$741,168</u>

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$30,413
	<u>\$30,413</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 4 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned, and 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. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Land Held for Resale	\$785,000	\$0	\$785,000
Prepaid Items	83,584	26,470	110,054
Permanent Fund Corpus	0	1,148,955	1,148,955
Total Nonspendable	<u>868,584</u>	<u>1,175,425</u>	<u>2,044,009</u>
Restricted:			
Street Maintenance and Repair	0	2,534,086	2,534,086
Cemetery Maintenance	0	487,716	487,716
Law Enforcement	0	274,156	274,156
Fire Department Operations	0	456,465	456,465
Drug and Alcohol Treatment	0	69,878	69,878
Adult Probation Program	0	56,967	56,967
Court Computer Improvements	0	107,502	107,502
Brownfield Clean up	0	770	770
Debt Retirement	0	357,067	357,067
Capital Improvements	0	1,848,147	1,848,147
Total Restricted	<u>0</u>	<u>6,192,754</u>	<u>6,192,754</u>
Committed:			
Emergency Medical Services	0	253,142	253,142
Capital Improvements	0	1,828,655	1,828,655
Underground Storage Tank Cleanup	11,931	0	11,931
Total Committed	<u>11,931</u>	<u>2,081,797</u>	<u>2,093,728</u>
Assigned:			
Budget Resource	279,985	0	279,985
Contractual Services and Supplies	646,084	0	646,084
Total Assigned	<u>926,069</u>	<u>0</u>	<u>926,069</u>
Unassigned (Deficits):	<u>5,801,917</u>	<u>0</u>	<u>5,801,917</u>
Total Fund Balances	<u>\$7,608,501</u>	<u>\$9,449,976</u>	<u>\$17,058,477</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the City into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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, and;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$3,188,658 and the bank balance was \$3,977,600. Federal depository insurance covered \$750,000 of the bank balance and \$3,227,600 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$3,227,600</u>
Total Balance	<u><u>\$3,227,600</u></u>

B. Investments

The City's investments at December 31, 2016 were as follows:

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
STAR Ohio ⁴	\$5,127,001	AAAm ¹	NA	12.79%	\$5,127,001	\$0	\$0
Negotiable CD's	6,482,362	AAA ³	Level 2	16.17%	2,490,151	3,992,211	0
Commercial Paper	9,571,025	A1 ¹ / P1 ²	Level 2	23.89%	9,571,025	0	0
FHLB	2,473,555	AA+ ¹ / Aaa ²	Level 2	6.17%	0	0	2,473,555
FHLMC	9,010,577	AA+ ¹ / Aaa ²	Level 2	22.48%	0	3,067,013	5,943,564
FFCB	1,491,030	AA+ ¹ / Aaa ²	Level 2	3.72%	0	0	1,491,030
FNMA	5,923,424	AAA ¹ / Aaa ²	Level 2	14.78%	0	3,717,923	2,205,501
Total Investments	<u>\$40,078,974</u>			<u>100.00%</u>	<u>\$17,188,177</u>	<u>\$10,777,147</u>	<u>\$12,113,650</u>

¹ Standard & Poor's

² Moody's Investor Service

³ All are fully FDIC insured and therefore have an implied AAA credit rating

⁴ Reported at amortized cost

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Investment Credit Risk – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Allocation of the City’s investments by issuer is detailed in the table above.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2016 were levied after October 1, 2015 on assessed values as of January 1, 2015, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2012. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar 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 is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Painesville. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 2016 was \$8.17 per \$1,000 of assessed value. The assessed value upon which the 2016 collections were based was \$220,674,620. This amount constitutes \$218,283,320 in real property assessed value and \$2,391,300 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Property taxes recorded as revenue in 2015 were based on a tax rate equal to .817% (8.17 mills) of assessed value.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 6 - PROPERTY TAX (Continued)

As of December 31, 2016, the City provides tax incentives under the Community Reinvestment Area (CRA) Tax Abatement Program.

Real Estate Tax Abatement

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area. The City authorizes incentives through the Community Reinvestment Area Tax Abatement Program and those abatements are authorized by the Lake County Court House. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located within 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 and includes major housing improvements in specified areas.

The City has offered the CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth. Below is the information relevant to the disclosure of this program for the year ending December 31, 2016.

	Total Amount of Taxes Abated For the year 2016
<i>Community Reinvestment Area (CRA)</i>	
Industrial	\$120,583
	<u>\$120,583</u>

NOTE 7 - RECEIVABLES

Receivables at December 31, 2016 consisted of taxes, interest, accounts receivable, special assessments, and intergovernmental receivables arising from shared revenues.

NOTE 8 - LAND HELD FOR RESALE

In December 1999, the City purchased 43.1 acres of land with the intent of resale as part of the City's economic development strategy. Additional land was purchased during 2001 for the same purpose. This land is instrumental in the development of commercial or industrial facilities to create and preserve jobs. At December 31, 2016 the City's Land Held for Resale balance was \$785,000.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2016 consist of the following individual fund receivables and payables:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$170,000	\$0
Nonmajor Governmental Fund	0	170,000
Totals	<u>\$170,000</u>	<u>\$170,000</u>

The interfund loan balances result from the General Fund's advance of monies to the Fire Levy Fund to assist the fund's cashflow. The advance is scheduled to be repaid in 2017.

NOTE 10 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2016:

Fund	Transfer In	Transfer Out
Governmental Funds		
General Fund	\$786,894	\$2,575,000
Other Governmental Funds	2,355,000	0
Total Governmental Funds	<u>3,141,894</u>	<u>2,575,000</u>
Proprietary Funds		
Sewer Fund	0	25,000
Electric Fund	0	761,894
Other Enterprise Funds	220,000	0
Total Proprietary Funds	<u>220,000</u>	<u>786,894</u>
Totals	<u>\$3,361,894</u>	<u>\$3,361,894</u>

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. The City's transfers out were made in accordance to City ordinances as required by Ohio Revised Code.

The City's Electric Fund collects a State levied Kilowatt Hour Tax that is distributed to the State of Ohio and a portion to the City monthly. In 2016 the portion due to the City was \$736,894 which was transferred to the General Fund as required by Ohio Revised Code.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2016:

Historical Cost:

Class	December 31, 2015*	Additions	Deletions	December 31, 2016
Capital assets not being depreciated:				
Land	\$9,838,526	\$3,143,046	\$0	\$12,981,572
Construction in Progress	15,666,789	1,445,095	(12,852,824)	4,259,060
Subtotal	25,505,315	4,588,141	(12,852,824)	17,240,632
Capital assets being depreciated:				
Buildings and Improvements	5,459,295	45,183	0	5,504,478
Improvements other than Buildings	1,062,441	44,299	0	1,106,740
Machinery and Equipment	6,536,269	558,586	(563,074)	6,531,781
Infrastructure	32,970,642	9,620,531	0	42,591,173
Subtotal	46,028,647	10,268,599	(563,074)	55,734,172
Total Cost	\$71,533,962	\$14,856,740	(\$13,415,898)	\$72,974,804

Accumulated Depreciation:

Class	December 31, 2015*	Additions	Deletions	December 31, 2016
Buildings and Improvements	(\$2,559,040)	(\$58,006)	\$0	(\$2,617,046)
Improvements other than Buildings	(711,248)	(26,238)	0	(737,486)
Machinery and Equipment	(5,016,116)	(439,864)	562,350	(4,893,630)
Infrastructure	(16,287,299)	(1,024,920)	0	(17,312,219)
Total Depreciation	(\$24,573,703)	(\$1,549,028) **	\$562,350	(\$25,560,381)
Net Value:	\$46,960,259			\$47,414,423

* Prior year balances reported for improvements and infrastructure were reclassified between capital asset categories.

** Depreciation expense was charged to governmental functions as follows:

General Government	\$86,509
Public Safety	196,826
Highways and Streets	1,180,165
Public Health and Welfare	26,243
Culture and Recreation	59,285
Total Depreciation Expense	\$1,549,028

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2016:

Historical Cost:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Capital assets not being depreciated:				
Land	\$1,397,784	\$0	\$0	\$1,397,784
Construction In Progress	21,568,890	4,410,426	(1,779,600)	24,199,716
Subtotal	22,966,674	4,410,426	(1,779,600)	25,597,500
Capital assets being depreciated:				
Buildings and Improvements	32,466,522	0	(2,198,127)	30,268,395
Infrastructure	46,214,506	1,194,353	(7,021)	47,401,838
Machinery and Equipment	28,496,048	1,098,463	(128,738)	29,465,773
Subtotal	107,177,076	2,292,816	(2,333,886)	107,136,006
Total Cost	\$130,143,750	\$6,703,242	(\$4,113,486)	\$132,733,506

Accumulated Depreciation:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Buildings and Improvements	(\$21,319,622)	(\$487,284)	\$1,258,285	(\$20,548,621)
Infrastructure	(24,419,349)	(1,065,641)	6,971	(25,478,019)
Machinery and Equipment	(20,882,571)	(928,016)	125,443	(21,685,144)
Total Depreciation	(\$66,621,542)	(\$2,480,941)	\$1,390,699	(\$67,711,784)
Net Value:	\$63,522,208			\$65,021,722

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

	<u>State and Local</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	*
2016 Actual Contribution Rates		
Employer:		
Pension	12.0 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$1,222,062 for 2016. Of this amount, \$165,487 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2016 through December 31, 2016	12.25 %	12.25 %
2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2016 through December 31, 2016	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$999,545 for 2016. Of this amount, \$117,958 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 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</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$13,937,207	\$14,228,449	\$28,165,656
Proportion of the Net Pension Liability-2016	0.080463%	0.221177%	
Proportion of the Net Pension Liability-2015	<u>0.078758%</u>	<u>0.218634%</u>	
Percentage Change	<u>0.001705%</u>	<u>0.002543%</u>	
Pension Expense	\$2,151,312	\$1,939,130	\$4,090,442

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$4,096,668	\$2,315,846	\$6,412,514
Change in Proportionate Share*	0	124,374	124,374
City contributions subsequent to the measurement date	<u>1,222,062</u>	<u>999,545</u>	<u>2,221,607</u>
Total Deferred Outflows of Resources	<u>\$5,318,730</u>	<u>\$3,439,765</u>	<u>\$8,758,495</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$269,295</u>	<u>\$39,952</u>	<u>\$309,247</u>
Total Deferred Inflows of Resources	<u>\$269,295</u>	<u>\$39,952</u>	<u>\$309,247</u>

* The 2016 OPERS Change in Proportionate Share was considered immaterial, and not deferred.

\$2,221,607 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2017	\$895,981	\$626,091	\$1,522,072
2018	961,486	626,091	1,587,577
2019	1,042,830	626,091	1,668,921
2020	927,076	502,637	1,429,713
2021	0	16,267	16,267
2022	0	3,091	3,091
Total	<u>\$3,827,373</u>	<u>\$2,400,268</u>	<u>\$6,227,641</u>

Actuarial Assumptions - OPERS

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

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:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$22,205,376	\$13,937,207	\$6,963,269

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’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 OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

* levered 2x

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

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

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$18,765,418	\$14,228,449	\$10,385,189

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the 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 post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage 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 benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

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 2.0% during calendar year 2016. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2016, 2015, and 2014 were \$211,091, \$209,963 and \$200,077, respectively, which were equal to the required contributions for each year.

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

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment 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 survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

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 administrated 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. For 2016, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. 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 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 for health care to the OP&F for the years ending December 31, 2016, 2015, and 2014 were \$13,071, \$12,847 and \$12,456 for police and \$9,889, \$9,791 and \$9,290 for firefighters, respectively, which were equal to the required contributions for each year.

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CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2016 is as follows:

		Balance December 31, 2015	Issued	(Retired)	Balance December 31, 2016	Amount Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
4.250 - 5.000% Various Purpose	2007	\$1,185,000	\$0	(\$105,000)	\$1,080,000	\$110,000
2.850% Shamrock Blvd Improvement	2013	1,760,000	0	(82,000)	1,678,000	84,000
2.0 - 3.000% Shamrock Blvd Improvement TIF	2012	5,295,000	0	(225,000)	5,070,000	225,000
Premium on Debt Issuance		133,080	(7,828)	0	125,252	0
Total General Obligation Bonds		<u>8,373,080</u>	<u>(7,828)</u>	<u>(412,000)</u>	<u>7,953,252</u>	<u>419,000</u>
Special Assessment Debt (with governmental commitment)						
4.75% Renaissance Parkway	2005	250,000	0	(20,000)	230,000	20,000
Ohio Public Works Commission Loans (OPWC):						
0.000% Chester Street Improvements	2008	58,681	0	(4,890)	53,791	4,890
0.000% Brookstone Blvd Improvements	2013	1,206,345	2,553	0	1,208,898	48,356
Total OPWC Loans		<u>1,265,026</u>	<u>2,553</u>	<u>(4,890)</u>	<u>1,262,689</u>	<u>53,246</u>
Long-Term Notes Payable:						
1.625% Various Purpose	2011	1,060,365	898,389	(1,060,365)	898,389	202,236
Construction Loan Payable:						
4.250% City Hall Construction		69,193	0	(69,193)	0	0
Net Pension Liability:						
Ohio Public Employees Retirement System		2,469,838	1,216,759	0	3,686,597	0
Ohio Police and Fire Pension Fund		10,560,025	2,591,253	0	13,151,278	0
Total Net Pension Liability		<u>13,029,863</u>	<u>3,808,012</u>	<u>0</u>	<u>16,837,875</u>	<u>0</u>
Compensated Absences		1,390,014	250,143	(292,976)	1,347,181	268,704
Workers' Compensation Liability		695,033	481,660	(695,033)	481,660	142,290
Capital Lease Payable		306,061	125,000	(171,018)	260,043	95,189
Police/Firemen's Pension Accrued Liability		643,191	0	(21,816)	621,375	22,753
Total Governmental Activities		<u>\$27,081,826</u>	<u>\$5,557,929</u>	<u>(\$2,747,291)</u>	<u>\$29,892,464</u>	<u>\$1,223,418</u>

CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 14 - LONG-TERM DEBT (Continued)

Long-term debt of the City at December 31, 2016 is as follows:

		Balance December 31, 2015	Issued	(Retired)	Balance December 31, 2016	Amount Due Within One Year
Business-Type Activities:						
Amp-Ohio Joint Venture Agreement:						
4.600 - 4.750% Joint Venture Agreement		\$1,045,531	\$0	(\$259,337)	\$786,194	\$275,899
Joint Venture Reserve Amount		(509,237)	0	(1,058)	(510,295)	0
Net Joint Venture Agreement		<u>536,294</u>	<u>0</u>	<u>(260,395)</u>	<u>275,899</u>	<u>275,899</u>
General Obligation Bonds:						
3.25% Storm Water Improvements	2016	0	1,900,000	(35,000)	1,865,000	75,000
Ohio Water Development Authority Loans (OWDA):						
4.618% Safe Drinking Water	1998	429,261	0	(100,017)	329,244	104,725
3.420% WPCLF WWTP Upgrades	2009	2,972,480	0	(142,315)	2,830,165	147,224
0.000% Water Intake Design	2014	480,628	315,779	(26,191)	770,216	0
Total OWDA Loans		<u>3,882,369</u>	<u>315,779</u>	<u>(268,523)</u>	<u>3,929,625</u>	<u>251,949</u>
Ohio Public Works Commission Loans (OPWC):						
0.000% Mentor Ave / Jackson Street Sewer	2008	24,587	0	(2,048)	22,539	2,048
Long-Term Notes Payable:						
1.625% Various Purpose	2011	1,799,635	1,351,611	(1,799,635)	1,351,611	447,764
Capital Leases Payable		3,044,934	0	(265,785)	2,779,149	275,623
Net Pension Liability:						
Ohio Public Employees Retirement System		7,029,255	3,221,355	0	10,250,610	0
Ohio Police and Fire Pension Fund		766,128	311,043	0	1,077,171	0
Total Net Pension Liability		<u>7,795,383</u>	<u>3,532,398</u>	<u>0</u>	<u>11,327,781</u>	<u>0</u>
Compensated Absences		<u>1,671,529</u>	<u>496,092</u>	<u>(637,015)</u>	<u>1,530,606</u>	<u>674,396</u>
Total Business-Type Activities		<u>\$18,754,731</u>	<u>\$7,595,880</u>	<u>(\$3,268,401)</u>	<u>\$23,082,210</u>	<u>\$2,002,679</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 14 - LONG-TERM DEBT (Continued)

A. Long Term Notes

Long term notes payable at December 31, 2016 consisted of Various Purpose Improvement Notes. All of the debt has a term of one year or less and was issued to finance improvements to City owned property and to acquire equipment. The City has been retiring a portion of the Various Purpose Improvement Notes as they mature and is issuing new notes for the remaining balance. The notes are dated February 23, 2016 and are due February 22, 2017, at an interest rate of 1.625%. Subsequent to year-end, the Various Purpose Improvement Notes, due February 22, 2017, were refinanced; therefore, these notes payable are recorded as long-term obligations.

B. Compensated Absences

City management staff and employees in each bargaining unit earn sick leave credit. Employees with at least 10 years of service are paid for one-third of their accumulated sick leave credit upon termination of employment, which may not exceed 120 days. This obligation amounted to \$1,770,700 for the City as of December 31, 2016.

In addition, management staff and personnel in each bargaining unit earn vacation at different rates based upon length of service. Vacation carried forward to the current year may not exceed one year's leave balance. In case of death, termination or retirement, an employee (or his estate) is paid for unused vacation up to a maximum of one year credit and two week accrual. The total obligation for accrued vacation for the City as a whole at December 31, 2016 amounted to \$1,107,087.

C. Police and Firemen's Pension Accrued Liability

The City's liability for past service costs related to the Police and Fire Pension Fund at December 31, 2016 was \$902,863 in principal and scheduled interest payments through the year 2035. Only the principal portion of the payments due is included in the government-wide statement of net position.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 14 - LONG-TERM DEBT (Continued)

D. Capital Leases

The City has entered into agreements to lease equipment. The original cost of the equipment was \$7,958,924. Such agreements are, in substance, lease purchases (capital leases) and are classified as long-term obligations in the financial statements. The costs of these assets are included in the capital asset balances of the Governmental Activities and Water Fund, Sewer Fund, Electric Fund (major enterprise funds) and the Storm Water Utility Fund (nonmajor enterprise fund). The capital leases payable are recorded in Governmental Activities and the Business-Type Activities in the amount of \$260,043, and \$2,779,149, respectively.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2016:

Year Ending December 31,	Governmental Activities	Business-Type Activities
2017	\$106,073	\$390,264
2018	74,995	390,264
2019	28,698	314,896
2020	28,698	314,906
2021	28,699	314,896
2022-2026	23,003	1,574,477
2027	0	157,447
Minimum Lease Payments	290,166	3,457,150
Less: amount representing interest at the City's incremental borrowing rate of interest	(30,123)	(678,001)
Present value of minimum lease payments	<u>\$260,043</u>	<u>\$2,779,149</u>

E. Special Assessments with Governmental Commitment

The principal amount of the City's special assessment debt outstanding at December 31, 2016, \$230,000, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners. The fund balance of \$113,400 in the Special Assessment Bond Retirement Fund at December 31, 2016 is restricted for the retirement of outstanding special assessment bonds.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 14 - LONG-TERM DEBT (Continued)

F. Ohio Water Development Authority Loans

In 1998, the City entered into an agreement with the Ohio Water Development Authority to receive loans from the Water Supply Revolving Loan Account and the Freshwater Loan Agreement in the amount of \$1,644,613. The interest rate on the loan is 4.618% per annum. This loan is payable from water service charges. The City began repaying the loan in semiannual payments in 1999 based on a loan amount of \$1,664,613 to be paid through 2019. As of December 31, 2016, the loan had an outstanding balance of \$329,244.

In 2009, the City entered into an agreement with the Ohio Water Development Authority to receive loans for wastewater treatment plant upgrades in the amount of \$3,495,846. The interest rate on the loan is 3.42% per annum. This loan is payable from wastewater service charges. The loan can only be received by the City in increments as the project is completed. The City began repaying the loan in semiannual payments in 2015 based on a loan amount of \$3,495,846 to be paid through 2031. As of December 31, 2016, the loan had an outstanding balance of \$2,830,165.

In 2014, the City entered into an agreement with the Ohio Water Development Authority to receive a loan for the planning and design of water system intake improvements. In 2016, this loan was rolled into a new loan for the construction of water system intake improvements. The interest rate on the new loan is 0.00% per annum. This loan is payable from water service charges. The loan can only be received by the City in increments as the project is completed. As of December 31, 2016 the City had received \$804,736. As of December 31, 2016 the loan has not been finalized and there is no amortization schedule for the loan.

G. Principal and Interest Requirements

The principal and interest requirements to retire long-term debt and Police and Fire Pension Liability obligations at December 31, 2016, are as follows:

Years	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2017	\$494,000	\$305,736	\$20,000	\$11,500
2018	502,000	291,729	20,000	10,500
2019	514,000	276,563	25,000	9,500
2020	537,000	260,988	25,000	8,250
2021	549,000	244,566	25,000	7,500
2022-2026	2,678,000	952,839	115,000	14,750
2027-2031	2,706,000	524,733	0	0
2032-2035	1,713,000	167,423	0	0
Totals	<u>\$9,693,000</u>	<u>\$3,024,577</u>	<u>\$230,000</u>	<u>\$62,000</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 14 - LONG-TERM DEBT (Continued)

G. Principal and Interest Requirements (Continued)

Years	OWDA Loans		OPWC Loans		Police/Firemen's Pension Accrued Liability	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$251,949	\$94,560	\$55,294	\$0	\$22,753	\$26,169
2018	261,969	88,254	55,294	0	23,730	25,192
2019	272,407	77,816	55,294	0	24,750	24,173
2020	162,987	69,980	55,294	0	25,813	23,110
2021	168,612	65,049	55,294	0	26,921	22,001
2022-2026	935,413	245,109	276,470	0	152,979	91,635
2027-2031	1,106,072	93,655	248,718	0	188,778	55,836
2032-2036	0	0	241,785	0	155,651	13,372
2037-2041	0	0	241,785	0	0	0
Totals	<u>\$3,159,409</u>	<u>\$734,423</u>	<u>\$1,285,228</u>	<u>\$0</u>	<u>\$621,375</u>	<u>\$281,488</u>

The repayment of the mortgage revenue bonds is secured by the revenues and a first mortgage on the property of the related utility operation. All other bonds, notes and the police and fire pension accrued liability are backed by the full faith and credit of the City. The Ohio Water Development Authority construction loans are secured by the revenues of the City's wastewater treatment operations. The loans require, among other things, that the City charge sufficient rates and fees for wastewater treatment services to enable the revenues to service the loan principal and provide resources for the payment of the necessary operating and maintenance expenses of the facility. The City was not required to pledge the general resources or general credit of the City to secure the repayment of the loans.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 15 - RISK MANAGEMENT

The City purchases insurance policies in varying amounts providing coverage for general liability, vehicle liability, property damage, employee and public officials liability, professional liability and errors and omissions liability. The City also pays unemployment claims to the State of Ohio as incurred.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2016 the City contracted with several different insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
McGowan Underwriters of America	Public Employee Dishonesty/ Forgery	\$1,000
McGowan Underwriters of America	Law Enforcement Professional Liability	\$25,000
McGowan Underwriters of America	Public Officials Liability	\$25,000
McGowan Underwriters of America	Comprehensive General Liability	\$10,000
McGowan Underwriters of America	Ohio Employers Intentional Tort Liability	\$0
McGowan Underwriters of America	Commercial Umbrella Liability	\$0
McGowan Underwriters of America	Boiler and Machinery	\$25,000
McGowan Underwriters of America	Automobile	\$1,000
McGowan Underwriters of America	Commercial General Liability (Fire)	\$0
McGowan Underwriters of America	Commercial Umbrella	\$0

In 1993, the Workers' Compensation Retrospective Rating Fund was established to account for the funding of the City's workers' compensation plan. Under the plan, the City is charged by the State of Ohio for administrative fees, claims paid and premiums for individual and aggregate claim limits. All City funds are charged a premium per employee covered by the Workers' Compensation Retrospective Rating Fund based on claims experience. The City has a claims limit of \$300,000 per individual and a maximum yearly amount for all claims which varies each policy year. The claims liability of \$481,660 reported in the fund at December 31, 2016 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2015	\$752,891	\$150,195	(\$208,053)	\$695,033
2016	695,033	53,807	(267,180)	481,660

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 15 - RISK MANAGEMENT (Continued)

In 2000, the Employee Health Insurance Fund was created to account for the City's self-funded employee health insurance. Under this program, the City operates with a third party administrator and under stop-loss thresholds. The actual claims are passed through the City for payment. There is protection as to the amount of claims that can be passed through to the City—both specific and aggregate stop-loss protection. Under specific stop-loss, the City pays 100% for any one individual generating claims up to the specific level of \$75,000. Any dollar amount over this specific level is paid by the re-insurance carrier. The aggregate stop-loss protects the City from having a large number of claims exceeding the expected claims level by more than 20% or 25%. Any claims over the specific level do not count toward the aggregate level. Only claims less than the specific level are applied toward the aggregate level. The claims liability of \$294,188 reported in the fund at December 31, 2016 is based on the requirements of GASB Statement No. 30, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past two years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2015	\$353,600	\$2,641,184	(\$2,626,400)	\$368,384
2016	368,384	3,006,000	(3,080,196)	294,188

NOTE 16 - JOINT VENTURE

The City of Painesville is a Financing Participant and a Purchaser Participant with percentages of liability and ownership of 6.66% and 5.22% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the Agreement.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - JOINT VENTURE (Continued)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2016 the City of Painesville has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2016, the outstanding debt was \$4,142,633. The City's net obligation for this amount at December 31, 2016 was \$275,899. The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was \$695,135 at December 31, 2016. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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CITY OF PAINESVILLE, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 16 - JOINT VENTURE (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2016 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	95.20%	127,640		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

The City's liability for the bonds is disclosed below:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$786,194	\$6,943	\$793,137
Total Gross Liability	786,194	\$6,943	\$793,137
Less: Amounts Held in Reserve	(510,295)		
Net Obligation	<u>\$275,899</u>		

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 17 – SIGNIFICANT COMMITMENTS

As of December 31, 2016, the City had the following contracts with respect to capital improvements:

Project	Remaining Construction Commitment	Expected Date of Completion
Various Street Repaving	\$471,506	2017
Storm Water Utility Improvements	19,119	2017
Storrs Street Building	1,154,168	2017
Waterline Replacement Project	661,590	2017
Electric Substation	153,705	2017
Raw Wash Basin Improvements	550,000	2017
Newell Street Railroad Crossing	435,976	2017
Total	<u>\$3,446,064</u>	

At December 31, 2016 the City had encumbrance commitments in the Governmental Funds as follows:

Fund	Encumbrances
General Fund	\$671,814
Other Governmental Funds	<u>1,423,761</u>
Total Governmental Funds	<u>\$2,095,575</u>

NOTE 18 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2016 of \$2,200 in the Community Programs Fund (enterprise fund), \$179,022 in the Employee Health Insurance Fund and \$327,881 in the Workers' Compensation Retrospective Fund (internal service funds) arise from the recognition of expenditures/expenses on the modified accrual/accrual basis that are greater than expenditures/expenses recognized on the budgetary/cash basis. Deficits do not exist under the budgetary/cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

NOTE 19 - CONTINGENCIES

There are several lawsuits pending in which the City is involved. The City's management believes that the ultimate outcome of these matters will not significantly impact the City's financial position or operations.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 20 – PURCHASE COMMITMENT

American Municipal Power Generating Station Project (AMPGS)

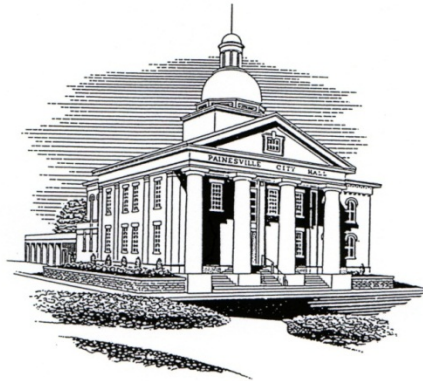
The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's project share was 13,000 kilowatts (kW) of a total 771,281 kW, giving the City a 1.69 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed *impaired* and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share of the impaired costs at March 31, 2014 was \$2,240,514. The City received a credit of \$587,923 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU). The City also made payments totaling \$2,194,829 leaving an estimated net credit balance of \$542,238. The City has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the City's credit balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014, the City's allocation of additional costs incurred by the project is \$22,652 and interest on the credit balance credited to the City has been \$15,370, resulting in a net credit balance at December 31, 2016 of \$534,956. The City does have a potential PHFU Liability of \$604,723 resulting in a net total potential liability of \$69,767, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include such negative items as property taxes as well as positive items such as revenue from leases or sale of all or a portion of the Meigs County site property.

NOTE 21 – SUBSEQUENT EVENT

In February 2017 the City issued \$1,600,000 of various purpose General Obligation Notes. These notes carry an interest rate of 2.0% and mature in February 2018.



REQUIRED SUPPLEMENTAL INFORMATION

CITY OF PAINESVILLE, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability
Last Three Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.078758%	0.078758%	0.080463%
City's proportionate share of the net pension liability (asset)	\$9,284,542	\$9,499,093	\$13,937,207
City's covered-employee payroll	\$9,660,792	\$9,655,333	\$10,005,075
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.11%	98.38%	139.30%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.218634%	0.218634%	0.221177%
City's proportionate share of the net pension liability (asset)	\$10,648,162	\$11,326,153	\$14,228,449
City's covered-employee payroll	\$4,943,828	\$4,373,483	\$4,529,777
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	215.38%	258.97%	314.11%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

CITY OF PAINESVILLE, OHIO

***Schedule of City Contributions
Last Four Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$1,255,903	\$1,158,640	\$1,200,609	\$1,222,062
Contributions in relation to the contractually required contribution	<u>1,255,903</u>	<u>1,158,640</u>	<u>1,200,609</u>	<u>1,222,062</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$9,660,792	\$9,655,333	\$10,005,075	\$10,183,850
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$874,748	\$914,762	\$948,955	\$999,545
Contributions in relation to the contractually required contribution	<u>874,748</u>	<u>914,762</u>	<u>948,955</u>	<u>999,545</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$4,943,828	\$4,373,483	\$4,529,777	\$4,771,700
Contributions as a percentage of covered-employee payroll	17.69%	20.92%	20.95%	20.95%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, NONMAJOR ENTERPRISE FUNDS, NONMAJOR INTERNAL SERVICE FUNDS, AND FIDUCIARY FUNDS.

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than amounts relating to trusts or major capital projects) that are restricted or committed to expenditures for specified purposes.

Street Construction, Maintenance and Repair Fund

Required by the Ohio Revised Code to account for 92.5% of the state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

State Highway Improvement Fund

Required by the Ohio Revised Code to account for 7.5% of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

Cemeteries Fund

To account for revenue received from the operation of the City's two municipal cemeteries.

Police Pension Transfer Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension.

Fire Pension Transfer Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for fire disability and pension.

Law Enforcement Fund

To account for the proceeds from the confiscation of contraband.

Municipal Motor Vehicle License Tax Fund

To account for County-levied motor vehicle registration fees designated for street construction, maintenance and repair. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Construction, Maintenance and Repair Fund on a GAAP basis.)

Indigent Drivers Alcohol Treatment Fund

To account for funds received pursuant to Ohio Revised Code Section 4511.191 (M) to be used for the incarceration and/or treatment of alcohol abuse by individuals that are determined by the courts to be indigent.

(Continued)

Special Revenue Funds (Continued)

Enforcement and Education Fund

To account for funds received pursuant to Ohio Revised Code Section 4511.99 (A) to be used by the Painesville Police to pay the costs of educating the public about laws governing operation of a motor vehicle while under the influence of alcohol.

City Motor Vehicle License Tax Fund

To account for City-levied motor vehicle registration fees designated for street construction, maintenance and repair. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Construction, Maintenance and Repair Fund on a GAAP basis.)

Fire Levy Fund

To account for a voted continuous property tax levy which is used to fund a portion of Fire Department salaries and the purchase of fire fighting apparatus.

Underground Storage Tank Fund

To account for monies to pay for the deductible amount of costs of third party damages and corrective actions necessary to clean up a petroleum release from an underground storage tank. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Probation Services Fund

To account for monies received pursuant to Ohio Revised Code Section 2951.021 to be used for operating expenses of the Probation Department.

Community Oriented Policing Services (COPS) Fast Grant Fund

To account for federal grant monies designated for the cost of additional police officers.

Skate Facility Fund

To account for monies designated for the costs to construct and maintain a skate facility. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Fire Fund

To account for grants and donated monies received for funding the operations of the Fire Division.

Victim's Advocate Grant Fund

To account for the Victim's Advocate Grant the Court received.

Emergency Medical Services (EMS) Fund

To account for revenue received from the operation of the City's Emergency Medical Services.

(Continued)

Special Revenue Funds (Continued)

Municipal Court Computerization Fund

To account for monies from fines to be used to place an updated computer system in the Municipal Court.

Shamrock Business Center TIF Fund

To account for bond proceeds to be used for the extension of Shamrock Boulevard. The debt is retired from payments received in lieu of taxes per the tax increment financing agreement.

Brownfield Grant Fund

To account for grant revenues received from EPA for brownfield assessment, cleanup, revolving loans, and environmental job training.

Zoning Application Fund

To account for monies received and held by the City for zoning application requests. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Fire Improvement Levy Fund

To account for a voted property tax levy restricted in use for equipment purchases for the Fire Department. This levy is required to be renewed by the voters every 5 years.

Road Improvement Levy Fund

To account for a voted property tax levy to be used for improvements to City streets.

Columbarium Trust Fund

To account for monies received and held by the City for charges related to the columbarium burial site.

Law Enforcement Trust Fund

To account for monies received by the police division from the sale of drug related contraband.

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment levies when the government is obligated in some manner for the payment.

General Bond Retirement Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Special Assessment Bond Retirement Fund

To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment bonds.

Capital Projects Funds

The Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than that financed by proprietary funds and trust funds.

Municipal Court Improvement Fund

To account for the expansion to a second municipal courtroom, including remodeling and furnishing of the existing facilities financed by unvoted general obligation bond anticipation notes.

Capital Equipment Reserve Fund

To account for the costs associated with the purchase and maintenance of capital equipment.

Capital Improvement Fund

To account for the accumulation of funds for the acquisition of capital assets and/or the construction of major capital facilities.

Lake Hospital Demolition Fund

To account for costs associated with the acquisition and demolition of the Lake East Hospital.

Jackson Street Interchange Project Fund

To account for the costs associated with the construction of an interchange off of State Route 44 and Jackson Street.

Industrial Park Project Fund

To account for the costs associated with the construction of the Renaissance Industrial Park located on Newell Street.

Municipal Court Special Projects Fund

To account for the accumulation of funds for the general use of the Municipal Court.

Millstone Acquisition Fund

To account for costs associated with the acquisition and demolition of Millstone Condominiums.

City Hall Fire Fund

To account for insurance proceeds received due to a fire at City Hall.

Shamrock Boulevard Road Project Fund

To account for costs associated with construction of Shamrock Boulevard.

Permanent Funds

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

Cemetery Trust Fund

To account for interest income earned from the investment of cemetery trust principal. The interest portion of the trust can be used to maintain the City's two cemeteries.

Special Endowment Fund

To account for interest income earned from the investment of special endowment (non-resident) principal. The interest portion of the trust can be used to maintain the City's two cemeteries. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Special Endowment Trust Fund on a GAAP basis.)

Evergreen Cemetery Trust Fund

To account for the principal, acquired from contributions and endowments, for the City's Evergreen Cemetery. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Cemetery Trust Fund on a GAAP basis.)

Riverside Cemetery Trust Fund

To account for the principal, acquired from contributions and endowments, for the City's Riverside Cemetery. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Cemetery Trust Fund on a GAAP basis.)

Special Endowment Trust Fund

To account for the principal, acquired from contributions and endowments, from non-residents, for the City's two cemeteries.

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Assets:					
Pooled Cash and Investments	\$ 5,811,315	\$ 356,851	\$ 2,419,691	\$ 143,247	\$ 8,731,104
Receivables:					
Taxes	1,938,868	54,351	0	0	1,993,219
Accounts	187,238	0	0	0	187,238
Intergovernmental	349,054	3,071	0	0	352,125
Special Assessments	0	80,585	0	0	80,585
Prepaid Items	25,157	0	1,313	0	26,470
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	1,148,955	1,148,955
Total Assets	\$ 8,311,632	\$ 494,858	\$ 2,421,004	\$ 1,292,202	\$ 12,519,696
Liabilities:					
Accounts Payable	\$ 275,064	\$ 0	\$ 127,484	\$ 0	\$ 402,548
Accrued Wages and Benefits Payable	54,248	0	532	0	54,780
Intergovernmental Payable	0	0	416	0	416
Interfund Loans Payable	170,000	0	0	0	170,000
Total Liabilities	499,312	0	128,432	0	627,744
Deferred Inflows of Resources:					
Unavailable Amounts	444,088	86,815	0	0	530,903
Property Tax Levy for Next Fiscal Year	1,860,097	50,976	0	0	1,911,073
Total Deferred Inflows of Resources	2,304,185	137,791	0	0	2,441,976
Fund Balances:					
Nonspendable	25,157	0	1,313	1,148,955	1,175,425
Restricted	5,229,836	357,067	462,604	143,247	6,192,754
Committed	253,142	0	1,828,655	0	2,081,797
Total Fund Balances	5,508,135	357,067	2,292,572	1,292,202	9,449,976
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,311,632	\$ 494,858	\$ 2,421,004	\$ 1,292,202	\$ 12,519,696

CITY OF PAINESVILLE, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$ 1,811,626	\$ 49,313	\$ 0	\$ 0	\$ 1,860,939
Intergovernmental Revenues	1,089,865	12,285	7,977	0	1,110,127
Charges for Services	674,045	0	0	0	674,045
Investment Earnings	0	0	0	1,720	1,720
Special Assessments	0	112,284	0	0	112,284
Fines and Forfeitures	247,014	0	138,006	0	385,020
All Other Revenues	17,815	0	28,164	13,840	59,819
Total Revenues	3,840,365	173,882	174,147	15,560	4,203,954
Expenditures:					
Current:					
General Government	432,401	37,108	141,018	0	610,527
Public Safety	974,194	0	0	0	974,194
Highways and Streets	1,666,113	0	399,947	0	2,066,060
Public Health and Welfare	361,367	0	0	0	361,367
Capital Outlay	0	0	621,855	0	621,855
Debt Service:					
Principal Retirement	1,460,157	47,000	161,170	0	1,668,327
Interest and Fiscal Charges	249,058	33,830	12,139	0	295,027
Total Expenditures	5,143,290	117,938	1,336,129	0	6,597,357
Excess (Deficiency) of Revenues Over Expenditures	(1,302,925)	55,944	(1,161,982)	15,560	(2,393,403)
Other Financing Sources (Uses):					
Sale of Capital Assets	200	0	31,250	0	31,450
Long Term Note Issuance	898,389	0	0	0	898,389
Issuance of OPWC Loans	2,553	0	0	0	2,553
Transfers In	915,000	0	1,440,000	0	2,355,000
Other Financing Sources - Capital Leases	0	0	125,000	0	125,000
Total Other Financing Sources (Uses)	1,816,142	0	1,596,250	0	3,412,392
Net Change in Fund Balances	513,217	55,944	434,268	15,560	1,018,989
Fund Balances at Beginning of Year	4,994,918	301,123	1,858,304	1,276,642	8,430,987
Fund Balances End of Year	\$ 5,508,135	\$ 357,067	\$ 2,292,572	\$ 1,292,202	\$ 9,449,976

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016**

	Street Construction, Maintenance and Repair Fund	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund
Assets:				
Pooled Cash and Investments	\$ 2,149,139	\$ 67,103	\$ 356,071	\$ 79,139
Receivables:				
Taxes	0	0	0	67,939
Accounts	0	0	0	0
Intergovernmental	294,774	19,698	0	3,839
Prepaid Items	0	0	17,109	0
Total Assets	\$ 2,443,913	\$ 86,801	\$ 373,180	\$ 150,917
Liabilities:				
Accounts Payable	\$ 132,666	\$ 0	\$ 606	\$ 0
Accrued Wages and Benefits Payable	12,489	0	11,085	0
Interfund Loans Payable	0	0	0	0
Total Liabilities	145,155	0	11,691	0
Deferred Inflows of Resources:				
Unavailable Amounts	196,516	13,132	0	7,789
Property Tax Levy for Next Fiscal Year	0	0	0	63,720
Total Deferred Inflows of Resources	196,516	13,132	0	71,509
Fund Balances:				
Nonspendable	0	0	17,109	0
Restricted	2,102,242	73,669	344,380	79,408
Committed	0	0	0	0
Total Fund Balances	2,102,242	73,669	361,489	79,408
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,443,913	\$ 86,801	\$ 373,180	\$ 150,917

CITY OF PAINESVILLE, OHIO

Fire Pension Transfer Fund	Law Enforcement Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	Fire Levy Fund	Probation Services Fund
\$ 79,184	\$ 23,801	\$ 69,394	\$ 139,338	\$ 175,760	\$ 60,356
67,939	0	0	0	107,792	0
0	0	0	0	0	0
3,839	0	484	0	2,570	0
0	0	0	0	0	0
<u>\$ 150,962</u>	<u>\$ 23,801</u>	<u>\$ 69,878</u>	<u>\$ 139,338</u>	<u>\$ 286,122</u>	<u>\$ 60,356</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 240
0	0	0	0	0	3,149
0	0	0	0	170,000	0
0	0	0	0	170,000	3,389
7,789	0	0	0	11,127	0
63,720	0	0	0	98,780	0
<u>71,509</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>109,907</u>	<u>0</u>
0	0	0	0	0	0
79,453	23,801	69,878	139,338	6,215	56,967
0	0	0	0	0	0
<u>79,453</u>	<u>23,801</u>	<u>69,878</u>	<u>139,338</u>	<u>6,215</u>	<u>56,967</u>
<u>\$ 150,962</u>	<u>\$ 23,801</u>	<u>\$ 69,878</u>	<u>\$ 139,338</u>	<u>\$ 286,122</u>	<u>\$ 60,356</u>

(Continued)

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016**

	COPS Fast Grant Fund	Fire Fund	Victim's Advocate Grant Fund	Emergency Medical Services Fund
Assets:				
Pooled Cash and Investments	\$ 2,646	\$ 2,261	\$ 8,834	\$ 232,192
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	187,238
Intergovernmental	0	0	0	0
Prepaid Items	0	0	0	8,048
Total Assets	\$ 2,646	\$ 2,261	\$ 8,834	\$ 427,478
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 2	\$ 8,325
Accrued Wages and Benefits Payable	0	0	1,065	23,617
Interfund Loans Payable	0	0	0	0
Total Liabilities	0	0	1,067	31,942
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	134,346
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	134,346
Fund Balances:				
Nonspendable	0	0	0	8,048
Restricted	2,646	2,261	7,767	0
Committed	0	0	0	253,142
Total Fund Balances	2,646	2,261	7,767	261,190
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,646	\$ 2,261	\$ 8,834	\$ 427,478

CITY OF PAINESVILLE, OHIO

Municipal Court Computerization Fund	Shamrock Business Center TIF Fund	Brownfield Grant Fund	Fire Improvement Levy Fund	Road Improvement Levy Fund	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
\$ 110,349	\$ 1,385,543	\$ 770	\$ 368,158	\$ 479,992	\$ 89	\$ 21,196	\$ 5,811,315
0	685,000	0	331,198	679,000	0	0	1,938,868
0	0	0	0	0	0	0	187,238
0	0	7,768	6,317	9,765	0	0	349,054
0	0	0	0	0	0	0	25,157
<u>\$ 110,349</u>	<u>\$ 2,070,543</u>	<u>\$ 8,538</u>	<u>\$ 705,673</u>	<u>\$ 1,168,757</u>	<u>\$ 89</u>	<u>\$ 21,196</u>	<u>\$ 8,311,632</u>
\$ 4	\$ 0	\$ 7,768	\$ 942	\$ 124,511	\$ 0	\$ 0	\$ 275,064
2,843	0	0	0	0	0	0	54,248
0	0	0	0	0	0	0	170,000
<u>2,847</u>	<u>0</u>	<u>7,768</u>	<u>942</u>	<u>124,511</u>	<u>0</u>	<u>0</u>	<u>499,312</u>
0	0	0	24,148	49,241	0	0	444,088
0	685,000	0	312,047	636,830	0	0	1,860,097
0	685,000	0	336,195	686,071	0	0	2,304,185
0	0	0	0	0	0	0	25,157
107,502	1,385,543	770	368,536	358,175	89	21,196	5,229,836
0	0	0	0	0	0	0	253,142
<u>107,502</u>	<u>1,385,543</u>	<u>770</u>	<u>368,536</u>	<u>358,175</u>	<u>89</u>	<u>21,196</u>	<u>5,508,135</u>
<u>\$ 110,349</u>	<u>\$ 2,070,543</u>	<u>\$ 8,538</u>	<u>\$ 705,673</u>	<u>\$ 1,168,757</u>	<u>\$ 89</u>	<u>\$ 21,196</u>	<u>\$ 8,311,632</u>

CITY OF PAINESVILLE, OHIO

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

	Street Construction, Maintenance and Repair Fund	State Highway Improvement Fund	Cemeteries Fund	Police Pension Transfer Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 50,759
Intergovernmental Revenues	735,337	47,883	0	15,356
Charges for Services	0	0	145,531	0
Fines and Forfeitures	0	0	0	0
All Other Revenues	715	0	306	0
Total Revenues	736,052	47,883	145,837	66,115
Expenditures:				
Current:				
General Government	0	0	0	875
Public Safety	0	0	0	70,000
Highways and Streets	1,009,411	63,044	0	0
Public Health and Welfare	0	0	361,367	0
Debt Service:				
Principal Retirement	657,515	0	0	0
Interest and Fiscal Charges	37,795	0	0	0
Total Expenditures	1,704,721	63,044	361,367	70,875
Excess (Deficiency) of Revenues Over Expenditures	(968,669)	(15,161)	(215,530)	(4,760)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Long Term Note Issuance	498,389	0	0	0
Issuance of OPWC Loans	0	0	0	0
Transfers In	600,000	0	315,000	0
Total Other Financing Sources (Uses)	1,098,389	0	315,000	0
Net Change in Fund Balances	129,720	(15,161)	99,470	(4,760)
Fund Balances at Beginning of Year	1,972,522	88,830	262,019	84,168
Fund Balances End of Year	\$ 2,102,242	\$ 73,669	\$ 361,489	\$ 79,408

CITY OF PAINESVILLE, OHIO

Fire Pension Transfer Fund	Law Enforcement Fund	Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	Fire Levy Fund	Probation Services Fund
\$ 50,759	\$ 0	\$ 0	\$ 0	\$ 78,235	\$ 0
15,356	0	0	0	10,281	0
0	0	0	0	0	0
0	0	14,957	11,705	0	107,039
0	8,726	0	0	0	0
<u>66,115</u>	<u>8,726</u>	<u>14,957</u>	<u>11,705</u>	<u>88,516</u>	<u>107,039</u>
875	0	17,100	0	1,782	101,551
70,000	21,869	0	0	1,220	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	55,642	0
0	0	0	0	8,117	0
<u>70,875</u>	<u>21,869</u>	<u>17,100</u>	<u>0</u>	<u>66,761</u>	<u>101,551</u>
(4,760)	(13,143)	(2,143)	11,705	21,755	5,488
0	0	0	0	200	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>200</u>	<u>0</u>
(4,760)	(13,143)	(2,143)	11,705	21,955	5,488
<u>84,213</u>	<u>36,944</u>	<u>72,021</u>	<u>127,633</u>	<u>(15,740)</u>	<u>51,479</u>
<u>\$ 79,453</u>	<u>\$ 23,801</u>	<u>\$ 69,878</u>	<u>\$ 139,338</u>	<u>\$ 6,215</u>	<u>\$ 56,967</u>

(Continued)

CITY OF PAINESVILLE, OHIO

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

	COPS Fast Grant Fund	Fire Fund	Victim's Advocate Grant Fund	Emergency Medical Services Fund
Revenues:				
Property Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	17,309	0
Charges for Services	0	0	0	528,514
Fines and Forfeitures	0	0	0	0
All Other Revenues	1,800	192	0	0
Total Revenues	1,800	192	17,309	528,514
Expenditures:				
Current:				
General Government	0	0	23,336	0
Public Safety	0	135	0	608,603
Highways and Streets	0	0	0	0
Public Health and Welfare	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	0	135	23,336	608,603
Excess (Deficiency) of Revenues Over Expenditures	1,800	57	(6,027)	(80,089)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Long Term Note Issuance	0	0	0	0
Issuance of OPWC Loans	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	1,800	57	(6,027)	(80,089)
Fund Balances at Beginning of Year	846	2,204	13,794	341,279
Fund Balances End of Year	\$ 2,646	\$ 2,261	\$ 7,767	\$ 261,190

CITY OF PAINESVILLE, OHIO

Municipal Court Computerization Fund	Shamrock Business Center TIF Fund	Brownfield Grant Fund	Fire Improvement Levy Fund	Road Improvement Levy Fund	Columbarium Trust Fund	Law Enforcement Trust Fund	Total Nonmajor Special Revenue Funds
\$ 0	\$ 696,948	\$ 0	\$ 312,853	\$ 622,072	\$ 0	\$ 0	\$ 1,811,626
0	0	184,013	25,269	39,061	0	0	1,089,865
0	0	0	0	0	0	0	674,045
113,313	0	0	0	0	0	0	247,014
0	0	0	0	0	0	6,076	17,815
<u>113,313</u>	<u>696,948</u>	<u>184,013</u>	<u>338,122</u>	<u>661,133</u>	<u>0</u>	<u>6,076</u>	<u>3,840,365</u>
92,736	0	194,146	0	0	0	0	432,401
0	0	0	194,901	0	0	7,466	974,194
0	154,986	0	0	438,672	0	0	1,666,113
0	0	0	0	0	0	0	361,367
0	747,000	0	0	0	0	0	1,460,157
0	203,146	0	0	0	0	0	249,058
<u>92,736</u>	<u>1,105,132</u>	<u>194,146</u>	<u>194,901</u>	<u>438,672</u>	<u>0</u>	<u>7,466</u>	<u>5,143,290</u>
20,577	(408,184)	(10,133)	143,221	222,461	0	(1,390)	(1,302,925)
0	0	0	0	0	0	0	200
0	400,000	0	0	0	0	0	898,389
0	2,553	0	0	0	0	0	2,553
0	0	0	0	0	0	0	915,000
<u>0</u>	<u>402,553</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,816,142</u>
20,577	(5,631)	(10,133)	143,221	222,461	0	(1,390)	513,217
<u>86,925</u>	<u>1,391,174</u>	<u>10,903</u>	<u>225,315</u>	<u>135,714</u>	<u>89</u>	<u>22,586</u>	<u>4,994,918</u>
<u>\$ 107,502</u>	<u>\$ 1,385,543</u>	<u>\$ 770</u>	<u>\$ 368,536</u>	<u>\$ 358,175</u>	<u>\$ 89</u>	<u>\$ 21,196</u>	<u>\$ 5,508,135</u>

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2016**

	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Assets:			
Pooled Cash and Investments	\$ 243,451	\$ 113,400	\$ 356,851
Receivables:			
Taxes	54,351	0	54,351
Intergovernmental	3,071	0	3,071
Special Assessments	0	80,585	80,585
Total Assets	\$ 300,873	\$ 193,985	\$ 494,858
Liabilities:			
Total Liabilities	\$ 0	\$ 0	\$ 0
Deferred Inflows of Resources:			
Unavailable Amounts	6,230	80,585	86,815
Property Tax Levy for Next Fiscal Year	50,976	0	50,976
Total Deferred Inflows of Resources	57,206	80,585	137,791
Fund Balances:			
Restricted	243,667	113,400	357,067
Total Fund Balances	243,667	113,400	357,067
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 300,873	\$ 193,985	\$ 494,858

CITY OF PAINESVILLE, OHIO

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

	General Bond Retirement Fund	Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Property Taxes	\$ 49,313	\$ 0	\$ 49,313
Intergovernmental Revenues	12,285	0	12,285
Special Assessments	0	112,284	112,284
Total Revenues	<u>61,598</u>	<u>112,284</u>	<u>173,882</u>
Expenditures:			
Current:			
General Government	729	36,379	37,108
Debt Service:			
Principal Retirement	0	47,000	47,000
Interest and Fiscal Charges	0	33,830	33,830
Total Expenditures	<u>729</u>	<u>117,209</u>	<u>117,938</u>
Net Change in Fund Balances	60,869	(4,925)	55,944
Fund Balances at Beginning of Year	<u>182,798</u>	<u>118,325</u>	<u>301,123</u>
Fund Balances End of Year	<u>\$ 243,667</u>	<u>\$ 113,400</u>	<u>\$ 357,067</u>

CITY OF PAINESVILLE, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016**

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Lake Hospital Demolition Fund
Assets:				
Pooled Cash and Investments	\$ 87,639	\$ 925,707	\$ 989,385	\$ 10,775
Prepaid Items	0	0	1,258	0
Total Assets	\$ 87,639	\$ 925,707	\$ 990,643	\$ 10,775
Liabilities:				
Accounts Payable	\$ 192	\$ 36,114	\$ 89,936	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	303	0	0
Total Liabilities	192	36,417	89,936	0
Fund Balances:				
Nonspendable	0	0	1,258	0
Restricted	87,447	0	0	10,775
Committed	0	889,290	899,449	0
Total Fund Balances	87,447	889,290	900,707	10,775
Total Liabilities and Fund Balances	\$ 87,639	\$ 925,707	\$ 990,643	\$ 10,775

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project Fund	Industrial Park Project Fund	Municipal Court Special Projects Fund	Millstone Acquisition Fund	City Hall Fire Fund	Shamrock Boulevard Road Project Fund	Total Nonmajor Capital Projects Funds
\$ 116,715	\$ 39,916	\$ 159,872	\$ 31,578	\$ 189	\$ 57,915	\$ 2,419,691
0	0	55	0	0	0	1,313
<u>\$ 116,715</u>	<u>\$ 39,916</u>	<u>\$ 159,927</u>	<u>\$ 31,578</u>	<u>\$ 189</u>	<u>\$ 57,915</u>	<u>\$ 2,421,004</u>
\$ 0	\$ 0	\$ 1,242	\$ 0	\$ 0	\$ 0	\$ 127,484
0	0	532	0	0	0	532
0	0	113	0	0	0	416
<u>0</u>	<u>0</u>	<u>1,887</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>128,432</u>
0	0	55	0	0	0	1,313
116,715	0	157,985	31,578	189	57,915	462,604
0	39,916	0	0	0	0	1,828,655
<u>116,715</u>	<u>39,916</u>	<u>158,040</u>	<u>31,578</u>	<u>189</u>	<u>57,915</u>	<u>2,292,572</u>
<u>\$ 116,715</u>	<u>\$ 39,916</u>	<u>\$ 159,927</u>	<u>\$ 31,578</u>	<u>\$ 189</u>	<u>\$ 57,915</u>	<u>\$ 2,421,004</u>

CITY OF PAINESVILLE, OHIO

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

	Municipal Court Improvement Fund	Capital Equipment Reserve Fund	Capital Improvement Fund	Lake Hospital Demolition Fund
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 7,977	\$ 0
Fines and Forfeitures	53,111	0	0	0
All Other Revenues	0	0	28,164	0
Total Revenues	53,111	0	36,141	0
Expenditures:				
Current:				
General Government	41,315	0	0	0
Highways and Streets	0	109,190	290,757	0
Capital Outlay	23,466	349,051	249,338	0
Debt Service:				
Principal Retirement	0	150,170	0	0
Interest and Fiscal Charges	0	7,761	0	0
Total Expenditures	64,781	616,172	540,095	0
Excess (Deficiency) of Revenues Over Expenditures	(11,670)	(616,172)	(503,954)	0
Other Financing Sources (Uses):				
Sale of Capital Assets	0	31,250	0	0
Transfers In	0	710,000	700,000	0
Other Financing Sources - Capital Leases	0	125,000	0	0
Total Other Financing Sources (Uses)	0	866,250	700,000	0
Net Change in Fund Balances	(11,670)	250,078	196,046	0
Fund Balances at Beginning of Year	99,117	639,212	704,661	10,775
Fund Balances End of Year	\$ 87,447	\$ 889,290	\$ 900,707	\$ 10,775

CITY OF PAINESVILLE, OHIO

Jackson Street Interchange Project Fund	Industrial Park Project Fund	Municipal Court Special Projects Fund	Millstone Acquisition Fund	City Hall Fire Fund	Shamrock Boulevard Road Project Fund	Total Nonmajor Capital Project Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,977
0	0	84,895	0	0	0	138,006
0	0	0	0	0	0	28,164
0	0	84,895	0	0	0	174,147
0	0	99,703	0	0	0	141,018
0	0	0	0	0	0	399,947
0	0	0	0	0	0	621,855
0	11,000	0	0	0	0	161,170
0	4,378	0	0	0	0	12,139
0	15,378	99,703	0	0	0	1,336,129
0	(15,378)	(14,808)	0	0	0	(1,161,982)
0	0	0	0	0	0	31,250
0	30,000	0	0	0	0	1,440,000
0	0	0	0	0	0	125,000
0	30,000	0	0	0	0	1,596,250
0	14,622	(14,808)	0	0	0	434,268
116,715	25,294	172,848	31,578	189	57,915	1,858,304
\$ 116,715	\$ 39,916	\$ 158,040	\$ 31,578	\$ 189	\$ 57,915	\$ 2,292,572

CITY OF PAINESVILLE, OHIO

***Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2016***

	Cemetery Trust Fund	Special Endowment Trust Fund	Total Nonmajor Permanent Funds
Assets:			
Pooled Cash and Investments	\$ 82,293	\$ 60,954	\$ 143,247
Restricted Assets:			
Cash and Cash Equivalents	801,364	347,591	1,148,955
Total Assets	<u>\$ 883,657</u>	<u>\$ 408,545</u>	<u>\$ 1,292,202</u>
Liabilities:			
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances:			
Nonspendable	801,364	347,591	1,148,955
Restricted	82,293	60,954	143,247
Total Fund Balances	<u>883,657</u>	<u>408,545</u>	<u>1,292,202</u>
Total Liabilities and Fund Balances	<u>\$ 883,657</u>	<u>\$ 408,545</u>	<u>\$ 1,292,202</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds
For the Year Ended December 31, 2016***

	Cemetery Trust Fund	Special Endowment Trust Fund	Total Nonmajor Permanent Funds
Revenues:			
Investment Earnings	\$ 1,213	\$ 507	\$ 1,720
All Other Revenues	8,520	5,320	13,840
Total Revenues	<u>9,733</u>	<u>5,827</u>	<u>15,560</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	9,733	5,827	15,560
Fund Balances at Beginning of Year	<u>873,924</u>	<u>402,718</u>	<u>1,276,642</u>
Fund Balances End of Year	<u>\$ 883,657</u>	<u>\$ 408,545</u>	<u>\$ 1,292,202</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property Taxes:				
Real Estate and Public Utility	\$ 332,818	\$ 372,000	\$ 363,522	\$ (8,478)
Municipal Income Tax	7,810,750	9,110,750	9,239,051	128,301
Total Taxes	8,143,568	9,482,750	9,602,573	119,823
Intergovernmental Revenues:				
Local Government Fund - County	650,000	650,000	691,211	41,211
Local Government Fund - State	60,000	60,000	21,604	(38,396)
Property Tax Allocation	110,000	110,000	110,555	555
Miscellaneous Tax	13,200	13,200	19,196	5,996
Total Intergovernmental Revenues	833,200	833,200	842,566	9,366
Charges for Services:				
General Government	1,330	1,330	1,368	38
Public Safety	15,250	15,250	16,654	1,404
Highways and Streets	10,700	10,700	22,686	11,986
Culture and Recreation	11,700	11,700	15,150	3,450
Community Environment	2,500	2,500	2,481	(19)
Total Charges for Services	41,480	41,480	58,339	16,859
Licenses, Permits and Inspection Fees:				
License Fees	30,200	30,200	47,575	17,375
Permit Fees	63,000	63,000	83,731	20,731
Inspection Fees	3,000	3,000	3,500	500
Zoning Appeal Fees	14,000	14,000	24,483	10,483
Other Fees	256,400	313,610	346,547	32,937
Total Licenses, Permits and Inspection Fees	366,600	423,810	505,836	82,026
Investment Earnings	380,000	380,000	401,161	21,161
Fines and Forfeitures	951,200	951,200	989,137	37,937
All Other Revenues	327,820	437,428	610,813	173,385
Total Revenues	11,043,868	12,549,868	13,010,425	460,557

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Expenditures:				
General Government:				
Legislative:				
Council:				
Personal Services	1,799,698	1,693,348	1,579,827	113,521
All Other Expenditures	2,257	2,143	1,555	588
Clerk of Council:				
Personal Services	9,788	8,488	7,489	999
All Other Expenditures	3,800	3,800	3,277	523
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	229,397	227,997	221,291	6,706
Clerk of Court:				
Personal Services	569,854	576,054	569,148	6,906
All Other Expenditures	56,491	33,567	24,863	8,704
Probation:				
Personal Services	187,868	186,868	184,090	2,778
Executive:				
City Manager:				
Personal Services	53,841	46,991	42,789	4,202
All Other Expenditures	5,990	5,990	3,197	2,793
Comm., Promotions and Public Relations Activities:				
All Other Expenditures	3,243	3,243	2,189	1,054
Information Technology:				
All Other Expenditures	29,881	16,231	15,416	815
Human Resources:				
Personal Services	26,554	26,854	26,509	345
All Other Expenditures	15,481	22,331	22,055	276
Economic Development:				
Personal Services	24,131	24,161	23,586	575
All Other Expenditures	27,548	27,548	26,294	1,254

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Finance:				
Administration:				
Personal Services	35,370	35,370	35,086	284
All Other Expenditures	7,506	6,006	5,022	984
Accounting:				
Personal Services	34,560	36,733	35,386	1,347
All Other Expenditures	23,392	23,392	22,821	571
Purchasing/Warehousing:				
Personal Services	23,462	23,462	23,112	350
All Other Expenditures	2,207	2,207	1,442	765
Income Tax Collection:				
All Other Expenditures	231,964	299,514	299,514	0
Law:				
Administration:				
Personal Services	31,426	31,426	30,803	623
All Other Expenditures	2,675	675	38	637
Engineering:				
Administration:				
Personal Services	54,869	54,869	52,804	2,065
All Other Expenditures	3,785	3,785	3,543	242
Public Lands and Buildings:				
Building Operations, Maintenance and Repair:				
Personal Services	10,455	10,455	10,223	232
All Other Expenditures	50,755	50,755	48,424	2,331
Miscellaneous:				
Insurance:				
All Other Expenditures	46,845	46,845	46,845	0
Tax Settlement Deductions:				
All Other Expenditures	13,000	17,026	17,024	2
Other Miscellaneous:				
Personal Services	300,000	326,634	326,634	0
All Other Expenditures	343,146	513,446	472,742	40,704
Total General Government	<u>4,261,239</u>	<u>4,388,214</u>	<u>4,185,038</u>	<u>203,176</u>

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Public Safety:				
Police:				
Law Enforcement - Sworn Officers:				
Personal Services	3,135,802	3,115,102	2,959,953	155,149
Law Enforcement - Other:				
Personal Services	279,460	268,565	255,163	13,402
All Other Expenditures	251,316	225,942	217,515	8,427
Fire:				
Fire Fighting, Prevention and Inspection:				
Personal Services	2,140,429	2,120,329	1,982,836	137,493
All Other Expenditures	109,140	97,640	93,814	3,826
Fire Service - Other:				
Personal Services	147,589	82,089	76,729	5,360
Police and Fire Communications:				
Control Center:				
All Other Expenditures	512,240	518,865	517,961	904
Total Public Safety	<u>6,575,976</u>	<u>6,428,532</u>	<u>6,103,971</u>	<u>324,561</u>
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	58,048	60,448	55,801	4,647
All Other Expenditures	30,807	30,807	27,439	3,368
Street Maintenance and Repair:				
All Other Expenditures	78,317	81,367	81,342	25
Building Maintenance:				
All Other Expenditures	52,183	36,051	32,755	3,296
Equipment Maintenance:				
Personal Services	28,471	26,471	22,405	4,066
All Other Expenditures	173,767	152,367	151,613	754
Employee Benefits:				
Personal Services	313,844	327,244	266,042	61,202
Sidewalks - Snow Removal:				
All Other Expenditures	485	485	485	0

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Leaf/Yard Waste Removal:				
All Other Expenditures	5,000	5,000	5,000	0
Parking:				
Parking Meters:				
All Other Expenditures	1,600	1,600	1,498	102
Parking Lots:				
All Other Expenditures	13,400	13,400	12,743	657
Traffic Signs, Markings:				
Traffic Signs, Markings, Signals:				
Personal Services	32,905	31,505	28,997	2,508
All Other Expenditures	28,598	26,798	26,101	697
Total Highways and Streets	<u>817,425</u>	<u>793,543</u>	<u>712,221</u>	<u>81,322</u>
Public Health and Welfare:				
Payments to County Health Board:				
County Health District Assessments:				
All Other Expenditures	131,450	131,450	131,444	6
Assistance to Needy/Aged:				
Poor Relief:				
All Other Expenditures	500	500	201	299
Total Public Health and Welfare	<u>131,950</u>	<u>131,950</u>	<u>131,645</u>	<u>305</u>
Culture and Recreation:				
Parks:				
Administration:				
Personal Services	112,308	114,108	112,270	1,838
All Other Expenditures	10,693	10,693	10,464	229
Parks Systems:				
Personal Services	191,450	175,350	162,596	12,754
All Other Expenditures	96,437	114,982	114,184	798
Building Maintenance:				
All Other Expenditures	16,063	20,488	19,148	1,340
Morse Avenue Community Center:				
All Other Expenditures	10,614	9,614	7,480	2,134

(Continued)

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Recreation Activities:				
Personal Services	144,036	144,036	140,445	3,591
All Other Expenditures	22,986	22,986	20,981	2,005
Other Leisure Time Activities:				
Senior Citizens Center:				
All Other Expenditures	34,600	34,600	33,400	1,200
Community Functions:				
All Other Expenditures	22,000	22,000	22,000	0
Total Culture and Recreation	<u>661,187</u>	<u>668,857</u>	<u>642,968</u>	<u>25,889</u>
Community Environment:				
Community Planning and Zoning:				
Planning Commission:				
All Other Expenditures	611	611	556	55
Demolition:				
All Other Expenditures	2,610	1,310	1,110	200
Planning and Development:				
Personal Services	31,531	33,131	32,583	548
All Other Expenditures	5,147	14,221	14,045	176
Housing and Building Code Enforcement:				
Code Enforcement:				
Personal Services	63,591	58,591	53,485	5,106
All Other Expenditures	6,966	21,766	20,392	1,374
Tree Care and Weed Control:				
Weed Control:				
All Other Expenditures	9,276	8,576	8,484	92
Total Community Environment	<u>119,732</u>	<u>138,206</u>	<u>130,655</u>	<u>7,551</u>
Debt Service:				
Principal Retirement	71,958	69,394	69,391	3
Interest and Fiscal Charges	2,214	4,885	4,884	1
Total Expenditures	<u>12,641,681</u>	<u>12,623,581</u>	<u>11,980,773</u>	<u>642,808</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,597,813)	(73,713)	1,029,652	1,103,365

(Continued)

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – General Fund
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	15,037	15,037
Transfers In	770,000	920,000	886,894	(33,106)
Transfers Out	(377,000)	(2,677,000)	(2,677,000)	0
Advances In	20,000	20,000	20,000	0
Total Other Financing Sources (Uses)	<u>413,000</u>	<u>(1,737,000)</u>	<u>(1,755,069)</u>	<u>(18,069)</u>
Net Change in Fund Balance	(1,184,813)	(1,810,713)	(725,417)	1,085,296
Fund Balance at Beginning of Year	4,822,102	4,822,102	4,822,102	0
Prior Year Encumbrances	856,836	856,836	856,836	0
Fund Balance at End of Year	<u>\$ 4,494,125</u>	<u>\$ 3,868,225</u>	<u>\$ 4,953,521</u>	<u>\$ 1,085,296</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 675,000	\$ 675,000	\$ 837,417	\$ 162,417
All Other Revenues	0	0	715	715
Total Revenues	<u>675,000</u>	<u>675,000</u>	<u>838,132</u>	<u>163,132</u>
Expenditures:				
Highways and Streets:				
Public Works:				
Administration:				
Personal Services	133,173	134,794	132,183	2,611
All Other Expenditures	1,875	1,875	0	1,875
Street Construction and Reconstruction:				
Personal Service	177,179	175,558	159,123	16,435
Capital Outlay	978,905	978,905	920,541	58,364
Street Maintenance and Repair:				
All Other Expenditures	8,665	8,665	7,931	734
Snow and Ice Removal:				
All Other Expenditures	182,799	182,799	182,799	0
Debt Service:				
Principal Retirement	657,515	657,516	657,515	1
Interest Charges	39,000	38,999	38,347	652
Total Expenditures	<u>2,179,111</u>	<u>2,179,111</u>	<u>2,098,439</u>	<u>80,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,504,111)	(1,504,111)	(1,260,307)	243,804
Other Financing Sources (Uses):				
General Obligation Notes Issued	498,389	498,389	498,389	0
Premiums on Debt Issuances	0	0	552	552
Transfers In	102,000	702,000	702,000	0
Total Other Financing Sources (Uses)	<u>600,389</u>	<u>1,200,389</u>	<u>1,200,941</u>	<u>552</u>
Net Changes in Fund Balance	(903,722)	(303,722)	(59,366)	244,356
Fund Balance at Beginning of Year	1,183,451	1,183,451	1,183,451	0
Prior Year Encumbrances	667,184	667,184	667,184	0
Fund Balance at End of Year	<u>\$ 946,913</u>	<u>\$ 1,546,913</u>	<u>\$ 1,791,269</u>	<u>\$ 244,356</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 45,000	\$ 45,000	\$ 47,826	\$ 2,826
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>47,826</u>	<u>2,826</u>
Expenditures:				
Highways and Streets:				
Public Works:				
State Highway Maintenance:				
All Other Expenditures	<u>67,260</u>	<u>67,260</u>	<u>67,260</u>	<u>0</u>
Total Expenditures	<u>67,260</u>	<u>67,260</u>	<u>67,260</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,260)	(22,260)	(19,434)	2,826
Fund Balance at Beginning of Year	<u>82,321</u>	<u>82,321</u>	<u>82,321</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 60,061</u>	<u>\$ 60,061</u>	<u>\$ 62,887</u>	<u>\$ 2,826</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

CEMETERIES FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Charges for Services	\$ 86,800	\$ 131,800	\$ 145,531	\$ 13,731
All Other Revenues	0	0	306	306
Total Revenues	<u>86,800</u>	<u>131,800</u>	<u>145,837</u>	<u>14,037</u>
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Administration:				
Personal Services	246,532	224,430	201,847	22,583
All Other Expenditures	6,941	22,083	21,918	165
Evergreen/Riverside Cemeteries:				
Personal Services	120,322	126,722	120,405	6,317
All Other Expenditures	26,313	26,873	26,701	172
Building Maintenance:				
All Other Expenditures	12,450	12,450	10,672	1,778
Total Expenditures	<u>412,558</u>	<u>412,558</u>	<u>381,543</u>	<u>31,015</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(325,758)	(280,758)	(235,706)	45,052
Other Financing Sources (Uses):				
Transfers In	315,000	315,000	315,000	0
Total Other Financing Sources (Uses)	<u>315,000</u>	<u>315,000</u>	<u>315,000</u>	<u>0</u>
Net Change in Fund Balance	(10,758)	34,242	79,294	45,052
Fund Balance at Beginning of Year	267,150	267,150	267,150	0
Prior Year Encumbrances	7,620	7,620	7,620	0
Fund Balance at End of Year	<u>\$ 264,012</u>	<u>\$ 309,012</u>	<u>\$ 354,064</u>	<u>\$ 45,052</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

POLICE PENSION TRANSFER FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Taxes	\$ 48,569	\$ 48,569	\$ 50,490	\$ 1,921
Intergovernmental Revenues	15,000	15,000	15,356	356
Total Revenues	<u>63,569</u>	<u>63,569</u>	<u>65,846</u>	<u>2,277</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Sworn Officer:				
Personal Services	70,000	70,000	70,000	0
All Other Expenditures	1,100	1,100	875	225
Total Expenditures	<u>71,100</u>	<u>71,100</u>	<u>70,875</u>	<u>225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,531)	(7,531)	(5,029)	2,502
Fund Balance at Beginning of Year	84,168	84,168	84,168	0
Fund Balance at End of Year	<u>\$ 76,637</u>	<u>\$ 76,637</u>	<u>\$ 79,139</u>	<u>\$ 2,502</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

FIRE PENSION TRANSFER FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Taxes	\$ 48,569	\$ 48,569	\$ 50,490	\$ 1,921
Intergovernmental Revenues	15,000	15,000	15,356	356
Total Revenues	<u>63,569</u>	<u>63,569</u>	<u>65,846</u>	<u>2,277</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Fighting, Prevention, Inspection:				
Personal Services	70,000	70,000	70,000	0
All Other Expenditures	1,100	1,100	875	225
Total Expenditures	<u>71,100</u>	<u>71,100</u>	<u>70,875</u>	<u>225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,531)	(7,531)	(5,029)	2,502
Fund Balance at Beginning of Year	84,213	84,213	84,213	0
Fund Balance at End of Year	<u>\$ 76,682</u>	<u>\$ 76,682</u>	<u>\$ 79,184</u>	<u>\$ 2,502</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

LAW ENFORCEMENT FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 200	\$ 200	\$ 8,726	\$ 8,526
Total Revenues	<u>200</u>	<u>200</u>	<u>8,726</u>	<u>8,526</u>
Expenditures:				
Public Safety:				
Police:				
Law-Enforcement-Other:				
All Other Expenditures	<u>1,665</u>	<u>25,679</u>	<u>25,679</u>	<u>0</u>
Total Expenditures	<u>1,665</u>	<u>25,679</u>	<u>25,679</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,465)	(25,479)	(16,953)	8,526
Fund Balance at Beginning of Year	35,279	35,279	35,279	0
Prior Year Encumbrances	<u>1,665</u>	<u>1,665</u>	<u>1,665</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 35,479</u>	<u>\$ 11,465</u>	<u>\$ 19,991</u>	<u>\$ 8,526</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 34,000	\$ 34,000	\$ 36,074	\$ 2,074
Total Revenues	<u>34,000</u>	<u>34,000</u>	<u>36,074</u>	<u>2,074</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,000	34,000	36,074	2,074
Other Financing Sources (Uses):				
Transfers Out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>0</u>
Net Change in Fund Balance	(1,000)	(1,000)	1,074	2,074
Fund Balance at Beginning of Year	15,526	15,526	15,526	0
Fund Balance at End of Year	<u>\$ 14,526</u>	<u>\$ 14,526</u>	<u>\$ 16,600</u>	<u>\$ 2,074</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

INDIGENT DRIVERS ALCOHOL TREATMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Fines and Forfeitures	\$ 15,000	\$ 15,000	\$ 14,473	\$ (527)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>14,473</u>	<u>(527)</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Judicial Activities:				
All Other Expenditures	<u>60,000</u>	<u>60,000</u>	<u>30,000</u>	<u>30,000</u>
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>30,000</u>	<u>30,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,000)	(45,000)	(15,527)	29,473
Fund Balance at Beginning of Year	42,021	42,021	42,021	0
Prior Year Encumbrances	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 27,021</u>	<u>\$ 27,021</u>	<u>\$ 56,494</u>	<u>\$ 29,473</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 15,000	\$ 15,000	\$ 11,705	\$ (3,295)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>11,705</u>	<u>(3,295)</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,000	11,705	(3,295)
Fund Balance at Beginning of Year	<u>127,633</u>	<u>127,633</u>	<u>127,633</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 142,633</u>	<u>\$ 142,633</u>	<u>\$ 139,338</u>	<u>\$ (3,295)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 68,000	\$ 68,000	\$ 72,148	\$ 4,148
Total Revenues	<u>68,000</u>	<u>68,000</u>	<u>72,148</u>	<u>4,148</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,000	68,000	72,148	4,148
Other Financing Sources (Uses):				
Transfers Out	<u>(67,000)</u>	<u>(67,000)</u>	<u>(67,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(67,000)</u>	<u>(67,000)</u>	<u>(67,000)</u>	<u>0</u>
Net Change in Fund Balance	1,000	1,000	5,148	4,148
Fund Balance at Beginning of Year	<u>32,990</u>	<u>32,990</u>	<u>32,990</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 33,990</u>	<u>\$ 33,990</u>	<u>\$ 38,138</u>	<u>\$ 4,148</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

FIRE LEVY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 84,932	\$ 84,932	\$ 77,780	\$ (7,152)
Intergovernmental Revenues	14,000	14,000	10,281	(3,719)
Total Revenues	<u>98,932</u>	<u>98,932</u>	<u>88,061</u>	<u>(10,871)</u>
Expenditures:				
Public Safety:				
Fire Fighting, Prevention, Inspection:				
All Other Expenditures	2,000	2,000	1,782	218
Fire Service - Other:				
All Other Expenditures	4,023	4,024	4,024	0
Debt Service:				
Principal Retirement	55,642	55,643	55,642	1
Interest and Fiscal Charges	8,221	8,220	8,117	103
Total Expenditures	<u>69,886</u>	<u>69,887</u>	<u>69,565</u>	<u>322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,046	29,045	18,496	(10,549)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	200	200
Advances Out	(20,000)	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>(19,800)</u>	<u>200</u>
Net Change in Fund Balance	9,046	9,045	(1,304)	(10,349)
Fund Balance at Beginning of Year	170,237	170,237	170,237	0
Prior Year Encumbrances	4,023	4,023	4,023	0
Fund Balance at End of Year	<u>\$ 183,306</u>	<u>\$ 183,305</u>	<u>\$ 172,956</u>	<u>\$ (10,349)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

UNDERGROUND STORAGE TANK FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Highways and Streets:				
Public Works:				
All Other Expenditures	1,000	1,000	1,000	0
Total Expenditures	1,000	1,000	1,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(1,000)	(1,000)	0
Other Financing Sources (Uses):				
Transfers In	2,000	2,000	2,000	0
Total Other Financing Sources (Uses)	2,000	2,000	2,000	0
Net Change in Fund Balance	1,000	1,000	1,000	0
Fund Balance at Beginning of Year	10,931	10,931	10,931	0
Fund Balance at End of Year	\$ 11,931	\$ 11,931	\$ 11,931	\$ 0

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 100,000	\$ 100,000	\$ 107,039	\$ 7,039
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>107,039</u>	<u>7,039</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Probation:				
Personal Services	89,408	89,108	85,729	3,379
All Other Expenditures	<u>33,712</u>	<u>34,012</u>	<u>33,167</u>	<u>845</u>
Total Expenditures	<u>123,120</u>	<u>123,120</u>	<u>118,896</u>	<u>4,224</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,120)	(23,120)	(11,857)	11,263
Fund Balance at Beginning of Year	48,065	48,065	48,065	0
Prior Year Encumbrances	<u>10,929</u>	<u>10,929</u>	<u>10,929</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 35,874</u>	<u>\$ 35,874</u>	<u>\$ 47,137</u>	<u>\$ 11,263</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,800</u>	<u>\$ 1,800</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>1,800</u>	<u>1,800</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,800	1,800
Fund Balance at Beginning of Year	<u>846</u>	<u>846</u>	<u>846</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 846</u>	<u>\$ 846</u>	<u>\$ 2,646</u>	<u>\$ 1,800</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>627</u>	<u>627</u>	<u>627</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 627</u>	<u>\$ 627</u>	<u>\$ 627</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	FIRE FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
All Other Revenues	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 192</u>	<u>\$ (8)</u>
Total Revenues	<u>200</u>	<u>200</u>	<u>192</u>	<u>(8)</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Service - Other:				
All Other Expenditures	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
Total Expenditures	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,300)</u>	<u>(1,300)</u>	<u>(1,308)</u>	<u>(8)</u>
Fund Balance at Beginning of Year	<u>2,204</u>	<u>2,204</u>	<u>2,204</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 904</u>	<u>\$ 904</u>	<u>\$ 896</u>	<u>\$ (8)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

VICTIM'S ADVOCATE GRANT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 37,698	\$ 37,698	\$ 26,215	\$ (11,483)
Total Revenues	<u>37,698</u>	<u>37,698</u>	<u>26,215</u>	<u>(11,483)</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Clerk of Court:				
Personal Services	41,454	26,753	23,947	2,806
Total Expenditures	<u>41,454</u>	<u>26,753</u>	<u>23,947</u>	<u>2,806</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,756)	10,945	2,268	(8,677)
Fund Balance at Beginning of Year	6,549	6,549	6,549	0
Prior Year Encumbrances	8	8	8	0
Fund Balance at End of Year	<u>\$ 2,801</u>	<u>\$ 17,502</u>	<u>\$ 8,825</u>	<u>\$ (8,677)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

EMERGENCY MEDICAL SERVICES FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Charges for Services	\$ 470,000	\$ 545,000	\$ 552,828	\$ 7,828
Total Revenues	<u>470,000</u>	<u>545,000</u>	<u>552,828</u>	<u>7,828</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Fighting, Prevention and Inspection:				
Personal Services	445,160	443,515	430,210	13,305
All Other Expenditures	72,241	69,391	69,055	336
Fire Service - Other:				
Personal Services	<u>116,438</u>	<u>120,933</u>	<u>117,142</u>	<u>3,791</u>
Total Expenditures	<u>633,839</u>	<u>633,839</u>	<u>616,407</u>	<u>17,432</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(163,839)	(88,839)	(63,579)	25,260
Fund Balance at Beginning of Year	266,418	266,418	266,418	0
Prior Year Encumbrances	<u>19,573</u>	<u>19,573</u>	<u>19,573</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 122,152</u>	<u>\$ 197,152</u>	<u>\$ 222,412</u>	<u>\$ 25,260</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

MUNICIPAL COURT COMPUTERIZATION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 100,000	\$ 110,000	\$ 113,313	\$ 3,313
Total Revenues	<u>100,000</u>	<u>110,000</u>	<u>113,313</u>	<u>3,313</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Clerk of Court:				
Personal Services	80,967	90,967	82,280	8,687
Probation:				
Personal Services	<u>11,594</u>	<u>11,594</u>	<u>11,450</u>	<u>144</u>
Total Expenditures	<u>92,561</u>	<u>102,561</u>	<u>93,730</u>	<u>8,831</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,439	7,439	19,583	12,144
Fund Balance at Beginning of Year	90,730	90,730	90,730	0
Prior Year Encumbrances	<u>13</u>	<u>13</u>	<u>13</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 98,182</u>	<u>\$ 98,182</u>	<u>\$ 110,326</u>	<u>\$ 12,144</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

SHAMROCK BUSINESS CENTER TIF FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 660,000	\$ 660,000	\$ 696,948	\$ 36,948
Total Revenues	<u>660,000</u>	<u>660,000</u>	<u>696,948</u>	<u>36,948</u>
Expenditures:				
Highways and Streets:				
All Other Expenditures	150,700	150,700	144,627	6,073
Capital Outlay	10,359	10,359	10,359	0
Debt Service:				
Principal Retirement	807,000	807,000	747,000	60,000
Interest and Fiscal Charges	205,785	205,785	203,598	2,187
Total Expenditures	<u>1,173,844</u>	<u>1,173,844</u>	<u>1,105,584</u>	<u>68,260</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(513,844)	(513,844)	(408,636)	105,208
Other Financing Sources (Uses):				
Issuance of OPWC Loans	0	0	2,553	2,553
General Obligation Notes Issued	400,000	400,000	400,000	0
Premiums on Debt Issuances	0	0	452	452
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>400,000</u>	<u>403,005</u>	<u>3,005</u>
Net Change in Fund Balance	(113,844)	(113,844)	(5,631)	108,213
Fund Balance at Beginning of Year	1,380,815	1,380,815	1,380,815	0
Prior Year Encumbrances	10,359	10,359	10,359	0
Fund Balance at End of Year	<u>\$ 1,277,330</u>	<u>\$ 1,277,330</u>	<u>\$ 1,385,543</u>	<u>\$ 108,213</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 350,000</u>	<u>\$ 195,800</u>	<u>\$ 195,823</u>	<u>\$ 23</u>
Total Revenues	<u>350,000</u>	<u>195,800</u>	<u>195,823</u>	<u>23</u>
Expenditures:				
General Government:				
All Other Expenditures	<u>250,000</u>	<u>196,000</u>	<u>195,823</u>	<u>177</u>
Total Expenditures	<u>250,000</u>	<u>196,000</u>	<u>195,823</u>	<u>177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,000	(200)	0	200
Fund Balance at Beginning of Year	<u>770</u>	<u>770</u>	<u>770</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 100,770</u>	<u>\$ 570</u>	<u>\$ 770</u>	<u>\$ 200</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 225	\$ 225	\$ 0	\$ (225)
Total Revenues	<u>225</u>	<u>225</u>	<u>0</u>	<u>(225)</u>
Expenditures:				
Community Environment:				
Zoning Application:				
All Other Expenditures	<u>317</u>	<u>317</u>	<u>284</u>	<u>33</u>
Total Expenditures	<u>317</u>	<u>317</u>	<u>284</u>	<u>33</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92)	(92)	(284)	(192)
Fund Balance at Beginning of Year	12,141	12,141	12,141	0
Prior Year Encumbrances	<u>92</u>	<u>92</u>	<u>92</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,141</u>	<u>\$ 12,141</u>	<u>\$ 11,949</u>	<u>\$ (192)</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 292,485	\$ 292,485	\$ 311,533	\$ 19,048
Intergovernmental Revenues	19,000	19,000	25,269	6,269
Total Revenues	<u>311,485</u>	<u>311,485</u>	<u>336,802</u>	<u>25,317</u>
Expenditures:				
Public Safety:				
Fire:				
Fire Service - Other:				
All Other Expenditures	288,926	288,926	284,661	4,265
Capital Outlay	80,764	80,765	80,765	0
Total Expenditures	<u>369,690</u>	<u>369,691</u>	<u>365,426</u>	<u>4,265</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,205)	(58,206)	(28,624)	29,582
Fund Balance at Beginning of Year	74,673	74,673	74,673	0
Prior Year Encumbrances	171,690	171,690	171,690	0
Fund Balance at End of Year	<u>\$ 188,158</u>	<u>\$ 188,157</u>	<u>\$ 217,739</u>	<u>\$ 29,582</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016**

ROAD IMPROVEMENT LEVY FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 595,684	\$ 595,684	\$ 619,378	\$ 23,694
Intergovernmental Revenues	40,000	40,000	39,061	(939)
Total Revenues	<u>635,684</u>	<u>635,684</u>	<u>658,439</u>	<u>22,755</u>
Expenditures:				
Highways and Streets:				
Public Works:				
All Other Expenditures	5,000	5,000	4,871	129
Capital Outlay	962,128	777,128	761,199	15,929
Total Expenditures	<u>967,128</u>	<u>782,128</u>	<u>766,070</u>	<u>16,058</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(331,444)	(146,444)	(107,631)	38,813
Fund Balance at Beginning of Year	37,576	37,576	37,576	0
Prior Year Encumbrances	327,128	327,128	327,128	0
Fund Balance at End of Year	<u>\$ 33,260</u>	<u>\$ 218,260</u>	<u>\$ 257,073</u>	<u>\$ 38,813</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>89</u>	<u>89</u>	<u>89</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 89</u>	<u>\$ 89</u>	<u>\$ 89</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 1,000</u>	<u>\$ 6,000</u>	<u>\$ 6,076</u>	<u>\$ 76</u>
Total Revenues	<u>1,000</u>	<u>6,000</u>	<u>6,076</u>	<u>76</u>
Expenditures:				
Public Safety:				
Police:				
Law Enforcement - Other:				
All Other Expenditures	<u>8,333</u>	<u>10,379</u>	<u>10,360</u>	<u>19</u>
Total Expenditures	<u>8,333</u>	<u>10,379</u>	<u>10,360</u>	<u>19</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,333)</u>	<u>(4,379)</u>	<u>(4,284)</u>	<u>95</u>
Fund Balance at Beginning of Year	22,568	22,568	22,568	0
Prior Year Encumbrances	<u>1,333</u>	<u>1,333</u>	<u>1,333</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,568</u>	<u>\$ 19,522</u>	<u>\$ 19,617</u>	<u>\$ 95</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 38,855	\$ 38,855	\$ 49,097	\$ 10,242
Intergovernmental Revenues	<u>12,000</u>	<u>12,000</u>	<u>12,285</u>	<u>285</u>
Total Revenues	<u>50,855</u>	<u>50,855</u>	<u>61,382</u>	<u>10,527</u>
Expenditures:				
General Government:				
All Other Expenditures	<u>900</u>	<u>900</u>	<u>729</u>	<u>171</u>
Total Expenditures	<u>900</u>	<u>900</u>	<u>729</u>	<u>171</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	49,955	49,955	60,653	10,698
Fund Balance at Beginning of Year	<u>182,798</u>	<u>182,798</u>	<u>182,798</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 232,753</u>	<u>\$ 232,753</u>	<u>\$ 243,451</u>	<u>\$ 10,698</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 92,000	\$ 112,000	\$ 112,284	\$ 284
Total Revenues	<u>92,000</u>	<u>112,000</u>	<u>112,284</u>	<u>284</u>
Expenditures:				
General Government:				
All Other Expenditures	49,645	49,645	36,379	13,266
Debt Service Function:				
Debt Service - Unvoted:				
Debt Service:				
Principal Retirement	47,000	47,000	47,000	0
Interest and Fiscal Charges	<u>33,830</u>	<u>33,830</u>	<u>33,830</u>	<u>0</u>
Total Expenditures	<u>130,475</u>	<u>130,475</u>	<u>117,209</u>	<u>13,266</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,475)	(18,475)	(4,925)	13,550
Fund Balance at Beginning of Year	118,280	118,280	118,280	0
Prior Year Encumbrances	<u>45</u>	<u>45</u>	<u>45</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 79,850</u>	<u>\$ 99,850</u>	<u>\$ 113,400</u>	<u>\$ 13,550</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 48,000	\$ 48,000	\$ 53,111	\$ 5,111
Total Revenues	<u>48,000</u>	<u>48,000</u>	<u>53,111</u>	<u>5,111</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Judicial Activities:				
Capital Outlay	23,405	41,405	39,296	2,109
Clerk of Court:				
Capital Outlay	<u>82,018</u>	<u>82,018</u>	<u>82,018</u>	<u>0</u>
Total Expenditures	<u>105,423</u>	<u>123,423</u>	<u>121,314</u>	<u>2,109</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,423)	(75,423)	(68,203)	7,220
Fund Balance at Beginning of Year	48,694	48,694	48,694	0
Prior Year Encumbrances	<u>50,423</u>	<u>50,423</u>	<u>50,423</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 41,694</u>	<u>\$ 23,694</u>	<u>\$ 30,914</u>	<u>\$ 7,220</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016***

CAPITAL EQUIPMENT RESERVE FUND				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Executive:				
City Manager:				
Capital Outlay	12,000	7,156	7,000	156
Finance:				
Accounting:				
Capital Outlay	4,000	3,040	3,037	3
Miscellaneous:				
Other Miscellaneous:				
Capital Outlay	120,000	121,020	121,020	0
Total General Government	<u>136,000</u>	<u>131,216</u>	<u>131,057</u>	<u>159</u>
Public Safety:				
Police:				
Law Enforcement - Other:				
Capital Outlay	41,458	41,458	41,448	10
Total Public Safety	<u>41,458</u>	<u>41,458</u>	<u>41,448</u>	<u>10</u>
Highways and Streets:				
Public Works:				
Administration:				
Capital Outlay	0	370,199	370,157	42
Street Maintenance and Repair:				
Capital Outlay	52,016	52,016	52,015	1
Equipment Maintenance:				
Capital Outlay	11,449	97,293	97,286	7
Total Highways and Streets	<u>63,465</u>	<u>519,508</u>	<u>519,458</u>	<u>50</u>
Culture and Recreation:				
Parks:				
Parks Systems:				
Capital Outlay	123,985	161,467	161,453	14
Total Culture and Recreation	<u>123,985</u>	<u>161,467</u>	<u>161,453</u>	<u>14</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016***

CAPITAL EQUIPMENT RESERVE FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Community Environment:				
Housing and Building Code Enforcement:				
Code Enforcement:				
Capital Outlay	2,056	1,581	1,522	59
Total Community Environment	<u>2,056</u>	<u>1,581</u>	<u>1,522</u>	<u>59</u>
Debt Service:				
Principal Retirement	137,372	136,352	122,449	13,903
Interest and Fiscal Charges	8,126	7,767	7,761	6
Total Expenditures	<u>512,462</u>	<u>999,349</u>	<u>985,148</u>	<u>14,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(512,462)	(999,349)	(985,148)	14,201
Other Financing Sources (Uses):				
Sale of Capital Assets	0	30,000	31,250	1,250
Transfers In	0	710,000	710,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>740,000</u>	<u>741,250</u>	<u>1,250</u>
Net Change in Fund Balance	(512,462)	(259,349)	(243,898)	15,451
Fund Balance at Beginning of Year	551,721	551,721	551,721	0
Prior Year Encumbrances	131,964	131,964	131,964	0
Fund Balance at End of Year	<u>\$ 171,223</u>	<u>\$ 424,336</u>	<u>\$ 439,787</u>	<u>\$ 15,451</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016**

CAPITAL IMPROVEMENT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 0	\$ 0	\$ 7,977	\$ 7,977
All Other Revenues	0	25,000	28,164	3,164
Total Revenues	<u>0</u>	<u>25,000</u>	<u>36,141</u>	<u>11,141</u>
Expenditures:				
General Government:				
Public Lands and Buildings:				
Building Operations, Maintenance and Repair:				
Capital Outlay	110,783	133,743	133,140	603
Total General Government	<u>110,783</u>	<u>133,743</u>	<u>133,140</u>	<u>603</u>
Public Safety:				
Fire:				
Fire Fighting, Prevention and Inspection:				
Capital Outlay	97,988	97,988	97,949	39
Total Public Safety	<u>97,988</u>	<u>97,988</u>	<u>97,949</u>	<u>39</u>
Highways and Streets:				
Public Works:				
Street Maintenance and Repair:				
Capital Outlay	291,029	291,029	291,029	0
Total Highways and Streets	<u>291,029</u>	<u>291,029</u>	<u>291,029</u>	<u>0</u>
Culture and Recreation:				
Parks:				
Recreation Activities:				
Capital Outlay	14,359	42,523	41,369	1,154
Total Culture and Recreation	<u>14,359</u>	<u>42,523</u>	<u>41,369</u>	<u>1,154</u>
Community Environment:				
Community Planning and Zoning:				
Planning and Development:				
Capital Outlay	4,995	4,995	0	4,995
Total Community Environment	<u>4,995</u>	<u>4,995</u>	<u>0</u>	<u>4,995</u>
Total Expenditures	<u>519,154</u>	<u>570,278</u>	<u>563,487</u>	<u>6,791</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(519,154)	(545,278)	(527,346)	17,932

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>700,000</u>	<u>700,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>700,000</u>	<u>700,000</u>	<u>0</u>
 Net Change in Fund Balance	(519,154)	154,722	172,654	17,932
 Fund Balance at Beginning of Year	633,715	633,715	633,715	0
Prior Year Encumbrances	<u>72,154</u>	<u>72,154</u>	<u>72,154</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 186,715</u>	<u>\$ 860,591</u>	<u>\$ 878,523</u>	<u>\$ 17,932</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>10,775</u>	<u>10,775</u>	<u>10,775</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,775</u>	<u>\$ 10,775</u>	<u>\$ 10,775</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	<u>\$ 100,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Revenues	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Highways and Streets:				
Miscellaneous:				
Capital Outlay	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>116,715</u>	<u>116,715</u>	<u>116,715</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 116,715</u>	<u>\$ 116,715</u>	<u>\$ 116,715</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Debt Service:				
Principal Retirement	11,000	11,000	11,000	0
Interest and Fiscal Charges	<u>4,378</u>	<u>4,378</u>	<u>4,378</u>	<u>0</u>
Total Expenditures	<u>15,378</u>	<u>15,378</u>	<u>15,378</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,378)	(15,378)	(15,378)	0
Other Financing Sources (Uses):				
Transfers In	<u>0</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Net Change in Fund Balance	(15,378)	14,622	14,622	0
Fund Balance at Beginning of Year	<u>25,294</u>	<u>25,294</u>	<u>25,294</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,916</u>	<u>\$ 39,916</u>	<u>\$ 39,916</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016**

MUNICIPAL COURT SPECIAL PROJECTS FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 88,000	\$ 88,000	\$ 84,895	\$ (3,105)
Total Revenues	<u>88,000</u>	<u>88,000</u>	<u>84,895</u>	<u>(3,105)</u>
Expenditures:				
General Government:				
Judicial - Municipal Court:				
Judicial Activities:				
Personal Services	6,551	6,551	2,705	3,846
All Other Expenditures	47,389	47,389	31,007	16,382
Clerk of Court:				
Personal Services	29,166	13,517	8,033	5,484
All Other Expenditures	90,951	90,951	88,717	2,234
Probation:				
Personal Services	3,830	3,830	1,689	2,141
All Other Expenditures	20,000	12,000	12,000	0
Total Expenditures	<u>197,887</u>	<u>174,238</u>	<u>144,151</u>	<u>30,087</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(109,887)	(86,238)	(59,256)	26,982
Fund Balance at Beginning of Year	127,803	127,803	127,803	0
Prior Year Encumbrances	49,243	49,243	49,243	0
Fund Balance at End of Year	<u>\$ 67,159</u>	<u>\$ 90,808</u>	<u>\$ 117,790</u>	<u>\$ 26,982</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>31,578</u>	<u>31,578</u>	<u>31,578</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 31,578</u>	<u>\$ 31,578</u>	<u>\$ 31,578</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>189</u>	<u>189</u>	<u>189</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 189</u>	<u>\$ 189</u>	<u>\$ 189</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016**

SHAMROCK BOULEVARD ROAD PROJECT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>57,915</u>	<u>57,915</u>	<u>57,915</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 57,915</u>	<u>\$ 57,915</u>	<u>\$ 57,915</u>	<u>\$ 0</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 1,213</u>	<u>\$ 1,013</u>
Total Revenues	<u>200</u>	<u>200</u>	<u>1,213</u>	<u>1,013</u>
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Evergreen/Riverside Cemeteries:				
All Other Expenditures	<u>200</u>	<u>200</u>	<u>0</u>	<u>200</u>
Total Expenditures	<u>200</u>	<u>200</u>	<u>0</u>	<u>200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>1,213</u>	<u>1,213</u>
Fund Balance at Beginning of Year	<u>81,080</u>	<u>81,080</u>	<u>81,080</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 81,080</u>	<u>\$ 81,080</u>	<u>\$ 82,293</u>	<u>\$ 1,213</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 100	\$ 100	\$ 507	\$ 407
Total Revenues	<u>100</u>	<u>100</u>	<u>507</u>	<u>407</u>
Expenditures:				
Public Health and Welfare:				
Cemeteries:				
Evergreen/Riverside Cemeteries:				
All Other Expenditures	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Total Expenditures	<u>100</u>	<u>100</u>	<u>0</u>	<u>100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	507	507
Fund Balance at Beginning of Year	<u>60,447</u>	<u>60,447</u>	<u>60,447</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 60,447</u>	<u>\$ 60,447</u>	<u>\$ 60,954</u>	<u>\$ 507</u>

CITY OF PAINESVILLE, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 240</u>	<u>\$ 40</u>
Total Revenues	<u>200</u>	<u>200</u>	<u>240</u>	<u>40</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>300</u>	<u>300</u>	<u>0</u>	<u>300</u>
Total Expenditures	<u>300</u>	<u>300</u>	<u>0</u>	<u>300</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(100)	(100)	240	340
Fund Balance at Beginning of Year	<u>406,067</u>	<u>406,067</u>	<u>406,067</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 405,967</u>	<u>\$ 405,967</u>	<u>\$ 406,307</u>	<u>\$ 340</u>

CITY OF PAINESVILLE, OHIO

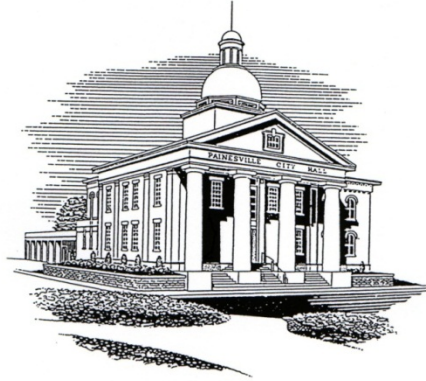
**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	<u>\$ 4,000</u>	<u>\$ 7,500</u>	<u>\$ 8,280</u>	<u>\$ 780</u>
Total Revenues	<u>4,000</u>	<u>7,500</u>	<u>8,280</u>	<u>780</u>
Expenditures:				
Public Health and Welfare:				
All Other Expenditures	<u>300</u>	<u>300</u>	<u>0</u>	<u>300</u>
Total Expenditures	<u>300</u>	<u>300</u>	<u>0</u>	<u>300</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,700	7,200	8,280	1,080
Fund Balance at Beginning of Year	<u>386,777</u>	<u>386,777</u>	<u>386,777</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 390,477</u>	<u>\$ 393,977</u>	<u>\$ 395,057</u>	<u>\$ 1,080</u>

CITY OF PAINESVILLE, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Funds
For the Year Ended December 31, 2016***

	SPECIAL ENDOWMENT TRUST FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	<u>\$ 3,300</u>	<u>\$ 4,300</u>	<u>\$ 5,320</u>	<u>\$ 1,020</u>
Total Revenues	<u>3,300</u>	<u>4,300</u>	<u>5,320</u>	<u>1,020</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,300	4,300	5,320	1,020
Fund Balance at Beginning of Year	<u>342,271</u>	<u>342,271</u>	<u>342,271</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 345,571</u>	<u>\$ 346,571</u>	<u>\$ 347,591</u>	<u>\$ 1,020</u>



Nonmajor Enterprise Funds

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise, whereby the intent of City Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or when City Council has decided that periodic determination of net income is appropriate for accountability purposes.

Refuse Fund

To account for the operation of the City's solid waste collection systems.

Off Street Parking Fund

To account for the operation of the City's off-street parking garage.

Storm Water Utility Fund

To account for the operation of the City's storm water utility system.

Community Programs Fund

To account for operation of several user fee recreational programs offered by the City.

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2016**

	Refuse Fund	Off Street Parking Fund	Storm Water Utility Fund
Assets:			
Current Assets:			
Pooled Cash and Investments	\$ 13,646	\$ 31,117	\$ 762,844
Receivables:			
Accounts	0	0	48,573
Prepaid Items	0	4,024	0
Total Current Assets	<u>13,646</u>	<u>35,141</u>	<u>811,417</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	0	3,559	0
Capital Assets:			
Capital Assets Not Being Depreciated	0	730,695	2,193,621
Capital Assets Being Depreciated, Net	0	17,324	1,470,002
Total Noncurrent Assets	<u>0</u>	<u>751,578</u>	<u>3,663,623</u>
Total Assets	<u>13,646</u>	<u>786,719</u>	<u>4,475,040</u>
Deferred Outflows of Resources:			
Pension:			
OPERS	0	0	42,204
Total Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>42,204</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	0	1,468	105,602
Accrued Wages and Benefits	0	0	5,172
Refundable Deposits	0	3,559	0
Accrued Interest Payable	0	0	8,620
Capital Leases Payable - Current	0	0	10,954
General Obligation Bonds Payable - Current	0	0	75,000
Long Term Notes Payable - Current	0	0	72,694
Compensated Absences Payable - Current	0	4,870	2,149
Total Current Liabilities	<u>0</u>	<u>9,897</u>	<u>280,191</u>
Noncurrent Liabilities:			
Capital Leases Payable	0	0	11,154
General Obligation Bonds Payable	0	0	1,790,000
Compensated Absences Payable	0	0	10,953
Long Term Notes Payable	0	0	192,018
Net Pension Liability	0	0	110,592
Total Noncurrent Liabilities	<u>0</u>	<u>0</u>	<u>2,114,717</u>
Total Liabilities	<u>0</u>	<u>9,897</u>	<u>2,394,908</u>

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 10,734	\$ 818,341
0	48,573
<u>0</u>	<u>4,024</u>
<u>10,734</u>	<u>870,938</u>
0	3,559
0	2,924,316
<u>0</u>	<u>1,487,326</u>
<u>0</u>	<u>4,415,201</u>
<u>10,734</u>	<u>5,286,139</u>
<u>7,741</u>	<u>49,945</u>
<u>7,741</u>	<u>49,945</u>
0	107,070
0	5,172
0	3,559
0	8,620
0	10,954
0	75,000
0	72,694
<u>0</u>	<u>7,019</u>
<u>0</u>	<u>290,088</u>
0	11,154
0	1,790,000
0	10,953
0	192,018
<u>20,283</u>	<u>130,875</u>
<u>20,283</u>	<u>2,135,000</u>
<u>20,283</u>	<u>2,425,088</u>

(Continued)

CITY OF PAINESVILLE, OHIO

***Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2016***

	<u>Refuse Fund</u>	<u>Off Street Parking Fund</u>	<u>Storm Water Utility Fund</u>
Deferred Inflows of Resources:			
Pension:			
OPERS	0	0	2,137
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>2,137</u>
Net Position			
Net Investment in Capital Assets	0	748,019	1,511,803
Unrestricted	13,646	28,803	608,396
Total Net Position	<u>\$ 13,646</u>	<u>\$ 776,822</u>	<u>\$ 2,120,199</u>

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
392	2,529
<u>392</u>	<u>2,529</u>
0	2,259,822
<u>(2,200)</u>	<u>648,645</u>
<u>\$ (2,200)</u>	<u>\$ 2,908,467</u>

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016**

	Refuse Fund	Off Street Parking Fund	Storm Water Utility Fund
Operating Revenues:			
Charges for Services	\$ 20	\$ 10,161	\$ 492,678
Other Charges for Services	0	0	6,260
Other Operating Revenues	3,367	0	0
Total Operating Revenues	<u>3,387</u>	<u>10,161</u>	<u>498,938</u>
Operating Expenses:			
Personal Services	0	13,690	127,236
Contractual Services	3,300	17,784	13,214
Materials and Supplies	0	490	8,267
Utilities	0	10,231	0
Depreciation	0	16,502	36,073
Total Operating Expenses	<u>3,300</u>	<u>58,697</u>	<u>184,790</u>
Operating Income (Loss)	87	(48,536)	314,148
Non-Operating Revenue (Expenses):			
Interest and Fiscal Charges	0	0	(89,798)
Loss on Disposal of Assets	0	(939,892)	0
Other Nonoperating Revenue	0	75	1,121
Total Non-Operating Revenues (Expenses)	<u>0</u>	<u>(939,817)</u>	<u>(88,677)</u>
Income (Loss) Before Transfers and Contributions	87	(988,353)	225,471
Transfers and Contributions:			
Transfers-In	0	210,000	0
Capital Contributions	0	294,500	0
Total Transfers and Contributions	<u>0</u>	<u>504,500</u>	<u>0</u>
Change in Net Position	87	(483,853)	225,471
Net Position Beginning of Year	<u>13,559</u>	<u>1,260,675</u>	<u>1,894,728</u>
Net Position End of Year	<u>\$ 13,646</u>	<u>\$ 776,822</u>	<u>\$ 2,120,199</u>

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 41,348	\$ 544,207
0	6,260
0	3,367
<u>41,348</u>	<u>553,834</u>
19,686	160,612
21,961	56,259
5,538	14,295
0	10,231
0	52,575
<u>47,185</u>	<u>293,972</u>
(5,837)	259,862
0	(89,798)
0	(939,892)
0	1,196
<u>0</u>	<u>(1,028,494)</u>
(5,837)	(768,632)
10,000	220,000
0	294,500
<u>10,000</u>	<u>514,500</u>
4,163	(254,132)
(6,363)	3,162,599
<u>\$ (2,200)</u>	<u>\$ 2,908,467</u>

CITY OF PAINESVILLE, OHIO

***Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016***

	Refuse Fund	Off-Street Parking Fund	Storm Water Utility Fund
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,387	\$10,236	\$498,609
Cash Payments for Goods and Services	(3,300)	(29,087)	(20,763)
Cash Payments to Employees	0	(53,028)	(120,866)
Net Cash Provided (Used) by Operating Activities	87	(71,879)	356,980
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	210,000	0
Net Cash Provided by Noncapital Financing Activities	0	210,000	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from General Obligation Notes	0	0	264,712
Premium on Debt Issuances	0	0	320
Principal Paid on General Obligation Notes	0	0	(328,556)
Intergovernmental Grants Received	0	294,500	0
Acquisition and Construction of Assets	0	(610,270)	(1,737,052)
Principal Paid on Capital Leases	0	0	(10,759)
Issuance of Bonds	0	0	1,900,000
Principal Paid on General Obligation Bonds	0	0	(35,000)
Interest Paid on All Debt	0	0	(84,764)
Net Cash Used by Capital and Related Financing Activities	0	(315,770)	(31,099)
Net Increase (Decrease) in Cash and Cash Equivalents	87	(177,649)	325,881
Cash and Cash Equivalents at Beginning of Year	13,559	212,325	436,963
Cash and Cash Equivalents at End of Year	\$13,646	\$34,676	\$762,844
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet</u>			
Cash and Cash Equivalents	\$13,646	\$31,117	\$762,844
Restricted Cash and Cash Equivalents	0	3,559	0
Cash and Cash Equivalents at End of Year	\$13,646	\$34,676	\$762,844

CITY OF PAINESVILLE, OHIO

Community Programs Fund	Total Nonmajor Enterprise Funds
\$41,348	\$553,580
(27,499)	(80,649)
(18,527)	(192,421)
(4,678)	280,510
10,000	220,000
10,000	220,000
0	264,712
0	320
0	(328,556)
0	294,500
0	(2,347,322)
0	(10,759)
0	1,900,000
0	(35,000)
0	(84,764)
0	(346,869)
5,322	153,641
5,412	668,259
\$10,734	\$821,900
\$10,734	\$818,341
0	3,559
\$10,734	\$821,900

(Continued)

CITY OF PAINESVILLE, OHIO

***Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016***

	Refuse Fund	Off-Street Parking Fund	Storm Water Utility Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$87	(\$48,536)	\$314,148
<u>Adjustments to Reconcile Operating Income (Loss) to</u>			
<u>Net Cash Provided (Used) by Operating Activities:</u>			
Depreciation Expense	0	16,502	36,073
Miscellaneous Nonoperating Revenues	0	75	1,121
Miscellaneous Nonoperating Expenses	0	(394)	0
<u>Changes in Assets, Liabilities, and Deferred Outflows/Inflows:</u>			
Increase in Accounts Receivable	0	0	(1,450)
Increase in Prepaid Items	0	(58)	0
(Increase) Decrease in Deferred Outflows of Resources	0	6,566	(29,024)
Increase (Decrease) in Accounts Payable	0	(139)	707
Decrease in Accrued Wages and Benefits	0	(2,573)	(247)
Decrease in Compensated Absences Payable	0	(6,244)	(3,046)
Increase (Decrease) in Net Pension Liability	0	(36,438)	37,837
Increase (Decrease) in Deferred Inflows of Resources	0	(640)	861
Total Adjustments	0	(23,343)	42,832
Net Cash Provided (Used) by Operating Activities	\$87	(\$71,879)	\$356,980

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2016 the Storm Water Fund had outstanding liabilities of \$104,829 for the purchase of certain capital assets.

CITY OF PAINESVILLE, OHIO

<u>Community Programs Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
(\$5,837)	\$259,862
0	52,575
0	1,196
0	(394)
0	(1,450)
0	(58)
(5,394)	(27,852)
0	568
(236)	(3,056)
0	(9,290)
6,639	8,038
<u>150</u>	<u>371</u>
<u>1,159</u>	<u>20,648</u>
<u>(\$4,678)</u>	<u>\$280,510</u>

Nonmajor Internal Service Funds

The internal service funds are used to account for financing goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Fuel and Oil Rotary Fund

To account for the accumulation and allocation of costs associated with petroleum products.

Supplies Rotary Fund

To account for the accumulation and allocation of costs associated with operating supplies.

Employee Health Insurance Fund

To account for the expenses related to employee health insurance coverage provided by the City. This program is partially self-funded by the City as well as through a 'stop-loss' cap arrangement with an outside contractor.

Workers' Compensation Retrospective Fund

To account for expenses for workers' compensation coverage provided by the Ohio Bureau of Workers' Compensation.

CITY OF PAINESVILLE, OHIO

**Combining Statement of Net Position
Nonmajor Internal Service Funds
December 31, 2016**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
Assets:					
Current Assets:					
Pooled Cash and Investments	\$ 111,273	\$ 31,848	\$ 138,706	\$ 153,779	\$ 435,606
Total Assets	<u>111,273</u>	<u>31,848</u>	<u>138,706</u>	<u>153,779</u>	<u>435,606</u>
Liabilities:					
Current Liabilities:					
Accounts Payable	0	1,000	23,540	0	24,540
Claims Payable - Current	0	0	294,188	142,290	436,478
Total Current Liabilities	<u>0</u>	<u>1,000</u>	<u>317,728</u>	<u>142,290</u>	<u>461,018</u>
Noncurrent Liabilities:					
Claims Payable	0	0	0	339,370	339,370
Total Liabilities	<u>0</u>	<u>1,000</u>	<u>317,728</u>	<u>481,660</u>	<u>800,388</u>
Net Position:					
Unrestricted	111,273	30,848	(179,022)	(327,881)	(364,782)
Total Net Position	<u>\$ 111,273</u>	<u>\$ 30,848</u>	<u>\$ (179,022)</u>	<u>\$ (327,881)</u>	<u>\$ (364,782)</u>

CITY OF PAINESVILLE, OHIO

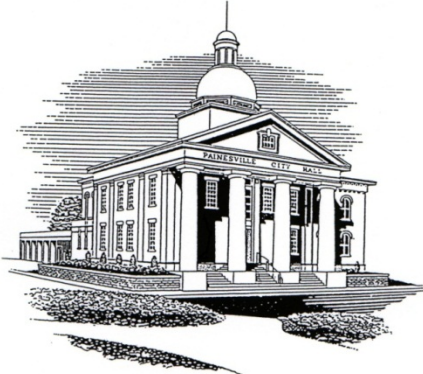
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Internal Service Funds
For the Year Ended December 31, 2016**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
Operating Revenues:					
Charges for Services	\$ 114,005	\$ 35,319	\$ 3,951,064	\$ 767,079	\$ 4,867,467
Other Operating Revenue	0	0	10,058	0	10,058
Total Operating Revenues	<u>114,005</u>	<u>35,319</u>	<u>3,961,122</u>	<u>767,079</u>	<u>4,877,525</u>
Operating Expenses:					
Personal Services	0	0	3,029,209	53,807	3,083,016
Contractual Services	0	0	785,812	499,899	1,285,711
Materials and Supplies	143,833	36,459	0	0	180,292
Total Operating Expenses	<u>143,833</u>	<u>36,459</u>	<u>3,815,021</u>	<u>553,706</u>	<u>4,549,019</u>
Change in Net Position	(29,828)	(1,140)	146,101	213,373	328,506
Net Position Beginning of Year	<u>141,101</u>	<u>31,988</u>	<u>(325,123)</u>	<u>(541,254)</u>	<u>(693,288)</u>
Net Position End of Year	<u>\$ 111,273</u>	<u>\$ 30,848</u>	<u>\$ (179,022)</u>	<u>\$ (327,881)</u>	<u>\$ (364,782)</u>

CITY OF PAINESVILLE, OHIO

**Combining Statement of Cash Flows
Nonmajor Internal Service Funds
For the Year Ended December 31, 2016**

	Fuel and Oil Rotary Fund	Supplies Rotary Fund	Employee Health Insurance Fund	Workers' Compensation Retrospective Fund	Total
<u>Cash Flows from Operating Activities:</u>					
Cash Receipts from Interfund Services Provided	\$114,005	\$35,319	\$3,972,336	\$767,079	\$4,888,739
Cash Payments for Goods and Services	(143,833)	(35,459)	(785,699)	(499,899)	(1,464,890)
Cash Payments to Employees	0	0	0	(267,180)	(267,180)
Cash Payments for Employee Medical Claims	0	0	(3,080,196)	0	(3,080,196)
Net Cash Provided (Used) by Operating Activities	(29,828)	(140)	106,441	0	76,473
Net Increase (Decrease) in Cash and Cash Equivalents	(29,828)	(140)	106,441	0	76,473
Cash and Cash Equivalents at Beginning of Year	141,101	31,988	32,265	153,779	359,133
Cash and Cash Equivalents at End of Year	\$111,273	\$31,848	\$138,706	\$153,779	\$435,606
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	(\$29,828)	(\$1,140)	\$146,101	\$213,373	\$328,506
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Changes in Assets and Liabilities:					
Decrease in Accounts Receivable	0	0	11,214	0	11,214
Increase in Accounts Payable	0	1,000	23,322	0	24,322
Decrease in Claims Liability	0	0	(74,196)	(213,373)	(287,569)
Total Adjustments	0	1,000	(39,660)	(213,373)	(252,033)
Net Cash Provided (Used) by Operating Activities	(\$29,828)	(\$140)	\$106,441	\$0	\$76,473



Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Municipal Court Fund

To account for funds that flow through the municipal court.

State Patrol Transfer Fund

To account for the receipt from the City's municipal court and disbursement to the City and County Law Library of fines and forfeitures for State Highway Patrol cases in accordance with provisions of the Ohio Revised Code.

Electric License Fund

To account for funds from the fifteen percent (15%) fees as required by Ohio Revised Code.

Land Bank Fund

To account for the receipt of monies from the sale of property under the Land Bank Program and the disbursement to the County for back taxes.

Plan Review Fund

To account for monies received and held by the City for various deposits for review of construction plans.

C.D.B.G. Fund

To account for monies designated for renovations of properties in the City.

JEDD Fund

To account for income tax revenues from University and Tri-Point hospitals as part of a Joint Economic Development District between the City and Concord Township.

CITY OF PAINESVILLE, OHIO

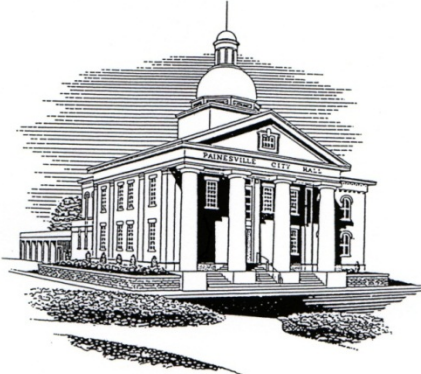
**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016**

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
Municipal Court Fund				
Assets:				
Cash and Cash Equivalents	\$47,042	\$3,162,032	(\$3,165,328)	\$43,746
Total Assets	<u>\$47,042</u>	<u>\$3,162,032</u>	<u>(\$3,165,328)</u>	<u>\$43,746</u>
Liabilities:				
Due to Others	\$47,042	\$3,162,032	(\$3,165,328)	\$43,746
Total Liabilities	<u>\$47,042</u>	<u>\$3,162,032</u>	<u>(\$3,165,328)</u>	<u>\$43,746</u>
State Patrol Transfer Fund				
Assets:				
Cash and Cash Equivalents	\$18,283	\$87,811	(\$87,810)	\$18,284
Total Assets	<u>\$18,283</u>	<u>\$87,811</u>	<u>(\$87,810)</u>	<u>\$18,284</u>
Liabilities:				
Due to Others	\$18,283	\$87,811	(\$87,810)	\$18,284
Total Liabilities	<u>\$18,283</u>	<u>\$87,811</u>	<u>(\$87,810)</u>	<u>\$18,284</u>
Electric License Fund				
Assets:				
Cash and Cash Equivalents	\$7,206	\$0	\$0	\$7,206
Total Assets	<u>\$7,206</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,206</u>
Liabilities:				
Due to Others	\$7,206	\$0	\$0	\$7,206
Total Liabilities	<u>\$7,206</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,206</u>
Land Bank Fund				
Assets:				
Cash and Cash Equivalents	\$8,253	\$0	\$0	\$8,253
Total Assets	<u>\$8,253</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,253</u>
Liabilities:				
Due to Others	\$8,253	\$0	\$0	\$8,253
Total Liabilities	<u>\$8,253</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,253</u>

(Continued)

CITY OF PAINESVILLE, OHIO

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
Plan Review Fund				
Assets:				
Cash and Cash Equivalents	\$108,890	\$100	(\$6,018)	\$102,972
Total Assets	<u>\$108,890</u>	<u>\$100</u>	<u>(\$6,018)</u>	<u>\$102,972</u>
Liabilities:				
Due to Others	\$108,890	\$100	(\$6,018)	\$102,972
Total Liabilities	<u>\$108,890</u>	<u>\$100</u>	<u>(\$6,018)</u>	<u>\$102,972</u>
C.D.B.G Fund				
Assets:				
Cash and Cash Equivalents	\$188	\$72,259	(\$62,259)	\$10,188
Total Assets	<u>\$188</u>	<u>\$72,259</u>	<u>(\$62,259)</u>	<u>\$10,188</u>
Liabilities:				
Due to Others	\$188	\$72,259	(\$62,259)	\$10,188
Total Liabilities	<u>\$188</u>	<u>\$72,259</u>	<u>(\$62,259)</u>	<u>\$10,188</u>
JEDD Fund				
Assets:				
Cash and Cash Equivalents	\$0	\$957,023	(\$957,023)	\$0
Receivables:				
Taxes	74,068	55,223	(74,068)	55,223
Total Assets	<u>\$74,068</u>	<u>\$1,012,246</u>	<u>(\$1,031,091)</u>	<u>\$55,223</u>
Liabilities:				
Intergovernmental Payable	\$55,551	\$41,417	(\$55,551)	\$41,417
Due to Others	18,517	970,829	(975,540)	13,806
Total Liabilities	<u>\$74,068</u>	<u>\$1,012,246</u>	<u>(\$1,031,091)</u>	<u>\$55,223</u>
Totals - All Agency Funds				
Assets:				
Cash and Cash Equivalents	\$189,862	\$4,279,225	(\$4,278,438)	\$190,649
Receivables:				
Taxes	74,068	55,223	(74,068)	55,223
Total Assets	<u>\$263,930</u>	<u>\$4,334,448</u>	<u>(\$4,352,506)</u>	<u>\$245,872</u>
Liabilities:				
Intergovernmental Payable	\$55,551	\$41,417	(\$55,551)	\$41,417
Due to Others	208,379	4,293,031	(4,296,955)	204,455
Total Liabilities	<u>\$263,930</u>	<u>\$4,334,448</u>	<u>(\$4,352,506)</u>	<u>\$245,872</u>



STATISTICAL SECTION



STATISTICAL TABLES

This part of the 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.

Contents

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source, the income tax.	
Debt Capacity	S 18 – S 27
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.	
Economic and Demographic Information	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 32 – S 41
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

City of Painesville

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:				
Net Investment in Capital Assets	\$23,806,608	\$23,885,884	\$28,000,333	\$29,982,485
Restricted	6,813,043	4,893,216	2,173,310	3,246,469
Unrestricted	6,316,586	11,427,126	10,186,938	7,286,446
Total Governmental Activities Net Position	<u>\$36,936,237</u>	<u>\$40,206,226</u>	<u>\$40,360,581</u>	<u>\$40,515,400</u>
Business-type Activities:				
Net Investment in Capital Assets	\$35,152,108	\$38,454,848	\$41,103,064	\$41,322,460
Restricted	0	0	0	0
Unrestricted	28,790,094	28,085,141	27,590,062	28,707,112
Total Business-type Activities Net Position	<u>\$63,942,202</u>	<u>\$66,539,989</u>	<u>\$68,693,126</u>	<u>\$70,029,572</u>
Primary Government:				
Net Investment in Capital Assets	\$58,958,716	\$62,340,732	\$69,103,397	\$71,304,945
Restricted	6,813,043	4,893,216	2,173,310	3,246,469
Unrestricted	35,106,680	39,512,267	37,777,000	35,993,558
Total Primary Government Net Position	<u>\$100,878,439</u>	<u>\$106,746,215</u>	<u>\$109,053,707</u>	<u>\$110,544,972</u>

Source: Finance Director's Office

* Restated

City of Painesville

2011	2012	2013	*	2015	2016
\$30,387,358	\$33,102,011	\$31,513,541	\$33,584,837	\$35,636,534	\$36,810,050
4,044,306	3,724,814	5,438,792	6,309,396	7,102,200	7,672,865
6,921,791	6,862,608	7,096,616	(4,187,406)	(3,309,250)	(3,617,085)
<u>\$41,353,455</u>	<u>\$43,689,433</u>	<u>\$44,048,949</u>	<u>\$35,706,827</u>	<u>\$39,429,484</u>	<u>\$40,865,830</u>
\$44,350,926	\$48,090,083	\$53,612,184	\$54,456,010	\$54,770,683	\$55,073,798
0	0	0	0	0	0
28,876,607	32,820,932	28,133,474	20,419,355	19,843,074	18,657,959
<u>\$73,227,533</u>	<u>\$80,911,015</u>	<u>\$81,745,658</u>	<u>\$74,875,365</u>	<u>\$74,613,757</u>	<u>\$73,731,757</u>
\$74,738,284	\$81,192,094	\$85,125,725	\$88,040,847	\$90,407,217	\$91,883,848
4,044,306	3,724,814	5,438,792	6,309,396	7,102,200	7,672,865
35,798,398	39,683,540	35,230,090	16,231,949	16,533,824	15,040,874
<u>\$114,580,988</u>	<u>\$124,600,448</u>	<u>\$125,794,607</u>	<u>\$110,582,192</u>	<u>\$114,043,241</u>	<u>\$114,597,587</u>

City of Painesville

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2007	2008	2009	2010
Expenses				
Governmental Activities:				
General Government	\$3,453,915	\$3,213,592	\$4,444,947	\$4,594,616
Public Safety	7,511,624	7,800,817	7,687,567	7,029,666
Highways and Streets	3,540,017	3,380,986	3,823,054	2,158,737
Public Health and Welfare	613,032	630,964	688,623	637,876
Culture and Recreation	847,647	949,788	843,945	778,109
Community Environment	551,236	443,315	476,715	525,976
Interest and Fiscal Charges	329,646	282,227	266,284	202,221
<i>Total Governmental Activities Expenses</i>	<u>16,847,117</u>	<u>16,701,689</u>	<u>18,231,135</u>	<u>15,927,201</u>
Business-type Activities:				
Water	4,746,880	4,764,766	4,683,197	4,934,978
Sewer	3,183,132	3,658,566	3,462,406	4,132,446
Electric	20,600,631	20,682,416	20,517,909	24,023,809
Other Enterprise	730,063	429,441	507,534	381,553
<i>Total Business-type Activities Expenses</i>	<u>29,260,706</u>	<u>29,535,189</u>	<u>29,171,046</u>	<u>33,472,786</u>
<i>Total Primary Government Expenses</i>	<u>\$46,107,823</u>	<u>\$46,236,878</u>	<u>\$47,402,181</u>	<u>\$49,399,987</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	\$1,438,482	\$1,567,302	\$1,575,108	\$1,942,968
Public Safety	555,777	716,239	671,145	658,667
Highways and Streets	51,231	61,505	36,694	35,895
Public Health and Welfare	159,275	151,953	119,891	109,421
Culture and Recreation	7,917	21,280	18,112	12,372
Community Environment	304,968	195,427	135,666	115,077
Operating Grants and Contributions	876,146	975,160	951,327	863,877
Capital Grants and Contributions	2,856,316	3,186,194	2,494,194	432,405
<i>Total Governmental Activities Program Revenues</i>	<u>6,250,112</u>	<u>6,875,060</u>	<u>6,002,137</u>	<u>4,170,682</u>

City of Painesville

2011	2012	2013	2014	2015	2016
\$5,319,087	\$4,802,387	\$3,739,730	\$3,921,566	\$3,848,049	\$4,277,546
7,418,708	6,830,774	6,887,389	6,752,510	7,172,546	7,886,075
1,821,320	3,067,864	2,566,021	2,637,941	3,189,101	2,625,969
635,108	559,347	516,688	488,651	491,545	522,594
792,999	682,194	590,591	618,468	666,284	723,245
377,113	180,433	314,010	105,322	114,791	119,266
167,510	304,756	313,959	318,637	303,218	290,744
<u>16,531,845</u>	<u>16,427,755</u>	<u>14,928,388</u>	<u>14,843,095</u>	<u>15,785,534</u>	<u>16,445,439</u>
4,651,337	5,155,459	5,302,197	6,117,078	5,542,369	5,746,233
3,700,750	3,930,761	4,295,486	4,387,215	4,257,321	4,137,233
24,798,140	20,741,060	22,217,456	24,835,860	24,875,586	27,199,162
563,107	436,918	418,213	409,740	363,673	1,323,662
<u>33,713,334</u>	<u>30,264,198</u>	<u>32,233,352</u>	<u>35,749,893</u>	<u>35,038,949</u>	<u>38,406,290</u>
<u>\$50,245,179</u>	<u>\$46,691,953</u>	<u>\$47,161,740</u>	<u>\$50,592,988</u>	<u>\$50,824,483</u>	<u>\$54,851,729</u>
\$1,533,460	\$1,861,207	\$1,720,626	\$1,749,663	\$1,446,087	\$1,490,185
756,827	670,873	587,466	616,933	811,277	681,672
32,842	26,650	19,050	60,591	67,287	22,686
119,652	124,596	108,261	110,225	133,515	145,531
20,456	14,448	12,580	9,232	7,580	15,150
98,930	665,096	152,640	306,134	482,434	331,328
883,020	1,363,819	802,599	876,783	921,812	1,046,834
1,693,078	2,958,673	1,042,448	1,659,154	1,542,778	62,266
<u>5,138,265</u>	<u>7,685,362</u>	<u>4,445,670</u>	<u>5,388,715</u>	<u>5,412,770</u>	<u>3,795,652</u>

(continued)

City of Painesville

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2007	2008	2009	2010
Business-type Activities:				
Charges for Services				
Water	4,838,095	4,570,987	4,422,481	4,883,093
Sewer	3,237,420	3,451,161	3,320,167	3,104,324
Electric	22,505,860	23,331,839	22,753,669	26,400,302
Other Enterprise	554,923	547,994	524,991	541,495
Operating Grants and Contributions	110,973	47,611	1,478,559	618,902
Capital Grants and Contributions	997,376	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>32,244,647</u>	<u>31,949,592</u>	<u>32,499,867</u>	<u>35,548,116</u>
<i>Total Primary Government Program Revenues</i>	<u>38,494,759</u>	<u>38,824,652</u>	<u>38,502,004</u>	<u>39,718,798</u>
Net (Expense)/Revenue				
Governmental Activities	(10,597,005)	(9,826,629)	(12,228,998)	(11,756,519)
Business-type Activities	2,983,941	2,414,403	3,328,821	2,075,330
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$7,613,064)</u>	<u>(\$7,412,226)</u>	<u>(\$8,900,177)</u>	<u>(\$9,681,189)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	\$896,215	\$819,812	\$1,214,434	\$1,168,067
Municipal Income Taxes	7,962,098	8,644,123	7,748,215	7,157,251
Other Local Taxes	8,056	8,013	11,164	13,305
Intergovernmental, Unrestricted	1,802,287	2,181,223	1,266,406	1,605,729
Investment Earnings	1,870,044	1,380,595	831,745	451,850
Miscellaneous	884,813	52,065	226,494	762,245
Transfers	743,005	10,787	1,084,895	752,891
<i>Total Governmental Activities</i>	<u>14,166,518</u>	<u>13,096,618</u>	<u>12,383,353</u>	<u>11,911,338</u>
Business-type Activities:				
Investment Earnings	68,392	194,171	(90,789)	14,007
Transfers	(743,005)	(10,787)	(1,084,895)	(752,891)
<i>Total Business-type Activities</i>	<u>(674,613)</u>	<u>183,384</u>	<u>(1,175,684)</u>	<u>(738,884)</u>
<i>Total Primary Government</i>	<u>\$13,491,905</u>	<u>\$13,280,002</u>	<u>\$11,207,669</u>	<u>\$11,172,454</u>
Change in Net Position				
Governmental Activities	\$3,569,513	\$3,269,989	\$154,355	\$154,819
Business-type Activities	2,309,328	2,597,787	2,153,137	1,336,446
<i>Total Primary Government Change in Net Position</i>	<u>\$5,878,841</u>	<u>\$5,867,776</u>	<u>\$2,307,492</u>	<u>\$1,491,265</u>

Source: Finance Director's Office

City of Painesville

2011	2012	2013	2014	2015	2016
5,489,308	6,576,748	6,307,635	6,209,116	5,956,836	6,224,784
3,473,151	3,746,854	3,985,434	3,706,993	3,822,411	3,842,638
26,354,842	26,692,992	23,082,430	26,107,694	25,264,720	27,174,232
572,402	570,045	479,933	522,492	510,942	555,030
0	0	7,154	128,071	3,136	0
2,364,576	1,324,655	584	146	58,539	294,500
<u>38,254,279</u>	<u>38,911,294</u>	<u>33,863,170</u>	<u>36,674,512</u>	<u>35,616,584</u>	<u>38,091,184</u>
43,392,544	46,596,656	38,308,840	42,063,227	41,029,354	41,886,836
(11,393,580)	(8,742,393)	(10,482,718)	(9,454,380)	(10,372,764)	(12,649,787)
4,540,945	8,647,096	1,629,818	924,619	577,635	(315,106)
<u>(\$6,852,635)</u>	<u>(\$95,297)</u>	<u>(\$8,852,900)</u>	<u>(\$8,529,761)</u>	<u>(\$9,795,129)</u>	<u>(\$12,964,893)</u>
\$1,175,475	\$1,185,735	\$1,144,755	\$1,966,322	\$2,215,786	\$2,214,980
7,167,242	7,519,822	7,721,126	7,900,150	9,190,538	9,448,284
6,400	0	0	0	0	0
1,871,767	1,086,944	875,970	847,630	881,985	840,902
539,269	173,022	47,643	177,819	318,260	347,822
324,107	144,224	256,805	284,727	649,609	667,251
1,253,475	968,624	795,935	1,118,310	839,243	566,894
<u>12,337,735</u>	<u>11,078,371</u>	<u>10,842,234</u>	<u>12,294,958</u>	<u>14,095,421</u>	<u>14,086,133</u>
(89,509)	5,010	760	0	0	0
(1,253,475)	(968,624)	(795,935)	(1,118,310)	(839,243)	(566,894)
<u>(1,342,984)</u>	<u>(963,614)</u>	<u>(795,175)</u>	<u>(1,118,310)</u>	<u>(839,243)</u>	<u>(566,894)</u>
<u>\$10,994,751</u>	<u>\$10,114,757</u>	<u>\$10,047,059</u>	<u>\$11,176,648</u>	<u>\$13,256,178</u>	<u>\$13,519,239</u>
\$944,155	\$2,335,978	\$359,516	\$2,840,578	\$3,722,657	\$1,436,346
3,197,961	7,683,482	834,643	(193,691)	(261,608)	(882,000)
<u>\$4,142,116</u>	<u>\$10,019,460</u>	<u>\$1,194,159</u>	<u>\$2,646,887</u>	<u>\$3,461,049</u>	<u>\$554,346</u>

City of Painesville

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2007	2008	2009	2010	2011
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$996,297
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	416,777
Unassigned	0	0	0	0	5,733,751
Reserved	1,301,396	803,475	623,231	520,398	0
Unreserved	5,423,645	6,667,131	6,437,487	6,065,354	0
<i>Total General Fund</i>	<u>6,725,041</u>	<u>7,470,606</u>	<u>7,060,718</u>	<u>6,585,752</u>	<u>7,146,825</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	1,108,205
Restricted	0	0	0	0	3,161,485
Committed	0	0	0	0	1,359,464
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	(1,826,088)
Reserved	1,511,911	5,119,596	2,111,943	1,974,139	0
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	2,370,336	1,567,018	1,482,725	1,204,465	0
Capital Projects Funds	2,207,811	(262,210)	(431,495)	(1,173,006)	0
Permanent Fund	185,778	209,599	226,050	236,087	0
<i>Total All Other Governmental Funds</i>	<u>6,275,836</u>	<u>6,634,003</u>	<u>3,389,223</u>	<u>2,241,685</u>	<u>3,803,066</u>
<i>Total Governmental Funds</i>	<u><u>\$13,000,877</u></u>	<u><u>\$14,104,609</u></u>	<u><u>\$10,449,941</u></u>	<u><u>\$8,827,437</u></u>	<u><u>\$10,949,891</u></u>

Source: Finance Director's Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Painesville

2012	2013	2014	2015	2016
\$1,005,381	\$1,012,204	\$876,065	\$877,739	\$868,584
0	0	0	0	0
0	0	0	0	11,931
742,007	756,351	923,785	1,091,861	926,069
5,698,670	5,950,964	5,764,760	6,216,145	5,801,917
0	0	0	0	0
0	0	0	0	0
<u>7,446,058</u>	<u>7,719,519</u>	<u>7,564,610</u>	<u>8,185,745</u>	<u>7,608,501</u>
1,115,415	1,126,574	1,279,005	1,146,021	1,175,425
7,717,818	4,827,946	4,663,014	5,598,192	6,192,754
1,090,045	1,140,484	1,436,758	1,702,514	2,081,797
0	0	0	0	0
(1,870,841)	(129,977)	(60,716)	(15,740)	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>8,052,437</u>	<u>6,965,027</u>	<u>7,318,061</u>	<u>8,430,987</u>	<u>9,449,976</u>
<u>\$15,498,495</u>	<u>\$14,684,546</u>	<u>\$14,882,671</u>	<u>\$16,616,732</u>	<u>\$17,058,477</u>

City of Painesville

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2007	2008	2009	2010
Revenues:				
Taxes	\$9,323,731	\$9,480,913	\$8,954,176	\$8,330,535
Intergovernmental Revenues	2,928,630	5,466,933	3,122,006	2,860,371
Charges for Services	658,104	740,977	660,330	801,465
Licenses, Permits and Inspection Fees	396,750	352,004	308,161	303,800
Investment Earnings	1,922,173	1,330,957	846,527	442,524
Special Assessments	85,079	168,049	104,844	89,140
Fines and Forfeitures	1,283,191	1,402,202	1,341,501	1,227,158
All Other Revenue	725,957	235,801	396,349	1,337,779
Total Revenue	<u>17,323,615</u>	<u>19,177,836</u>	<u>15,733,894</u>	<u>15,392,772</u>
Expenditures:				
Current:				
General Government	3,241,261	3,066,705	4,117,937	4,515,245
Public Safety	7,164,514	7,772,649	7,424,843	7,178,506
Highways and Streets	2,420,543	2,344,519	2,682,268	1,880,062
Public Health and Welfare	563,578	628,215	656,218	618,599
Culture and Recreation	774,225	886,575	771,982	712,688
Community Environment	530,400	445,066	465,922	509,372
Capital Outlay	497,808	2,266,246	3,547,668	1,702,801
Debt Service:				
Principal Retirement	126,569	831,311	488,042	399,072
Interest and Fiscal Charges	303,355	286,578	270,945	205,692
Total Expenditures	<u>15,622,253</u>	<u>18,527,864</u>	<u>20,425,825</u>	<u>17,722,037</u>
Excess (Deficiency) of Revenues Over Expenditures	1,701,362	649,972	(4,691,931)	(2,329,265)

City of Painesville

2011	2012	2013	2014	2015	2016
\$8,335,086	\$8,705,017	\$8,778,000	\$9,912,425	\$11,411,537	\$10,950,272
5,328,950	4,200,293	2,694,920	3,369,400	3,363,173	1,956,828
834,222	777,772	672,887	678,643	823,641	731,184
296,994	450,655	337,067	476,660	551,881	502,156
562,484	166,025	49,611	147,622	373,424	308,897
92,547	115,843	76,294	91,321	205,700	112,284
1,257,805	1,377,753	1,416,206	1,428,419	1,314,000	1,374,157
439,886	519,586	462,724	519,613	649,609	669,658
<u>17,147,974</u>	<u>16,312,944</u>	<u>14,487,709</u>	<u>16,624,103</u>	<u>18,692,965</u>	<u>16,605,436</u>

4,657,111	5,777,433	3,558,335	3,785,221	3,788,515	4,211,050
7,135,751	6,694,103	6,660,415	6,591,728	7,115,031	6,971,484
2,345,029	3,550,420	5,882,834	4,394,199	4,180,040	2,703,940
619,796	528,871	494,241	480,801	489,786	493,012
725,325	619,372	538,577	574,406	634,046	644,296
363,544	201,364	309,105	113,556	112,913	120,000
1,101,883	616,881	820,402	1,493,091	612,219	621,855
346,102	1,796,045	1,336,673	1,292,115	1,753,434	1,737,466
161,423	311,643	268,510	327,143	311,109	299,911
<u>17,455,964</u>	<u>20,096,132</u>	<u>19,869,092</u>	<u>19,052,260</u>	<u>18,997,093</u>	<u>17,803,014</u>

(307,990)	(3,783,188)	(5,381,383)	(2,428,157)	(304,128)	(1,197,578)
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(Continued)

City of Painesville

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2007	2008	2009	2010
Other Financing Sources (Uses):				
Sale of Capital Assets	258,092	5,894	9,745	9,169
Other Financing Sources - Capital Leases	553,838	303,733	0	0
Ohio Public Works Commission Loan	0	97,801	0	0
General Obligation Bonds Issued	2,075,000	0	0	0
Premium on Debt Issuance	73,565	0	1,192	0
Long Term Note Issuance	0	0	0	0
Insurance Proceeds	0	0	0	0
Transfers In	3,409,345	2,366,380	2,132,398	1,682,167
Transfers Out	(2,666,340)	(2,355,593)	(1,097,503)	(969,276)
Total Other Financing Sources (Uses)	<u>3,703,500</u>	<u>418,215</u>	<u>1,045,832</u>	<u>722,060</u>
Net Change in Fund Balance	<u>\$5,404,862</u>	<u>\$1,068,187</u>	<u>(\$3,646,099)</u>	<u>(\$1,607,205)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 3.41%	 7.27%	 4.49%	 4.05%

Source: Finance Director's Office

City of Painesville

2011	2012	2013	2014	2015	2016
0	758	30,322	10	19,401	46,487
0	0	0	147,000	111,000	125,000
0	0	840,030	358,135	8,180	2,553
0	5,485,000	1,917,000	0	0	0
0	156,564	0	0	0	0
1,440,751	1,190,481	1,031,876	1,205,271	1,060,365	898,389
5,513	607,425	3,482	0	0	0
1,698,475	1,734,524	1,628,935	3,218,310	3,015,243	3,141,894
(595,000)	(845,900)	(883,000)	(2,150,000)	(2,176,000)	(2,575,000)
<u>2,549,739</u>	<u>8,328,852</u>	<u>4,568,645</u>	<u>2,778,726</u>	<u>2,038,189</u>	<u>1,639,323</u>
<u>\$2,241,749</u>	<u>\$4,545,664</u>	<u>(\$812,738)</u>	<u>\$350,569</u>	<u>\$1,734,061</u>	<u>\$441,745</u>
3.25%	13.32%	11.00%	11.13%	12.98%	12.90%

City of Painesville

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Income Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Estimated Personal Income	\$669,350	\$689,811	\$662,226	\$694,976	\$780,798
Total Tax Collected	\$7,828,025	\$8,382,560	\$7,867,889	\$6,968,103	\$6,959,790
Income Tax Receipts					
Withholding	6,540,893	6,870,498	6,412,330	5,685,972	5,679,189
Percentage	83.6%	82.0%	81.5%	81.6%	81.6%
Corporate	548,194	788,789	629,431	634,097	633,341
Percentage	7.0%	9.4%	8.0%	9.1%	9.1%
Individuals	738,938	723,273	826,128	648,034	647,260
Percentage	9.4%	8.6%	10.5%	9.3%	9.3%

Source: City Income Tax Department

Collection amounts are cash basis and represent only collections due in the current collection year.

City of Painesville

2012	2013	2014	2015	2016
2.00%	2.00%	2.00%	2.00%	2.00%
\$788,822	\$850,247	\$866,328	\$873,158	\$905,602
\$7,230,012	\$6,870,545	\$7,955,171	\$8,737,608	\$8,982,680
5,899,690	5,606,364	6,491,419	7,129,887	6,476,511
81.6%	81.6%	81.6%	66.1%	72.1%
657,931	625,220	723,921	795,122	1,338,421
9.1%	9.1%	9.1%	21.9%	14.9%
672,391	638,961	739,831	812,599	1,167,748
9.3%	9.3%	9.3%	12.0%	13.0%

City of Painesville



City of Painesville

Income Tax Collections Current Year and Nine Years Ago

Calendar Year 2016				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	1,336	27.64%	\$13,521,178	6.12%
20,000 - 49,999	1,835	37.97%	61,139,944	27.66%
50,000 - 74,999	778	16.10%	47,541,504	21.51%
75,000 - 99,999	441	9.12%	37,962,651	17.18%
Over 100,000	443	9.17%	60,856,672	27.53%
Total	4,833	100.00%	\$221,021,949	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$1,167,748
Taxes Credited to Other Municipalities	618,861
	\$1,786,609

Calendar Year 2007				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	2,335	45.61%	\$16,176,808	10.48%
20,000 - 49,999	1,714	33.47%	56,991,999	36.92%
50,000 - 74,999	676	13.21%	41,144,285	26.65%
75,000 - 99,999	251	4.90%	21,388,800	13.86%
Over 100,000	144	2.81%	18,670,627	12.09%
Total	5,120	100.00%	\$154,372,519	100.00%

Local Taxes Paid by Residents	Tax Dollars
Taxes Paid to Painesville	\$898,542
Taxes Credited to Other Municipalities	740,559
	\$1,639,101

Source: Finance Director's Office

City of Painesville

Ratios of Outstanding Debt By Type Last Ten Years

	2007	2008	2009	2010
Governmental Activities ⁽¹⁾				
General Obligation Bonds	\$2,075,000	\$1,975,000	\$1,840,000	\$1,700,000
Special Assessment Bonds	435,000	370,000	355,000	340,000
Ohio Public Works Commission Loan Payable	25,000	107,911	93,021	83,131
Long-Term Notes Payable	0	0	0	0
Construction Loan Payable	539,365	489,012	436,750	381,978
Capital Leases	1,162,451	865,116	594,226	414,816
Business-type Activities ⁽¹⁾				
Mortgage Revenue Bonds Payable	\$2,517,273	\$2,376,055	\$2,227,843	\$2,072,304
General Obligation Bonds Payable	4,035,000	3,545,000	3,045,000	2,540,000
Ohio Water Development Authority Loan Payable	1,084,426	1,014,923	3,325,443	4,281,356
Ohio Public Works Commission Loan Payable	630,760	568,328	464,922	361,516
Long-Term Notes Payable	0	0	0	0
Capital Leases	4,492,400	4,222,884	3,946,531	3,738,838
Total Primary Government	<u>\$16,996,675</u>	<u>\$15,534,229</u>	<u>\$16,328,736</u>	<u>\$15,913,939</u>
Population ⁽²⁾				
City of Painesville	17,503	17,503	17,503	19,563
Outstanding Debt Per Capita	\$971	\$888	\$933	\$813
Income ⁽³⁾				
Personal (in thousands)	\$669,350	\$689,811	\$662,226	\$694,976
Percentage of Personal Income	2.54%	2.25%	2.47%	2.29%

Sources:

- (1) Source: Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

City of Painesville

2011	2012	2013	2014	2015	2016
\$1,565,000	\$7,116,564	\$8,930,736	\$8,750,908	\$8,373,080	\$7,953,252
325,000	310,000	290,000	270,000	250,000	230,000
78,241	73,351	908,491	1,261,736	1,265,026	1,262,689
1,440,751	1,065,481	960,876	1,205,271	1,060,365	898,389
324,854	265,276	203,139	135,547	69,193	0
280,728	219,902	201,737	281,980	306,061	260,043
\$1,908,438	\$1,334,040	\$1,050,236	\$795,089	\$536,294	\$275,899
2,025,000	1,500,000	1,250,000	0	0	1,865,000
4,282,382	4,072,160	3,853,679	3,708,874	3,882,369	3,929,625
258,111	154,706	111,301	67,896	24,587	22,539
1,754,179	1,535,519	1,339,124	2,254,729	1,799,635	1,351,611
3,540,782	3,360,319	3,548,506	3,301,087	3,044,934	2,779,149
<u>\$17,783,466</u>	<u>\$21,007,318</u>	<u>\$22,647,825</u>	<u>\$22,033,117</u>	<u>\$20,611,544</u>	<u>\$20,828,196</u>
19,563	19,549	19,563	19,933	19,840	19,776
\$909	\$1,075	\$1,158	\$1,105	\$1,039	\$1,053
\$780,798	\$788,822	\$850,247	\$866,328	\$873,158	\$905,602
2.28%	2.66%	2.66%	2.54%	2.36%	2.30%

City of Painesville

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2007	2008	2009	2010
Population ⁽¹⁾	17,503	17,503	17,503	19,563
Personal Income ⁽²⁾	\$669,349,726	\$689,810,733	\$662,226,005	\$694,975,575
General Bonded Debt				
General Obligation Bonds	\$6,110,000	\$5,520,000	\$4,885,000	\$4,240,000
Resources Available to Pay Principal	\$10,709	\$27,516	\$47,318	\$95,541
Net General Bonded Debt	\$6,099,291	\$5,492,484	\$4,837,682	\$4,144,459
Ratio of Net Bonded Debt to Personal Income	0.91%	0.80%	0.73%	0.60%
Net Bonded Debt per Capita	\$348.47	\$313.80	\$276.39	\$211.85

Sources:

(1) U.S. Bureau of Census of Population

(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2015, for the presentation of 2016 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation.

City of Painesville

2011	2012	2013	2014	2015	2016
19,563	19,549	19,563	19,933	19,840	19,776
\$780,798,456	\$788,821,699	\$850,247,106	\$866,328,046	\$873,158,400	\$905,602,368
\$3,590,000	\$8,616,564	\$10,180,736	\$8,750,908	\$8,373,080	\$9,818,252
\$160,845	\$102,737	\$161,951	\$121,648	\$182,798	\$243,667
\$3,429,155	\$8,513,827	\$10,018,785	\$8,629,260	\$8,190,282	\$9,574,585
0.44%	1.08%	1.18%	1.00%	0.94%	1.06%
\$175.29	\$435.51	\$512.13	\$432.91	\$412.82	\$484.15



City of Painesville

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2016*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Painesville</u>	<u>Amount Applicable to the City of Painesville</u>
Direct:			
City of Painesville	\$10,604,373	100.00%	\$10,604,373
Overlapping:			
Lake County	10,380,000	3.76%	<u>390,288</u>
		Subtotal	<u>390,288</u>
		Total	<u><u>\$10,994,661</u></u>

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

Source: Lake County

City of Painesville

Debt Limitations Last Ten Years

Collection Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$281,300,753	\$278,912,006	\$275,691,690	\$256,194,750
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	29,536,579	29,285,761	28,947,627	26,900,449
City Debt Outstanding (2)	3,705,000	5,799,500	5,736,573	4,939,766
Less: Applicable Debt Service Fund Amounts	<u>(10,709)</u>	<u>(27,516)</u>	<u>(47,318)</u>	<u>(95,541)</u>
Net Indebtedness Subject to Limitation	<u>3,694,291</u>	<u>5,771,984</u>	<u>5,689,255</u>	<u>4,844,225</u>
Overall Legal Debt Margin	<u>\$25,842,288</u>	<u>\$23,513,777</u>	<u>\$23,258,372</u>	<u>\$22,056,224</u>
Debt Margin as a Percentage of Debt Limit	87.49%	80.29%	80.35%	81.99%
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$281,300,753	\$278,912,006	\$275,691,690	\$256,194,750
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	15,471,541	15,340,160	15,163,043	14,090,711
City Debt Outstanding (2)	670,000	70,000	20,000	0
Less: Applicable Debt Service Fund Amounts	<u>(10,709)</u>	<u>(27,516)</u>	<u>(47,318)</u>	<u>(95,541)</u>
Net Indebtedness Subject to Limitation	<u>659,291</u>	<u>42,484</u>	<u>(27,318)</u>	<u>(95,541)</u>
Overall Legal Debt Margin	<u>\$14,812,250</u>	<u>\$15,297,676</u>	<u>\$15,190,361</u>	<u>\$14,186,252</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's / Finance Director's Office

City of Painesville

2011	2012	2013	2014	2015	2016
\$251,049,200	\$252,866,440	\$218,554,660	\$219,194,440	\$218,983,000	\$220,674,620
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
26,360,166	26,550,976	22,948,239	23,015,416	22,993,215	23,170,835
4,887,591	4,955,121	4,939,613	4,612,251	4,311,426	3,916,432
(160,845)	(102,737)	(161,951)	(121,648)	(182,798)	(243,667)
4,726,746	4,852,384	4,777,662	4,490,603	4,128,628	3,672,765
<u>\$21,633,420</u>	<u>\$21,698,592</u>	<u>\$18,170,577</u>	<u>\$18,524,813</u>	<u>\$18,864,587</u>	<u>\$19,498,070</u>
82.07%	81.72%	79.18%	80.49%	82.04%	84.15%
\$251,049,200	\$252,866,440	\$218,554,660	\$219,194,440	\$218,983,000	\$220,674,620
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,807,706	13,907,654	12,020,506	12,055,694	12,044,065	12,137,104
0	0	0	0	0	0
(160,845)	(102,737)	(161,951)	(121,648)	(182,798)	(243,667)
(160,845)	(102,737)	(161,951)	(121,648)	(182,798)	(243,667)
<u>\$13,968,551</u>	<u>\$14,010,391</u>	<u>\$12,182,457</u>	<u>\$12,177,342</u>	<u>\$12,226,863</u>	<u>\$12,380,771</u>

City of Painesville

*Pledged Revenue Coverage
Last Ten Years*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Special Assessment Bonds (1)				
Special Assessment Collections	\$85,079	\$168,049	\$104,845	\$89,140
Debt Service				
Principal	15,000	15,000	15,000	15,000
Interest	19,775	19,062	18,350	17,638
Coverage	2.45	4.93	3.14	2.73

(1) The special assessment bonds were issued for improvements to the Renaissance Parkway area.

Source: Finance Director's Office

City of Painesville

2011	2012	2013	2014	2015	2016
\$57,402	\$77,616	\$56,832	\$78,213	\$56,770	\$56,719
15,000	15,000	20,000	20,000	20,000	20,000
16,926	16,212	15,500	14,500	13,500	12,500
1.80	2.49	1.60	2.27	1.69	1.75

City of Painesville

Demographic and Economic Statistics Last Ten Years

Calendar Year	2007	2008	2009	2010
Population (1)				
City of Painesville	17,503	17,503	17,503	19,563
Lake County	232,466	232,466	232,466	236,775
Income (2) (a)				
Total Personal (in thousands)	\$669,350	\$689,811	\$662,226	\$694,976
Per Capita	\$38,242	\$39,411	\$37,835	\$35,525
Unemployment Rate (3)				
Federal	4.6%	5.8%	9.3%	9.0%
State	5.6%	6.6%	10.2%	9.0%
Lake County	5.2%	6.1%	8.8%	8.1%
Civilian Work Force Estimates (3)				
State	5,976,500	5,986,400	5,905,107	5,908,000
Lake County	132,500	131,100	124,400	133,900

Sources:

(1) US Bureau of Census of Population

(2) U.S. Department of Commerce, Bureau of Economic Analysis information is only available through 2015, for the presentation of 2016 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

City of Painesville

2011	2012	2013	2014	2015	2016
19,563	19,549	19,563	19,933	19,840	19,776
230,041	229,582	230,041	229,245	229,245	228,614
\$780,798	\$788,822	\$850,247	\$866,328	\$873,158	\$905,602
\$39,912	\$40,351	\$43,462	\$43,462	\$44,010	\$45,793
8.5%	7.8%	6.7%	5.6%	4.8%	4.9%
8.6%	6.7%	6.5%	4.8%	4.6%	4.9%
8.4%	6.4%	7.9%	6.2%	3.7%	4.8%
5,897,600	5,740,900	5,765,000	5,738,000	5,693,000	5,687,000
133,600	126,800	126,500	126,800	121,600	122,200



City of Painesville

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2016		
		Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	1,065	1	18.37%
Fasson Division/Avery International Corp.	Manufacturing	556	2	9.59%
Painesville City Schools	Education	410	3	7.07%
The City of Painesville	Government	244	4	4.21%
Lake Erie College	Education	240	5	4.14%
Aero Fluid Products, Inc.	Manufacturing	168	6	2.90%
Cintas	Service	136	7	2.35%
STP Products/Armoured Auto Group	Manufacturing	115	8	1.98%
Eckart America	Manufacturing	101	9	1.74%
Yokohama Industries Americas Ohio	Manufacturing	52	10	0.90%
Total		<u>3,087</u>		
Total Employment within the City		<u>5,798</u>		

Employer	Nature of Business	2007		
		Number of Employees	Rank	Percentage of Total Employment
County of Lake	Government	1,339	1	25.27%
Lake Hospital System	Medical-Patient Care	878	2	16.57%
Fasson Div. Avery Intl. Corporation	Manufacturing	611	3	11.53%
Painesville City Schools	Education	479	4	9.04%
City of Painesville	Government	284	5	5.36%
AeroControlex Group, Inc.	Manufacturing	254	6	4.79%
Lake Erie College	Education	235	7	4.44%
Core Systems	Manufacturing	205	8	3.87%
Coe Manufacturing	Manufacturing	132	9	2.49%
SAS Rubber Co.	Manufacturing	102	10	1.93%
Total		<u>4,519</u>		
Total Employment within the City		<u>5,298</u>		

Source:

Compiled by City of Painesville Finance Department

City of Painesville

Full Time Equivalent Employees by Function Last Ten Years

	2007	2008	2009	2010	2011
Governmental Activities					
General Government					
Finance	7.00	7.00	7.00	7.00	7.00
Judicial	23.00	23.00	23.00	20.00	19.00
Administration	50.00	50.00	48.00	47.00	47.00
Maintenance	1.00	1.00	1.00	1.00	1.00
Public Safety					
Police	44.00	44.00	45.00	43.00	42.00
Fire	28.00	28.00	28.00	28.00	27.00
Public Works					
Public Works	19.00	19.00	17.00	17.00	16.00
Public Health and Welfare					
Cemeteries	6.00	5.00	5.00	5.00	5.00
Culture and Recreation					
Parks - Recreation	11.00	8.00	7.00	7.00	7.00
Business-Type Activities					
Utilities					
Water	26.00	20.00	20.00	21.00	20.00
Sewer	18.00	17.00	17.00	17.00	17.00
Electric	64.00	64.00	64.00	64.00	62.00
Off Street Parking	3.00	3.00	2.00	1.00	1.00
<i>Total Employees</i>	<u>300.00</u>	<u>289.00</u>	<u>284.00</u>	<u>278.00</u>	<u>271.00</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: Finance Director's Office

City of Painesville

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
7.00	6.00	6.00	6.00	6.00
19.00	19.00	17.00	20.00	20.00
44.00	43.00	43.00	42.00	42.00
1.00	1.00	1.00	1.00	1.00
41.00	41.00	42.00	42.00	42.00
27.00	27.00	26.00	26.00	26.00
15.00	15.00	16.00	15.00	16.00
4.00	4.00	4.00	4.00	4.00
6.00	6.00	6.00	6.00	6.00
19.00	20.00	21.00	20.00	21.00
17.00	17.00	17.00	17.00	16.00
62.00	56.00	56.00	56.00	56.00
1.00	1.00	1.00	1.00	0.00
<u>263.00</u>	<u>256.00</u>	<u>256.00</u>	<u>256.00</u>	<u>256.00</u>

City of Painesville

Operating Indicators by Function Last Ten Years

	2007	2008	2009
Governmental Activities			
General Government			
Court			
Number of Probation Cases	2,096	2,084	2,023
Number of Traffic Cases	11,319	10,892	9,855
Licenses and Permits			
Number of Building Permits - Residential	328	327	340
Number of Building Permits - Commercial & Industrial	51	96	69
Number of Building Inspections - Residential	3,391	2,179	1,893
Number of Building Inspections - Commercial	2,898	2,920	2,150
Public Safety			
Police			
Number of Citations Issued	2,197	2,472	1,877
Number of Arrests	1,200	1,048	1,321
Number of Accidents	653	637	561
Fire			
Number of Fire Calls	152	103	116
Number of EMS Runs	2,103	2,276	2,431
Number of Inspections	618	639	718
Highways and Streets			
Public Works			
Number of Streets Resurfaced	8	5	3
Public Health and Welfare			
Cemeteries			
Number of Burials	219	214	215
Number of Cemeteries	2	2	2
Culture and Recreation			
Parks - Recreation			
Program Attendance (1)	6,570	6,850	7,150
Number of Park Visitations	93,500	100,000	109,000

City of Painesville

2010	2011	2012	2013	2014	2015	2016
1,968	1,683	1,658	1,524	1,349	1,213	1,279
9,086	8,550	9,573	9,694	9,763	8,787	9,197
531	508	329	372	352	262	275
132	106	148	115	74	48	29
1,866	2,200	1,660	834	819	1,062	1,547
954	543	1,588	1,949	1,233	237	247
2,430	1,878	1,513	1,613	2,025	1,139	2,002
1,411	1,232	1,378	1,252	650	1,119	2,853
564	579	562	442	415	487	482
119	104	104	76	92	96	92
2,659	2,686	2,661	2,594	2,630	2,736	2,899
624	625	493	606	477	979	1,002
7	2	0	1	3	4	10
183	197	192	188	169	189	181
2	2	2	2	2	2	2
40,429	39,929	42,350	41,525	40,500	48,190	48,500
139,050	135,000	142,000	155,000	147,500	152,000	155,000

(Continued)

City of Painesville

Operating Indicators by Function Last Ten Years

	2007	2008	2009
Business-Type Activities			
Water			
Number of Service Connections	10,066	10,147	10,184
Water Main Breaks	60	45	42
Daily Average Consumption (thousands of gallons)	3,530	3,241	3,485
Peak Daily Consumption (thousands of gallons)	6,000	6,192	5,573
Storage Capacity (thousands of gallons)	4,053	4,053	4,053
Sewer			
Daily Average Sewage Treatment (thousands of gallons)	3.17	3.73	3.03
Electric			
Number of Service Connections	11,636	11,896	12,056
Average Daily Generation in Kilowatt Hours	587,647	660,507	315,577
Peak Load in Kilowatts	54,700	50,700	55,200
Off Street Parking			
Number of Parking Garage Spaces (2)	502	502	502
Number of Vogue Lot Spaces	60	60	60
Number of Sterling Lot Spaces	101	101	101
Storm Water Drainage			
Number of Billings	5,981	6,023	6,046

(1) Beginning in 2010, program attendance data includes special events.

(2) The parking garage was demolished in 2016.

Source: Finance Director's Office

City of Painesville

2010	2011	2012	2013	2014	2015	2016
10,254	10,316	10,380	10,454	10,536	10,602	10,661
55	34	50	44	43	42	35
3,590	3,440	3,410	3,059	3,100	3,319	3,064
4,667	5,208	6,098	4,450	4,051	6,246	5,140
4,053	4,053	4,053	4,053	4,053	4,053	4,053
2.75	4.11	3.33	3.29	3.30	3.12	3.16
12,041	12,038	12,032	12,231	12,240	12,273	12,305
252,084	247,814	79,714	41,115	16,983	18,939	21,257
54,000	55,500	57,400	54,500	50,600	51,300	54,100
502	502	502	502	502	475	0
60	60	60	60	60	60	60
101	101	101	101	101	101	101
6,095	6,095	7,103	7,605	7,631	7,655	7,727

City of Painesville

Capital Asset Statistics by Function Last Ten Years

	2007	2008	2009	2010
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	0.95	0.95	0.95	0.95
Buildings	7	7	7	7
Public Safety				
Police				
Stations	1	1	1	1
Vehicles	14	16	16	18
Fire				
Stations	1	1	1	1
Vehicles	11	11	12	13
Public Works				
Street				
Streets (lane miles)	58	58	58	58
Street Lights	1,550	1,571	1,571	1,571
Traffic Signals	108	116	116	116
Vehicles	27	27	28	28
Culture and Recreation				
Recreation/Seniors				
Land (acres)	118.02	118.02	125.32	125.32
Buildings	1	1	1	1
Parks	10	10	14	14
Playgrounds	7	7	7	8
Tennis Courts	2	2	2	2
Baseball/Softball Diamonds	9	9	9	9
Soccer Fields	1	1	1	1

City of Painesville

2011	2012	2013	2014	2015	2016
0.95 7	0.95 7	0.95 7	0.95 7	0.95 7	0.95 7
1 18	1 20	1 21	1 25	1 24	1 21
1 13	1 13	1 14	1 13	1 13	1 14
59 1,571 116 28	59 1,571 116 27	59 1,571 116 27	59 1,571 116 27	59 1,571 116 29	59 1,571 116 29
125.32 1 14 8 2 9 1	140.51 1 15 11 2 9 0	140.51 1 15 11 2 9 0	140.51 1 15 11 2 9 0	150.51 1 15 11 2 9 0	150.51 1 15 10 0 9 0

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City of Painesville

Capital Asset Statistics by Function Last Ten Years

	2007	2008	2009	2010
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	131.0	131.4	132.3	132.6
Pump Stations	5	7	7	7
Number of Hydrants	1,743	1,776	1,797	1,803
Sewer				
Sewer lines (Miles)	50	50	50	50
Lift Stations	7	7	7	7
Electric				
Lines (Miles)	215	218	220	220
Off Street Parking				
Buildings and Improvements	1	1	1	1
Storm Water Drainage				
Storm Drains (Miles)	37	37	37	37
Number of Catch Basins	2,900	2,900	2,900	2,900
Treatment Capacity (thousands of gallons)	28,000	28,000	28,000	28,000

Source: Finance Director's Office

City of Painesville

2011	2012	2013	2014	2015	2016
132.7	132.9	133.1	138.6	139.4	140.0
7	7	7	7	7	7
1,805	1,813	1,839	1,866	1,875	1,880
50	50	50	50	50	50
7	8	8	8	8	8
220	220	222	222	222	222
1	1	1	1	1	0
38	38	38	38	38	38
2,902	2,902	2,902	2,902	2,904	2,904
28,000	28,000	28,000	28,000	28,000	28,000

City of Painesville





Dave Yost • Auditor of State

CITY OF PAINESVILLE

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 11, 2017**