

City of Canal Fulton, Ohio

Comprehensive Annual Financial Report



For the Year Ended December 31, 2017



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Canal Fulton, Stark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

August 13, 2018

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CITY OF CANAL FULTON, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017

Prepared by The Department of Finance

William Rouse
Director of Finance

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Introductory Section

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City of Canal Fulton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017
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City of Canal Fulton

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Canal Fulton, Ohio 44614
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June 27, 2018

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

We are pleased to present our 2017 Comprehensive Annual Financial Report (CAFR) for the City of Canal Fulton for your review. This report, for the year ended December 31, 2017, has been prepared using generally accepted accounting principles for governments, and contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Canal Fulton (the City). This report represents the commitment of the City to adhere to nationally recognized standards of excellence in financial reporting. Ohio law requires that every general purpose local government prepare and publish their financial statements in accordance with generally accepted accounting principles (GAAP) and have an annual audit. This report is published to fulfill that requirement for the year ended December 31, 2017.

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

State statutes require the City to be subjected to an annual examination by the Auditor of State. Either the Auditor of State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. Clark, Schaefer and Hackett was selected to perform these services and has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended December 31, 2017. The Independent Auditors’ Report on the basic financial statements is included in the financial section of this report.

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

Profile of the Government

History of Canal Fulton

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

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

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

Profile of the City

The City of Canal Fulton, encompassing an area of approximately 3.3 square miles, is located in the northwest portion of Stark County, Ohio. The City has a population of 5,479 as reported in 2010 by the Bureau of Census. Canal Fulton is a “home-rule” city as defined by the State of Ohio Revised Code and operates pursuant to its Charter under a Mayor, City Council, and City Manager form of government. The representative branch of the City’s government consists of the Mayor and six City Council members who are elected at large to staggered four-year terms. The Mayor presides over all meetings of City Council and appoints the City Manager, upon confirmation of City Council, who serves as the Chief Administrative Officer of the City. The Mayor also appoints the Director of Law, the Director of Finance, the Police Chief, the Fire Chief, and members to a number of boards and commissions, upon confirmation of City Council. The Mayor does not have the authority to vote on ordinances or resolutions unless there is a tie among City Council members, nor does the Mayor have the power to veto legislation passed by

City Council. City Council establishes compensation of City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes.

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

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

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

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

Economic Condition

Summary of Local Economy

While there is some commercial property within the City, Canal Fulton is generally classified as a bedroom community with most residents commuting to work outside the City. As a result, the City's local economy is dependent on conditions throughout Stark County and the surrounding areas. The economic conditions in Stark County had been steadily improving as evidenced by the decline in the countywide unemployment rate from 11.2 percent during the recession year of 2009 to 5.2 percent in 2016. In 2017, the Stark County unemployment rate ranged from a high of 6.6 percent in January to a low of 4.7 percent in May, before ending the year slightly lower than 2016 at 5.0 percent. The local economic conditions have a significant impact on the City's income tax collections, which accounts for over 68 percent of the funding for the City's general government operations. The following table shows the City's income tax collections the last six years by component:

Income Tax Collections

Year of Collection	Collections from Individual Returns	Collections from Business Net Profit Returns	Collections from Payroll Withholdings	Total Collections
2012	\$865,874	\$138,164	\$1,211,004	\$2,215,042
2013	828,246	166,361	1,248,925	2,243,532
2014	866,349	171,789	1,265,245	2,303,383
2015	902,118	216,211	1,300,300	2,418,629
2016	842,049	168,704	1,424,034	2,434,787
2017	763,713	176,184	1,380,247	2,320,144

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

The table above shows that while the City's total income tax collections achieved an average annual growth rate of 2.4 percent between 2012 and 2016, they declined 4.7 percent in 2017. Although some of the fluctuations can be attributed to the local economy, it is important to note that the State of Ohio also passed House Bill 5 in 2014, which changed the laws governing municipal income tax collections for the 2016 tax year (2017 collection year for individuals). Some of the changes include revisions to the due dates for submitting payroll withholdings, higher thresholds for requiring individuals and businesses to submit estimated tax payments, and uniform rules for processing business net profit/loss returns. The new laws contribute to the variances shown in the table.

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

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

Long-Term Financial Planning

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

With the recent growth in income tax revenues, the City has made it a priority to set aside resources to help maintain long-term financial stability. Specifically, the City established the capital projects reserve fund to be used in accumulating resources to replace vehicles and equipment in the future. The City had \$75,000 available in this fund as of December 31, 2017. Similarly, the City had \$220,000 set aside for emergencies as of December 31, 2017, which represents approximately 8.7 percent of the 2017 general fund expenditures on a cash basis.

Relevant Financial Policies

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

- Section 181.03 of the City's administrative code specifies that 93.3 percent of income tax collections be distributed to the general fund and the remaining 6.7 percent be placed in the police fund.
- Ordinance 3-14 stipulates that 70.0 percent of water utility charges be used for water operations, 14.0 percent for water debt service, and 16.0 percent for water capital projects.
- Ordinance 32-15 stipulates that 87.0 percent of sewer utility charges be used for sewer operations, 6.5 percent for sewer debt service, and 6.5 percent for sewer capital projects.
- Ordinance 2-17 establishes employee pay rates and allocates personnel costs among the various governmental and enterprise funds.

Major Initiatives

The City worked on the following initiatives in 2017:

- The City issued \$730,000 in bond anticipation notes to purchase and renovate a building to house its service, water, and sewer utility departments.
- The City finalized waterline replacements on Wooster and Milan Streets and Poplar and Steiner Streets, and abandoning an old waterline on Locust Street. This work was completed in early 2017 and was financed through loan commitments from the Ohio Public Works Commission (OPWC) totaling \$867,570. The OPWC loans are interest free and will be repaid over a 20 year period.
- Major capital expenditures in 2017 include rehabilitating the skate and bike park, constructing a new shelter for the canal boat, and purchasing service and police department vehicles.
- In addition to the projects listed above, the City completed several street repairs, an extensive chip and seal program, and storm sewer drainage improvements at other locations throughout the City.

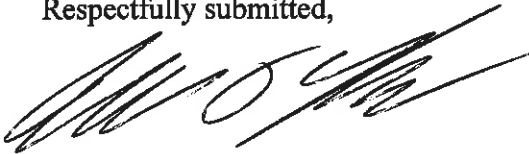
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is only valid for one year. The City of Canal Fulton has received a certificate for the past year. The City believes our current report continues to conform to Certificate of Achievement program requirements, and has submitted it to the Governmental Finance Officers Association to determine eligibility for another Certificate of Achievement.

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

Respectfully submitted,



William Rouse
Finance Director
City of Canal Fulton

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

*Principal Officials
December 31, 2017*

Elected Officials

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

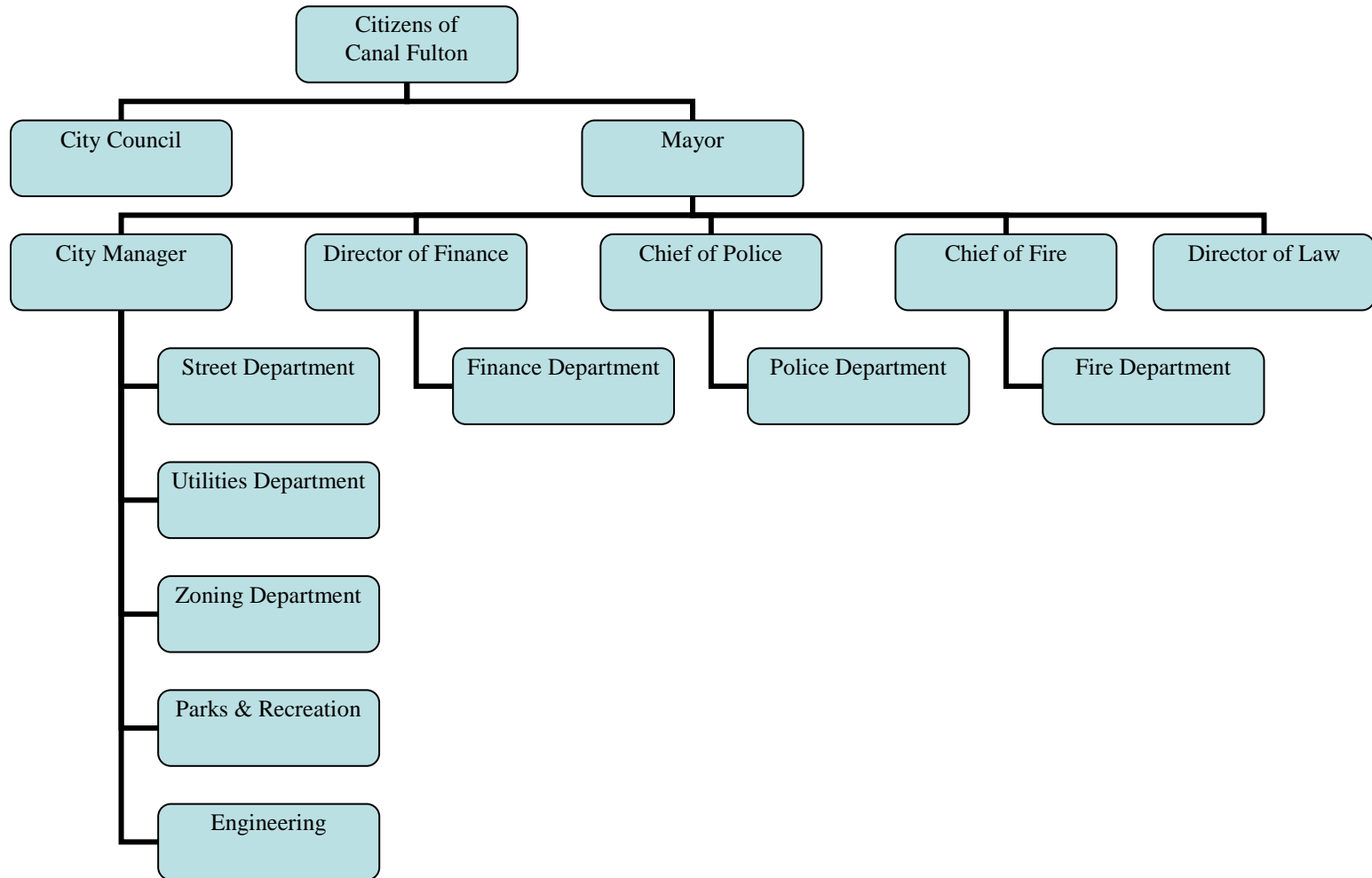
Joseph Schultz
Sean Craney
Susan Mayberry
Scott Svab
Danny Losch
Nellie Cihon
Daniel Bucher

Appointed Officials

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

Mark Cozy
William Rouse
Scott Fellmeth
Doug Swartz
Raymond Durkee

**City of Canal Fulton
Organization Chart – December 31, 2017**





Government Finance Officers Association

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

Presented to

**City of Canal Fulton
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

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Financial Section

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canal Fulton, Ohio (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canal Fulton, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General, Police and Fire/EMS Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (page 5 - 15) and the schedules of the City's proportionate share of net pension liabilities and contributions (page 68 – 72) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2018

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City of Canal Fulton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The discussion and analysis for the City of Canal Fulton's (the City) financial statements provide an overall review of the financial activity of the City for the twelve months ended December 31, 2017. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the basic financial statements and the notes to the basic financial statements.

Financial Highlights

Financial highlights for 2017 are as follows:

- The 2017 income tax collections on a cash basis were \$2,320,166, which is 4.7 percent lower than 2016. This decline is due to a combination of the local economy not growing as fast as prior years and changes in laws governing municipal income tax collections, which were required by Ohio House Bill 5 and took effect in 2016.
- Despite the decline in the income tax revenues, the City was able to set-aside \$20,000 for a general fund emergency reserve and transfer \$15,000 to the capital projects reserve fund. The City reduced its discretionary and capital spending in 2017 to offset the decline in income tax collections and allow for the transfers.
- The City's 2017 water and sewer charges for services increased 0.9 percent and decreased 7.0 percent, respectively. The modest increase in water collections is due to the City's utility billing ordinances, which tie annual rate increases to changes in the consumer price index. Inflation increases in the local area were relatively modest in 2016 and 2017. The decrease in sewer fee collections was due to a decrease in the charges for service revenues received from Stark County during 2017.
- The City issued \$1,730,000 in bond anticipation notes. \$1,000,000 of these notes was issued to rollover notes from previous years, and \$730,000 was to purchase and renovate a building to house its service, water and sewer utility departments. The City also invested approximately \$150,000 in its chip and seal, concrete road maintenance, and street resurfacing programs, which is comparable to prior years.

Using this Annual Financial Report

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

The statement of net position and the statement of activities provide information from a summary perspective showing the effects of the operations for the year 2017 and how they affected the operations of the City as a whole.

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

City of Canal Fulton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Reporting the City of Canal Fulton as a Whole

Statement of Net Position and Statement of Activities

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

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

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

In the statement of net position and the statement of activities, the City is divided into two major activities:

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

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

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

Fund Financial Statements

The analysis of the City's major funds begins on page 11. Fund financial statements give a detailed report of the activities within the funds. The City currently has twenty one funds, as presented in this report. These funds are in existence to provide a multitude of services to the citizens of Canal Fulton. Some funds provide for streets, police, fire and emergency medical service protection, capital improvements, water service and sewer service. Some also provide for the purchase of capital assets, while others provide for the payment of principal and interest on debt. Each fund is in some ways an entity unto itself. Each fund, other than the general fund, has a designated revenue stream and designated uses for the monies within the fund.

In this report, the focus is on eight major funds, the general fund, the police fund, the fire/EMS fund, the general obligation debt retirement fund, the capital improvements capital projects fund, the water fund, the sewer fund, and the storm sewer fund.

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

City of Canal Fulton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

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

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

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

The City of Canal Fulton as a Whole

The statement of net position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2017 as it compares to 2016.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	Restated 2016	2017	Restated 2016	2017	2016
Assets						
Current and Other Assets	\$4,261,183	\$4,070,238	\$2,560,472	\$2,113,140	\$6,821,655	\$6,183,378
Capital Assets, Net	11,907,120	11,527,083	11,192,589	10,767,724	23,099,709	22,294,807
<i>Total Assets</i>	<u>16,168,303</u>	<u>15,597,321</u>	<u>13,753,061</u>	<u>12,880,864</u>	<u>29,921,364</u>	<u>28,478,185</u>
Deferred Outflows of Resources						
Pension	592,774	613,790	326,640	257,664	907,039	871,454
Liabilities						
Current and Other Liabilities	1,535,516	254,950	624,095	44,041	2,159,611	298,991
Long-Term Liabilities:						
Due Within One Year	118,463	140,486	196,990	157,937	315,453	298,423
Due in More than One Year:						
Net Pension Liability	2,403,665	2,249,261	854,096	670,460	3,257,761	2,919,721
Other Amounts	782,401	1,903,096	1,920,594	2,120,085	2,702,995	4,023,181
<i>Total Liabilities</i>	<u>4,840,045</u>	<u>4,547,793</u>	<u>3,595,775</u>	<u>2,992,523</u>	<u>8,435,820</u>	<u>7,540,316</u>
Deferred Inflows of Resources						
Property Taxes	393,638	388,626	0	0	393,638	388,626
Pension	71,560	61,280	24,443	31,622	83,628	92,902
<i>Total Deferred Inflows of Resources</i>	<u>465,198</u>	<u>449,906</u>	<u>24,443</u>	<u>31,622</u>	<u>477,266</u>	<u>481,528</u>
Net Position						
Net Investment in Capital Assets	9,814,140	9,442,004	8,641,577	8,544,408	18,455,717	17,986,412
Restricted for:						
Capital Projects	1,128,667	1,334,524	0	0	1,128,667	1,334,524
Debt Service	0	12,121	0	0	0	12,121
Street Repair and Maintenance	440,477	447,347	0	0	440,477	447,347
Police Protection	288,092	230,585	0	0	288,092	230,585
Other Purposes	17,777	13,501	0	0	17,777	13,501
Unclaimed Monies	1,956	1,956	0	0	1,956	1,956
Unrestricted (Deficit)	(235,275)	(268,626)	1,817,906	1,569,975	1,582,631	1,301,349
<i>Total Net Position</i>	<u>\$11,455,834</u>	<u>\$11,213,412</u>	<u>\$10,459,483</u>	<u>\$10,114,383</u>	<u>\$21,915,317</u>	<u>\$21,327,795</u>

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2017, and is reported pursuant to GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27." For reasons discussed that follow, 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.

GASB 68 requires the net pension liability to equals the City's proportionate share of each plan's collective:

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

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

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

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In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Total assets increased in 2017 as a result of an increase in capital assets as additions outpaced depreciation and deletions.

Long-term liabilities decreased while current liabilities increased during the year due to previously long-term bond anticipation notes being retired using short-term note financing.

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

Table 2 shows the change in net position for 2017 as it compares to 2016.

Table 2
Change in Net Position

	Governmental		Business - Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services and Sales	\$228,310	\$221,924	\$1,885,322	\$1,892,440	\$2,113,632	\$2,114,364
Operating Grants and Contributions	379,680	354,994	0	0	379,680	354,994
Capital Grants and Contributions	198,547	2,419,711	352,701	0	551,248	2,419,711
Total Program Revenues	806,537	2,996,629	2,238,023	1,892,440	3,044,560	4,889,069
General Revenues:						
Property Taxes	381,709	301,219	0	0	381,709	301,219
Income Taxes	2,471,499	2,183,884	0	0	2,471,499	2,183,884
Grants and Entitlements	88,763	123,128	0	0	88,763	123,128
Interest	27,022	2,897	0	0	27,022	2,897
Other	66,737	51,879	62,210	75,804	128,947	127,683
Total General Revenues	3,035,730	2,663,007	62,210	75,804	3,097,940	2,738,811
Total Revenues	3,842,267	5,659,636	2,300,233	1,968,244	6,142,500	7,627,880
Program Expenses						
General Government	968,111	1,055,431	0	0	968,111	1,055,431
Security of Persons and Property	1,894,929	2,027,991	0	0	1,894,929	2,027,991
Transportation	557,060	205,825	0	0	557,060	205,825
Leisure Time Activities	112,419	120,034	0	0	112,419	120,034
Interest and Fiscal Charges	67,326	57,890	0	0	67,326	57,890
Water	0	0	873,302	762,036	873,302	762,036
Sewer	0	0	1,002,379	870,450	1,002,379	870,450
Storm Sewer	0	0	79,452	0	79,452	0
Total Program Expenses	3,599,845	3,467,171	1,955,133	1,632,486	5,554,978	5,099,657
Increase in Net Position	242,422	2,192,465	345,100	335,758	587,522	2,528,223
Net Position Beginning of Year -						
Restated (See Note 4)	11,213,412	9,020,947	10,114,383	9,778,625	21,327,795	18,799,572
Net Position End of Year	\$11,455,834	\$11,213,412	\$10,459,483	\$10,114,383	\$21,915,317	\$21,327,795

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In 2017, total revenues were less than total revenues in the prior year. A large part of this decrease is due to capital grants and contributions related to the Locust/Cherry intersection project in 2016 not continuing in 2017.

Governmental expenses were slightly higher in 2017 than in the prior year. The major contributing factor to this increase was an increase in transportation expenses due to an increase in contractual services and materials and supplies during the year.

Governmental Activities

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

The City's income tax was established to be effective January 1, 1984 at a rate of 0.5 percent. This rate was later increased to 0.75 percent effective January 1, 1996 and further increased to 1 percent effective January 1, 2001. In the November 2004 election, the voters of Canal Fulton elected to increase the income tax rate to 1.1 percent effective January 1, 2005. Lastly, effective on January 1, 2007, the income tax rate moved from the previous 1.1 percent to 1.5 percent. Also, January 1, 2003, the City allowed a 50 percent credit of the City's income tax rate for taxes paid to other political subdivisions in Ohio. On a full accrual basis, the City received income tax revenue of \$2,471,499.

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

Business-Type Activities

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

The water utility services 2,158 customer accounts, which include customers within the City as well as customers outside of the City. The City owns and maintains the water treatment plant, which is located within the City, and the water lines of the distribution system, which are primarily located within the City, used to service the customers of the water utility.

Residential water customers within the City pay a water rate of \$2.34 per thousand gallons of usage plus a minimum fixed-rate charge of \$19.66 per month. Residential water customers outside the City pay a water rate of \$5.85 per thousand gallons of usage plus a minimum fixed-rate charge of \$19.66 per month. The City's utility billing ordinance stipulates that the per gallon water usage charge and minimum fixed-rate monthly charge are subject to inflationary increases based on the Consumer Price Index (CPI).

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

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The sewer utility services 2,023 customer accounts. The City owns and maintains the sewer lines of the collection system, which are located primarily within the City, and the wastewater treatment plant, which is located in neighboring Lawrence Township.

Sewer customers with a water meter pay a sewer rate of \$2.84 per thousand gallons of usage plus a minimum fixed-rate charge of \$19.18 per month. Sewer customers without a water meter pay an unmetered flat sewer rate of \$31.97 per month. As of December 31, 2017, there were 55 sewer customer accounts paying the flat sewer rate. The City's utility billing ordinance stipulates that the per gallon sewer charge and minimum fixed-rate monthly charge are subject to inflationary increases based on CPI.

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

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

As of December 31, 2017, the Joint User Cost System had 3,349 single family home equivalent connections, of which the combined total of all City sewer customers comprised 83.5 percent of the single family home equivalent connections and the remaining 16.5 percent were located in the Stark County Metropolitan Sewer District. In 2017, the City sewer utility received \$101,979 (on a cash basis) from the Stark County Metropolitan Sewer District for the operations of the Joint User Cost System.

The storm sewer fund was established to account for a \$2.00 water bill charge paid by all water customers on a monthly basis for the provision of storm drainage runoff service to the residents and commercial users located within the City.

The revenues and expenses for the three utilities are reported under the business-type activities in Table 2. The majority of revenues are derived from charges for services. In 2017, revenues of \$2,300,233 were more than the total expenses for the utilities of \$1,955,133, resulting in a change in net position of \$345,100 for the business-type activities.

The City's Funds

Information about the City's governmental funds begins on page 20. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues of \$3,784,109 and expenditures of \$4,950,477. The City's general fund reflected an increase in fund balance of \$66,488, which was due to a decrease in general government expenses related primarily to contractual services in the Mayor's office, and carries forward an ending fund balance of \$1,022,851. The police fund had an increase in fund balance with an ending fund balance of \$298,859 due to a slight decrease in expenditures and a slight increase in transfers in from general fund. The fire/ems fund had an increase in fund balance with ending fund balance of \$217,834 due to an increase in charges for services and transfers from the general fund to cover increased expenditures. The general obligation debt retirement fund had a significant decrease in fund balance with an ending fund balance of (\$996,274) due to transfers in failing to cover debt service expenditures. The capital improvements fund had a decrease in fund balance with an ending fund balance of \$46,231 due primarily to increases in general government expenditures.

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Information about the proprietary funds starts on page 27. These funds are accounted for on an accrual basis. All enterprise funds had operating revenues of \$1,947,532 and an operating income of \$17,725. The water fund had an operating income of \$119,380 due to operating revenues outpacing operating expenses, though both increased from the prior year. The sewer fund had an operating loss of \$74,575 due primarily to a significant decrease in operating revenues. The storm sewer fund had an operating loss of \$27,080 due to the storm sewer charge not covering all costs of maintaining storm sewer infrastructure. However, non-operating revenues covered the difference, leading to an increase in net position in the fund.

Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The most significant budgeted fund is the general fund. The legal level of budgetary control is at the personnel costs and other non-payroll costs appropriation groups within each department, as established by appropriation ordinance passed by City Council. Any budgetary modifications at this level may only be made by supplemental appropriation ordinance of City Council. City Council approves an annual budget resolution detailing its initial expenditure budget at the more detailed expense line-item level than the original appropriation ordinance. The budget resolution grants the Finance Director authority to shift the budget expenditures between individual expense line-items as long as the total appropriations of the appropriation groups are not violated and the changes are reported to City Council monthly. Inter-fund transfers and advances are approved for their total annual amount as a part of the annual appropriation ordinance and supplemental appropriation ordinances passed by City Council. Monthly posting of inter-fund transfers and advances as well as their year-to-date totals are reported to City Council monthly.

Strong emphasis is placed on fund balances. The Finance Director reviews the fund balances on a daily basis. Special attention is paid to the City's largest funds, which are the general, water, and sewer funds. Council receives a monthly report showing the beginning fund balance for all funds at the beginning of the year, monthly and year-to-date revenues, and the current fund balance.

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

For the general fund, original and final budgeted revenues were \$2,644,645 and \$2,644,645, respectively, and actual revenue collections were \$2,565,458. The decrease in budgeted to actual revenue was primarily due to lower income taxes revenue.

Also in the general fund, the original budgeted expenditures and other financing uses and final budgeted expenditures and other financing uses were \$2,721,044 and \$2,665,546, respectively. The actual expenditures were \$2,578,677. The difference between actual expenditures and final appropriations was mainly due to diligent oversight of expenditures in the general government line item. The City's ending unencumbered cash balance in the general fund was \$7,682 above the final budgeted amount.

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Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2017	Restated	2017	Restated	2017	2016
		2016		2016		
Land	\$3,245,718	\$3,245,718	\$234,514	\$234,514	\$3,480,232	\$3,480,232
Construction in Progress	3,071,993	2,636,777	659,794	994,731	3,731,787	3,631,508
Buildings and Improvements	2,633,393	2,649,882	2,162,649	2,233,386	4,796,042	4,883,268
Equipment and Machinery	235,864	269,805	121,253	73,981	357,117	343,786
Vehicles	340,220	319,693	49,469	60,103	389,689	379,796
Infrastructure						
Roads	2,379,932	2,405,208	0	0	2,379,932	2,405,208
Water Lines	0	0	3,592,758	2,739,910	3,592,758	2,739,910
Sewer Lines	0	0	2,393,278	2,409,064	2,393,278	2,409,064
Storm Sewers	0	0	1,978,874	2,022,035	1,978,874	2,022,035
Totals	\$11,907,120	\$11,527,083	\$11,192,589	\$10,767,724	\$23,099,709	\$22,294,807

Total capital assets for the City at December 31, 2017, were valued at \$23,099,709, which reflects an increase of \$804,902 from the 2016 ending balance of \$22,294,807. The primary cause for this increase in capital assets is due to a large increase in water lines. See Note 18 in the financial statements for more information regarding the City's capital assets.

Debt Administration

The outstanding debt for the City as of December 31, 2017, was \$2,896,245. This balance reflects a decrease of \$1,271,806 from the previous year's balance of \$4,168,051, which is a decrease of 30.51 percent.

Table 4
Outstanding Debt at December 31

	Governmental Activities		Business-Type Activities		Total	
	2017	Restated	2017	Restated	2017	2016
		2016		2016		
General Obligation Bonds	\$750,095	\$820,731	\$0	\$0	\$750,095	\$820,731
Water Bonds	0	0	366,787	402,043	366,787	402,043
OPWC Loans	0	0	1,697,558	1,821,273	1,697,558	1,821,273
Notes	0	1,006,400	0	0	0	1,006,400
Capital Lease	81,805	117,604	0	0	81,805	117,604
Totals	\$831,900	\$1,944,735	\$2,064,345	\$2,223,316	\$2,896,245	\$4,168,051

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

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

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

See Note 16 in the financial statements for more information regarding the City's debt.

Current Financial Issues

Over the past twenty years, income tax collections (on a cash basis) have increased from \$425,403 in 1993, to \$2,320,166 in 2017. This is largely attributed to the voter approved, four tenths of a percent increase that began in 2008. In addition, the Northwest Local School District became the City's largest employer in June 2008 through annexation. The voters also approved a one tenth of a percent income tax rate levy dedicated to the Police Department. The remaining one and four tenths of a percent income tax rate levies are receipted into the general fund, from where it is distributed to various City departments and funds via transfers in the annual appropriation ordinances adopted by City Council. Transfers from the general fund to the various funds are used to support the operating expenses and capital improvements for all City departments except the water and sewer utilities. Because income taxes represent the primary source for funding the City's traditional government functions (Police, Fire, Administration, etc.), it is important that the City continue to promote economic development.

The majority of the City's debt consists of bonds and zero percent interest OPWC loans owed by the water and sewer utilities, which will be repaid from user fees charged by the respective utility. In 2015, the City issued \$1.0 million in bond anticipation notes to pay the up-front engineering and design costs associated with the Cherry and Locust Street intersection project. The City anticipates repaying the majority of the bond anticipation note in 2018 through the Federal and State grants associated with this project, and then issuing long-term bonds for the remainder. The long-term bonds will subsequently be repaid from general fund resources. The City issued \$730,000 of bond anticipation notes in 2017 to purchase and renovate a building to house the City's service and utility departments. The City anticipates refunding this debt in 2018 with long-term bonds and repaying through a combination of general fund, water and sewer resources.

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

In addition to building reserve balances in the utility funds, conservative budget management has allowed the City to establish an emergency reserve fund with a total balance of \$220,000 at the end of 2017. This reserve was originally established by City Council in 2010 to accumulate resources to help the City better

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withstand downturns in the local economy or the sudden loss of key revenues. Similarly, City Council created a capital projects reserve fund in 2015 to accumulate resources to help replace vehicles and equipment in the future. The City had \$75,000 in this fund at the end of 2017.

Despite the recent decline in income tax collections, the combination of conservative budgeting practices, the recent utility rate increases, and continued funding for the reserve funds have helped ensure that the City is financially stable and positioned to meet future challenges.

Contacting the City's Finance Department

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

Basic Financial Statements

City of Canal Fulton, Ohio

Statement of Net Position

December 31, 2017

	Governmental Activities	Business-Type Activities	Total*
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,971,018	\$2,388,337	\$5,359,355
Accounts Receivable	20,197	169,627	189,824
Intergovernmental Receivable	299,094	0	299,094
Materials and Supplies Inventory	27,024	2,508	29,532
Income Taxes Receivable	539,018	0	539,018
Property Taxes Receivable	404,832	0	404,832
Nondepreciable Capital Assets	6,317,711	894,308	7,212,019
Depreciable Capital Assets, Net	5,589,409	10,298,281	15,887,690
<i>Total Assets</i>	<u>16,168,303</u>	<u>13,753,061</u>	<u>29,921,364</u>
Deferred Outflows of Resources			
Pension	592,774	326,640	907,039
Liabilities			
Accounts Payable	62,687	73,612	136,299
Accrued Wages	31,320	12,238	43,558
Contracts Payable	122,694	18,077	140,771
Intergovernmental Payable	15,606	14,210	29,816
Matured Compensated Absences Payable	24,885	1,002	25,887
Notes Payable	1,243,333	486,667	1,730,000
Vacation Benefits Payable	6,163	4,412	10,575
Accrued Interest Payable	28,828	13,877	42,705
Long-Term Liabilities:			
Due Within One Year	118,463	196,990	315,453
Due In More Than One Year:			
Net Pension Liability (See Note 19)	2,403,665	854,096	3,257,761
Other Amounts	782,401	1,920,594	2,702,995
<i>Total Liabilities</i>	<u>4,840,045</u>	<u>3,595,775</u>	<u>8,435,820</u>
Deferred Inflows of Resources			
Property Taxes	393,638	0	393,638
Pension	71,560	24,443	83,628
<i>Total Deferred Inflows of Resources</i>	<u>465,198</u>	<u>24,443</u>	<u>477,266</u>
Net Position			
Net Investment in Capital Assets	9,814,140	8,641,577	18,455,717
Restricted for:			
Capital Projects	1,128,667	0	1,128,667
Street Repair and Maintenance	440,477	0	440,477
Police Protection	288,092	0	288,092
Other Purposes	17,777	0	17,777
Unclaimed Monies	1,956	0	1,956
Unrestricted (Deficit)	(235,275)	1,817,906	1,582,631
<i>Total Net Position</i>	<u>\$11,455,834</u>	<u>\$10,459,483</u>	<u>\$21,915,317</u>

*After deferred inflows of resources and deferred outflows of resources related to the change in internal proportionate share of pension-related items have been eliminated.

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$968,111	\$38,739	\$0	\$0
Security of Persons and Property	1,894,929	136,847	41,002	0
Transportation	557,060	1,284	334,599	196,221
Leisure Time Activities	112,419	51,440	4,079	2,326
Interest and Fiscal Charges	67,326	0	0	0
<i>Total Governmental Activities</i>	<u>3,599,845</u>	<u>228,310</u>	<u>379,680</u>	<u>198,547</u>
Business-Type Activities:				
Water	873,302	931,320	0	0
Sewer	1,002,379	901,630	0	0
Storm Sewer	79,452	52,372	0	352,701
<i>Total Business-Type Activities</i>	<u>1,955,133</u>	<u>1,885,322</u>	<u>0</u>	<u>352,701</u>
<i>Total</i>	<u>\$5,554,978</u>	<u>\$2,113,632</u>	<u>\$379,680</u>	<u>\$551,248</u>

General Revenues

Property Taxes Levied for:

General Purposes

Debt Service

Capital Projects

Income Tax Levied for:

General Purposes

Other Purposes

Grants and Entitlements not

Restricted to Specific Programs

Interest

Other

Total General Revenues

Change in Net Position

*Net Position Beginning of Year -
Restated (See Note 4)*

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$929,372)	\$0	(\$929,372)
(1,717,080)	0	(1,717,080)
(24,956)	0	(24,956)
(54,574)	0	(54,574)
(67,326)	0	(67,326)
(2,793,308)	0	(2,793,308)
0	58,018	58,018
0	(100,749)	(100,749)
0	325,621	325,621
0	282,890	282,890
(2,793,308)	282,890	(2,510,418)
207,001	0	207,001
85,639	0	85,639
89,069	0	89,069
2,305,909	0	2,305,909
165,590	0	165,590
88,763	0	88,763
27,022	0	27,022
66,737	62,210	128,947
3,035,730	62,210	3,097,940
242,422	345,100	587,522
11,213,412	10,114,383	21,327,795
<u>\$11,455,834</u>	<u>\$10,459,483</u>	<u>\$21,915,317</u>

City of Canal Fulton, Ohio

Balance Sheet

Governmental Funds

December 31, 2017

	General	Police	Fire/ EMS	General Obligation Debt Retirement	Capital Improvements
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$835,649	\$314,397	\$213,053	\$22,649	\$391,053
Accounts Receivable	3,326	0	14,171	0	0
Intergovernmental Receivable	49,776	5,014	6,277	4,023	0
Income Taxes Receivable	502,904	36,114	0	0	0
Property Taxes Receivable	215,003	0	0	99,433	0
Materials and Supplies Inventory	0	0	0	0	0
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	1,956	0	0	0	0
Total Assets	\$1,608,614	\$355,525	\$233,501	\$126,105	\$391,053
Liabilities					
Accounts Payable	\$27,524	\$14,400	\$6,036	\$0	\$0
Accrued Wages	4,654	14,751	8,578	0	0
Contracts Payable	2,968	0	0	0	96,884
Intergovernmental Payable	5,178	6,496	1,053	0	0
Matured Compensated Absences	6,221	0	0	0	0
Accrued Interest Payable	0	0	0	18,923	4,605
Notes Payable	0	0	0	1,000,000	243,333
Total Liabilities	46,545	35,647	15,667	1,018,923	344,822
Deferred Inflows of Resources					
Property Taxes	209,055	0	0	96,788	0
Unavailable Revenue	330,163	21,019	0	6,668	0
Total Deferred Inflows of Resources	539,218	21,019	0	103,456	0
Fund Balances					
Nonspendable	1,956	0	0	0	0
Restricted	0	298,859	0	0	46,231
Committed	0	0	217,834	0	0
Assigned	36,113	0	0	0	0
Unassigned	984,782	0	0	(996,274)	0
Total Fund Balances	1,022,851	298,859	217,834	(996,274)	46,231
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,608,614	\$355,525	\$233,501	\$126,105	\$391,053

See accompanying notes to the basic financial statements

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

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Fund Balances	\$1,868,081
		<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
		Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,907,120
\$1,192,261	\$2,969,062	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
2,700	20,197	Delinquent Property Taxes	11,194
234,004	299,094	Income Taxes	313,712
0	539,018	Intergovernmental	150,505
90,396	404,832		
27,024	27,024	Total	475,411
0	1,956		
\$1,546,385	\$4,261,183	Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(6,163)
\$14,727	\$62,687	Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(5,300)
3,337	31,320	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
22,842	122,694	General Obligation Bonds	(745,000)
2,879	15,606	Premiums on Bonds	(5,095)
18,664	24,885	Capital Lease Payable	(81,805)
0	23,528	Compensated Absences	(68,964)
0	1,243,333		
62,449	1,524,053	Total	(900,864)
87,795	393,638	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:	
117,561	475,411	Deferred Outflows - Pension	592,774
205,356	869,049	Net Pension Liability	(2,403,665)
27,024	28,980	Deferred Inflows - Pension	(71,560)
1,161,838	1,506,928		
88,074	305,908	Total	(1,882,451)
1,644	37,757		
0	(11,492)	<i>Net Position of Governmental Activities</i>	\$11,455,834
1,278,580	1,868,081		
\$1,546,385	\$4,261,183		

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

	General	Police	Fire/ EMS	General Obligation Debt Retirement	Capital Improvements
Revenues					
Property Taxes	\$209,625	\$0	\$0	\$87,641	\$0
Income Taxes	2,192,878	157,473	0	0	0
Charges for Services	8,305	0	134,467	0	0
Fines, Licenses and Permits	35,236	571	0	0	0
Intergovernmental	97,459	30,875	6,277	8,073	41,956
Interest	25,702	0	0	0	0
Contributions and Donations	2,326	3,750	100	0	0
Other	27,770	11,170	3,946	2,000	7,708
<i>Total Revenues</i>	<u>2,599,301</u>	<u>203,839</u>	<u>144,790</u>	<u>97,714</u>	<u>49,664</u>
Expenditures					
Current:					
General Government	660,325	0	0	8,241	228,520
Security of Persons and Property	0	1,187,292	514,604	0	54,232
Transportation	21,730	0	0	0	193,960
Leisure Time Activities	59,558	0	0	0	0
Capital Outlay	0	0	0	0	96,884
Debt Service:					
Principal Retirement	0	0	0	1,105,799	0
Interest and Fiscal Charges	0	0	0	83,033	4,605
<i>Total Expenditures</i>	<u>741,613</u>	<u>1,187,292</u>	<u>514,604</u>	<u>1,197,073</u>	<u>578,201</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,857,688</u>	<u>(983,453)</u>	<u>(369,814)</u>	<u>(1,099,359)</u>	<u>(528,537)</u>
Other Financing Sources (Uses)					
Transfers In	0	1,020,000	423,000	77,000	256,200
Transfers Out	(1,791,200)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,791,200)</u>	<u>1,020,000</u>	<u>423,000</u>	<u>77,000</u>	<u>256,200</u>
<i>Net Change in Fund Balances</i>	66,488	36,547	53,186	(1,022,359)	(272,337)
<i>Fund Balances Beginning of Year - Restated (See Note 4)</i>	<u>956,363</u>	<u>262,312</u>	<u>164,648</u>	<u>26,085</u>	<u>318,568</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,022,851</u></u>	<u><u>\$298,859</u></u>	<u><u>\$217,834</u></u>	<u><u>(\$996,274)</u></u>	<u><u>\$46,231</u></u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017*

Other Governmental Funds	Total Governmental Funds		
\$86,468	\$383,734	Net Change in Fund Balances - Total Governmental Funds	(\$1,166,368)
0	2,350,351	Amounts reported for governmental activities in the statement of activities are different because:	
47,322	190,094	Governmental funds report capital outlay as an expenditure.	
2,409	38,216	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:	
533,060	717,700	Capital Asset Additions	767,815
1,320	27,022	Current Year Depreciation	(387,778)
4,079	10,255	Total	380,037
14,143	66,737		
688,801	3,784,109	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
0	897,086	Delinquent Property Taxes	(2,025)
502	1,756,630	Income Taxes	121,148
370,809	586,499	Intergovernmental	(60,965)
47,312	106,870	Total	58,158
313,071	409,955	Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
0	1,105,799		
0	87,638		
731,694	4,950,477	In the statement of activities, interest is accrued on outstanding bonds and bond premiums are amortized over the term of the bonds, whereas in governmental funds, an expenditure is reported when bonds are issued:	
(42,893)	(1,166,368)	Accrued Interest	13,276
15,000	1,791,200	Amortization of Premiums on Debt	7,036
0	(1,791,200)	Total	20,312
15,000	0	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
(27,893)	(1,166,368)	Compensated Absences	29,883
1,306,473	3,034,449	Vacation Benefits Payable	301
\$1,278,580	\$1,868,081	Total	30,184
		Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
		Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	
		(359,515)	
		Change in Net Position of Governmental Activities	
		\$242,422	

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$204,874	\$204,874	\$209,625	\$4,751
Income Taxes	2,300,000	2,300,000	2,164,715	(135,285)
Charges for Services	8,700	8,700	8,305	(395)
Fines, Licenses, and Permits	29,828	29,828	35,579	5,751
Intergovernmental	92,482	92,482	91,411	(1,071)
Interest	7,261	7,261	25,727	18,466
Contributions and Donations	1,500	1,500	2,326	826
Other	0	0	27,770	27,770
<i>Total Revenues</i>	<u>2,644,645</u>	<u>2,644,645</u>	<u>2,565,458</u>	<u>(79,187)</u>
Expenditures				
Current:				
General Government	822,239	773,163	704,019	69,144
Transportation	24,460	23,000	21,730	1,270
Leisure Time Activities	83,145	78,183	61,728	16,455
<i>Total Expenditures</i>	<u>929,844</u>	<u>874,346</u>	<u>787,477</u>	<u>86,869</u>
<i>Excess of Revenues Over Expenditures</i>	1,714,801	1,770,299	1,777,981	7,682
Other Financing Uses				
Transfers Out	(1,791,200)	(1,791,200)	(1,791,200)	0
<i>Net Change in Fund Balance</i>	(76,399)	(20,901)	(13,219)	7,682
<i>Fund Balance Beginning of Year - Restated (See Note 4)</i>	749,341	749,341	749,341	0
Prior Year Encumbrances Appropriated	41,720	41,720	41,720	0
<i>Fund Balance End of Year</i>	<u>\$714,662</u>	<u>\$770,160</u>	<u>\$777,842</u>	<u>\$7,682</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$169,289	\$168,595	\$155,451	(\$13,144)
Fines, Licenses and Permits	602	600	571	(29)
Intergovernmental	22,510	22,500	30,875	8,375
Contributions and Donations	0	0	3,750	3,750
Other	2,397	2,305	7,014	4,709
<i>Total Revenues</i>	194,798	194,000	197,661	3,661
Expenditures				
Current:				
Security of Persons and Property	1,292,196	1,292,196	1,214,589	77,607
<i>Excess of Revenues Under Expenditures</i>	(1,097,398)	(1,098,196)	(1,016,928)	81,268
Other Financing Sources				
Transfers In	1,024,201	1,025,000	1,020,000	(5,000)
<i>Net Change in Fund Balance</i>	(73,197)	(73,196)	3,072	76,268
<i>Fund Balance Beginning of Year</i>	253,463	253,463	253,463	0
Prior Year Encumbrances Appropriated	16,914	16,914	16,914	0
<i>Fund Balance End of Year</i>	<u>\$197,180</u>	<u>\$197,181</u>	<u>\$273,449</u>	<u>\$76,268</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire/EMS Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$12,000	\$11,932	\$135,697	\$123,765
Contributions and Donations	0	0	100	100
Other	1,000	1,000	3,946	2,946
<i>Total Revenues</i>	13,000	12,932	139,743	126,811
Expenditures				
Current:				
Security of Persons and Property	556,579	556,579	534,485	22,094
<i>Excess of Revenues Under Expenditures</i>	(543,579)	(543,647)	(394,742)	148,905
Other Financing Sources				
Transfers In	522,000	427,000	423,000	(4,000)
<i>Net Change in Fund Balance</i>	(21,579)	(116,647)	28,258	144,905
<i>Fund Balance Beginning of Year</i>	159,397	159,397	159,397	0
Prior Year Encumbrances Appropriated	3,970	3,970	3,970	0
<i>Fund Balance End of Year</i>	<u>\$141,788</u>	<u>\$46,720</u>	<u>\$191,625</u>	<u>\$144,905</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2017

	Water	Sewer	Storm Sewer	Total
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$1,345,612	\$1,004,794	\$37,931	\$2,388,337
Materials and Supplies Inventory	412	2,096	0	2,508
Accounts Receivable	90,243	74,866	4,518	169,627
<i>Total Current Assets</i>	<u>1,436,267</u>	<u>1,081,756</u>	<u>42,449</u>	<u>2,560,472</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	229,528	321,743	343,037	894,308
Depreciable Capital Assets, Net	4,423,810	3,895,597	1,978,874	10,298,281
<i>Total Noncurrent Assets</i>	<u>4,653,338</u>	<u>4,217,340</u>	<u>2,321,911</u>	<u>11,192,589</u>
<i>Total Assets</i>	<u>6,089,605</u>	<u>5,299,096</u>	<u>2,364,360</u>	<u>13,753,061</u>
Deferred Outflows of Resources				
Deferred Outflows - Pension	163,320	163,320	0	326,640
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	29,173	44,439	0	73,612
Accrued Wages	6,119	6,119	0	12,238
Contracts Payable	7,542	7,542	2,993	18,077
Intergovernmental Payable	9,545	4,665	0	14,210
Vacation Benefits Payable	2,206	2,206	0	4,412
Matured Compensated Absences	501	501	0	1,002
Accrued Interest Payable	9,302	4,575	0	13,877
Compensated Absences Payable	4,017	4,017	0	8,034
General Obligation Bonds Payable	40,000	0	0	40,000
OPWC Loans Payable	89,990	52,080	6,886	148,956
Notes Payable	243,333	243,334	0	486,667
<i>Total Current Liabilities</i>	<u>441,728</u>	<u>369,478</u>	<u>9,879</u>	<u>821,085</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	20,688	24,517	0	45,205
General Obligation Bonds Payable	326,787	0	0	326,787
OPWC Loans Payable	1,062,055	376,366	110,181	1,548,602
Net Pension Liability	427,048	427,048	0	854,096
<i>Total Long-Term Liabilities</i>	<u>1,836,578</u>	<u>827,931</u>	<u>110,181</u>	<u>2,774,690</u>
<i>Total Liabilities</i>	<u>2,278,306</u>	<u>1,197,409</u>	<u>120,060</u>	<u>3,595,775</u>
Deferred Inflows of Resources				
Deferred Inflows - Pension	12,223	12,220	0	24,443
Net Position				
Net Investment in Capital Assets	2,891,173	3,545,560	2,204,844	8,641,577
Unrestricted	1,071,223	707,227	39,456	1,817,906
<i>Total Net Position</i>	<u>\$3,962,396</u>	<u>\$4,252,787</u>	<u>\$2,244,300</u>	<u>\$10,459,483</u>

See accompanying notes to the basic financial statements

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

	Water	Sewer	Storm Sewer	Total
Operating Revenues				
Charges for Services	\$931,320	\$901,630	\$52,372	\$1,885,322
Other	40,611	21,599	0	62,210
<i>Total Operating Revenues</i>	<u>971,931</u>	<u>923,229</u>	<u>52,372</u>	<u>1,947,532</u>
Operating Expenses				
Personal Services	287,104	287,105	0	574,209
Fringe Benefits	167,527	171,353	0	338,880
Contractual Services	186,262	301,794	16,291	504,347
Materials and Supplies	46,566	46,148	0	92,714
Depreciation	164,300	190,399	43,161	397,860
Other	792	1,005	20,000	21,797
<i>Total Operating Expenses</i>	<u>852,551</u>	<u>997,804</u>	<u>79,452</u>	<u>1,929,807</u>
<i>Operating Income (Loss)</i>	<u>119,380</u>	<u>(74,575)</u>	<u>(27,080)</u>	<u>17,725</u>
Non-Operating Revenues (Expenses)				
Capital Contributions	0	0	352,701	352,701
Interest and Fiscal Charges	(20,751)	(4,575)	0	(25,326)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(20,751)</u>	<u>(4,575)</u>	<u>352,701</u>	<u>327,375</u>
<i>Change in Net Position</i>	98,629	(79,150)	325,621	345,100
<i>Net Position Beginning of Year - Restated (See Note 4)</i>	<u>3,863,767</u>	<u>4,331,937</u>	<u>1,918,679</u>	<u>10,114,383</u>
<i>Net Position End of Year</i>	<u><u>\$3,962,396</u></u>	<u><u>\$4,252,787</u></u>	<u><u>\$2,244,300</u></u>	<u><u>\$10,459,483</u></u>

See accompanying notes to the basic financial statements

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

	Water	Sewer	Storm Sewer	Total
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$931,461	\$901,556	\$47,854	\$1,880,871
Other Cash Receipts	35,197	19,447	0	54,644
Cash Payments to Employees for Services	(398,084)	(398,085)	0	(796,169)
Cash Payments for Goods and Services	(199,982)	(310,104)	(13,298)	(523,384)
Other Cash Payments	(792)	(1,005)	(20,000)	(21,797)
<i>Net Cash Provided by Operating Activities</i>	<u>367,800</u>	<u>211,809</u>	<u>14,556</u>	<u>594,165</u>
Cash Flows from Capital and Related Financing Activities				
Capital Contributions	0	0	352,701	352,701
OPWC Loans Issued	25,244	0	0	25,244
Notes Issued	243,333	243,334	0	486,667
Principal Paid on Bonds	(35,000)	0	0	(35,000)
Interest Paid on Bonds	(16,868)	0	0	(16,868)
Principal Paid on OPWC Loans	(89,991)	(52,081)	(6,887)	(148,959)
Payments for Capital Acquisitions	(257,399)	(222,289)	(343,037)	(822,725)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(130,681)</u>	<u>(31,036)</u>	<u>2,777</u>	<u>(158,940)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	237,119	180,773	17,333	435,225
<i>Cash and Cash Equivalents Beginning of Year - Restated (See Note 4)</i>	<u>1,108,493</u>	<u>824,021</u>	<u>20,598</u>	<u>1,953,112</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$1,345,612</u>	<u>\$1,004,794</u>	<u>\$37,931</u>	<u>\$2,388,337</u>

(continued)

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2017

	Water	Sewer	Storm Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$119,380	(\$74,575)	(\$27,080)	\$17,725
Adjustments:				
Depreciation	164,300	190,399	43,161	397,860
(Increase) Decrease in Assets:				
Materials and Supplies Inventory	(13)	(77)	0	(90)
Accounts Receivable	(5,273)	(2,226)	(4,518)	(12,017)
Increase in Deferred Outflows of Resources - Pension	47,329	47,329	0	94,658
Increase (Decrease) in Liabilities:				
Accounts Payable	20,135	30,071	0	50,206
Accrued Wages	1,217	1,217	0	2,434
Contracts Payable	7,542	7,542	2,993	18,077
Intergovernmental Payable	8,427	3,547	0	11,974
Vacation Benefits Payable	490	490	0	980
Matured Compensated Absences Payable	501	501	0	1,002
Compensated Absences Payable	(2,648)	1,181	0	(1,467)
Net Pension Liability	18,567	18,566	0	37,133
Increase in Deferred Inflows of Resources - Pension	(12,154)	(12,156)	0	(24,310)
<i>Net Cash Provided by Operating Activities</i>	<u>\$367,800</u>	<u>\$211,809</u>	<u>\$14,556</u>	<u>\$594,165</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2017

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$16,797</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$16,797</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City. The primary government provides the following services to its citizens: water and sewer utilities, park operations (leisure time activities), street maintenance and repairs, police and fire protection and emergency medical services.

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

The City participates in the Local Organized Governments in Cooperation, which is defined as a joint venture, the Northwest Stark Senior Citizens Commission, which is defined as a related organization, as well as the Stark County Regional Planning Commission, the Stark Council of Governments, and the Stark County District Board of Health as jointly governed organizations. These organizations are presented in Notes 12, 13, and 14 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

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.

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

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

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

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City's funds are classified as either governmental, proprietary or fiduciary.

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

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

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

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

General Obligation Debt Retirement Fund The general obligation debt retirement fund accounts for an reports property taxes, other revenues, and transfers from the general fund restricted for debt payments.

Capital Improvements Fund The capital improvements fund accounts for and reports grant monies restricted for the purpose of capital assets.

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

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

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

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the City.

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. The City's only fiduciary fund, an agency fund, is used to account for performance bonds and security deposits.

Measurement Focus

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

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

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

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

Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 19.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes income taxes, delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 21. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 19)

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

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as “equity in pooled cash and cash equivalents”.

During 2017, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” 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 an NAV per share that approximates fair value.

For 2017, 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2017 amounted to \$25,702, which includes \$18,084 assigned from other City funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

Inventory

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

Restricted Assets

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

Capital Assets

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

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

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Per City policy, all vacation time must be used within one year of accrual, thus the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

Pensions

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balances

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

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City

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

official delegated that authority by ordinance or by State Statute. State Statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

City Council assigned fund balance for City administration, engineering, and parks.

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

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

Net Position

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, and storm water services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

Internal Activity

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

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

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

Interfund Balances

Deferred inflows of resources and deferred outflows of resources from the change in internal proportionate share related to pension items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity-wide statement of net position.

Bond Premiums

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

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Estimates

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

Budgetary Process

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

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

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

Capital Contributions

Contributions of capital arise from outside contributions of capital assets, and from grants or outside contributions of resources restricted to capital acquisition and construction.

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

Note 3 – Changes in Accounting Principles

For 2017, the City/County implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2016-1*. These changes were incorporated in the City/County's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Restatement of Fund Balance and Net Position

During 2017, the City decided that storm sewer activities reported in the general fund were significant enough that they would be better tracked if segregated as an enterprise fund. The restatement of the cash balance related to storm sewer activities had the following effect on beginning fund balance:

	General	Police	Fire/ EMS	General Obligation Debt Retirement	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Fund Balances at December 31, 2016	\$976,961	\$262,312	\$164,648	\$26,085	\$318,568	\$1,306,473	\$3,055,047
Adjustment:							
Equity in Pooled Cash and Cash Equivalents	(20,598)	0	0	0	0	0	(20,598)
Restated Fund Balances at December 31, 2016	<u>\$956,363</u>	<u>\$262,312</u>	<u>\$164,648</u>	<u>\$26,085</u>	<u>\$318,568</u>	<u>\$1,306,473</u>	<u>\$3,034,449</u>

The restatement of the cash balance related to storm sewer activities and storm water-related capital assets and long-term liabilities had the following effect on beginning net position of proprietary funds and entity-wide balances:

	Water	Sewer	Storm Sewer	Total
Net Position at December 31, 2016	\$3,863,767	\$4,331,937	\$0	\$8,195,704
Adjustment:				
Equity in Pooled Cash and Cash Equivalents	0	0	20,598	20,598
Capital Assets being Depreciated, net	0	0	2,022,035	2,022,035
Long-Term Liabilities:				
Due Within One Year	0	0	(6,887)	(6,887)
Due in More Than One Year:				
Other Amounts	0	0	(117,067)	(117,067)
Restated Net Position at December 31, 2016	<u>\$3,863,767</u>	<u>\$4,331,937</u>	<u>\$1,918,679</u>	<u>\$10,114,383</u>

	Governmental Activities	Business-Type Activities	Total
Net Position at December 31, 2016	\$13,132,091	\$8,195,704	\$21,327,795
Adjustment:			
Equity in Pooled Cash and Cash Equivalents	(20,598)	20,598	0
Capital Assets being Depreciated, net	(2,022,035)	2,022,035	0
Long-Term Liabilities:			
Due Within One Year	6,887	(6,887)	0
Due in More Than One Year:			
Other Amounts	117,067	(117,067)	0
Restated Net Position at December 31, 2016	<u>\$11,213,412</u>	<u>\$10,114,383</u>	<u>\$21,327,795</u>

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

Note 5 – Budgetary Basis of Accounting

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

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

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

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

Net Change in Fund Balance
 General and Major Special Revenue Funds

	General	Police	Fire/EMS
GAAP Basis	\$66,488	\$36,547	\$53,186
Net Adjustment for Revenue Accruals	(33,843)	(6,178)	(5,047)
Net Adjustment for Expenditure Accruals	13,899	13,651	1,547
Encumbrances	(59,763)	(40,948)	(21,428)
Budget Basis	(\$13,219)	\$3,072	\$28,258

Note 6 – Deposits and Investments

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage and the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover or collateral securities that are in the possession of an outside party. At December 31, 2017, the City was not exposed to custodial credit risk.

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

In April 2018, one of the City's financial institutions participating in OPCS was approved for a reduced collateral floor of 50 percent. At the time the reduced floor became effective, \$215,928 of the City's bank balance of \$843,852 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

Investments

As of December 31, 2017, the City had investments in STAR Ohio in the amount of \$4,596,248. The investments in STAR Ohio are valued at net asset value (NAV) per share and had an average maturity of 52.1 days as of December 31, 2017.

Credit Risk STAR Ohio carries a credit rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Note 7 – Receivables

Receivables at December 31, 2017, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, and accounts (billings for utility service). No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes were levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2017, was \$4.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

	Assessed Value
Real Property	\$93,280,300
Public Utility Property	1,805,160
Total	<u>\$95,085,460</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Canal Fulton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2017, and for which there is an enforceable legal claim. In the general fund and general obligation debt retirement debt service fund, the entire receivable has been offset by deferred inflows of resources – property taxes since the current taxes were not levied to finance 2017 operations and the collection of delinquent taxes during the available period are not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

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

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

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

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amount</u>
<i>Governmental Activities:</i>	
Gasoline Tax	\$132,366
Homestead	22,647
Permissive Motor Vehicle License Tax	37,601
Grants	78,098
Local Government	26,920
Other	<u>1,462</u>
Total	<u><u>\$299,094</u></u>

Note 8 – Contingencies

Litigation

The City is not party to legal proceedings as of December 31, 2017.

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2017.

Note 9 – Other Employee Benefits

Compensated Absences

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

Employees earn sick leave at a rate of 4.6 hours for each completed pay period of 80 hours. Sick leave accumulation is unlimited, but upon retirement, employees can be paid twenty-five percent of accumulated, unused sick leave.

Medical and Dental Insurance

The City provides medical, dental, and vision benefits to employees through The Health Plan, MetLife, and Vision Service Plan, respectively. The City also provides \$25,000 of life insurance for employees through Lincoln Financial. The City's portion of monthly premiums for 2017 were \$1,022.97 for family, \$726.63 for employee and spouse, \$594.93 for employee and children, and \$331.51 for single.

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

Note 10 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the City contracted with The Ohio Municipal Joint Self Insurance Pool for various types of insurance.

The coverage and deductible are as follows:

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

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

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

Note 11 – Interfund Balances and Transfers

Transfers

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

Transfer to	Transfer From General
Police	\$1,020,000
Fire/EMS	423,000
General Obligation Debt Retirement	77,000
Capital Improvements	256,200
Other Governmental Funds	15,000
Total	<u>\$1,791,200</u>

The transfers to the police and fire/EMS special revenue funds were to supplement the operations of those funds. The transfers to the general obligation debt retirement fund were for the purpose of making principal and interest payments. The transfers to the capital improvements fund and the other governmental funds were to supplement various capital projects within the City.

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

Internal Balances – Change in Proportionate Share

The City uses an internal proportionate share to allocate its net pension liability and corresponding deferred outflows/inflows of resources and pension expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the City as a whole.

Eliminations made in the total column of the entity wide statement of net position include deferred outflows of resources for the governmental type activities and deferred inflows of resources for the business type activities (\$6,187 related to the water enterprise fund and \$6,188 related to the sewer enterprise fund) in the amount of \$12,375.

Note 12 – Joint Venture

The City participates in the Local Organized Governments in Cooperation (LOGIC), a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the City, Jackson Township, Lawrence Township, City of Massillon, and Hills and Dales Village, with each participant providing one representative to serve on the board. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The board has total authority over the operation of LOGIC, including budgeting, appropriating, contracting, and designating management. Continued existence of LOGIC is dependent on the City's continued participation; however, the City does not have an equity interest in the LOGIC. LOGIC does not provide specific financial benefits or impose specific financial burdens on the City. During 2017, the City made contributions of \$94,416, but does not have an equity interest in LOGIC. Financial statements of LOGIC may be obtained from Local Organized Governments in Cooperation, 2601 Cleveland Avenue, Canton, Ohio 44709.

Note 13 – Related Organization

Four of the nine members of the Northwest Stark Senior Citizens Commission (Senior Citizens Commission) are appointed by the Mayor of the City. Four of the nine members of the Senior Citizens Commission are elected by the members of the Northwest Stark Senior Center. These eight members of the Senior Citizens Commission elect the remaining member. The Senior Citizens Commission administers its own staff and does not rely on the City to finance deficits. The City is not financially accountable for the Senior Citizens Commission nor is the Senior Citizens Commission financially dependent on the City. The City did not make any payments to the Senior Citizens Commission in 2017 as an electricity reimbursement. Financial information may be obtained by contacting the Senior Citizens Commission at 853 Locust Street, Canal Fulton, Ohio 44614.

Note 14 – Jointly Governed Organizations

Stark County Regional Planning Commission

The City participates in the Stark County Regional Planning Commission (Planning Commission), which is a statutorily created political subdivision of the State. The Planning Commission is jointly governed among Stark County, and other cities, villages, and townships. Of the 85 member board, the City appoints one member. The degree of control exercised by any participating government is limited to its representation on the board. The principal aim of the Planning Commission is to provide comprehensive planning, both long and short-term range, dealing with the economic and physical environment of Stark County. The board exercises total authority for the day-to-day operations of the Planning Commission. These include budgeting, appropriating, contracting and designating management. The City has no financial responsibility for any of the Planning Commission's liabilities. In 2017, the City contributed a total of \$548 to the Planning Commission. Complete financial statements can be obtained from the Stark County Regional Planning Commission, 201 3rd Street NE, Suite 201, Canton, Ohio 44702.

Stark Council of Governments

The City participates in the Stark Council of Governments (Council) which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County and its municipalities and townships which direct the operations of the Stark County Metropolitan Narcotics Unit and the Stark County Crime Laboratory. Of the 27 members, the City has one appointed member. Each member's control over the operation of the Council is limited to its representation on the board. The board exercises total authority over the operation of the Council including budgeting, appropriation, contracting, and designating management. The Council is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City did not contribute any funds to the Council in 2017. Complete financial statements can be obtained from the Stark Council of Governments, P.O. Box 21451 Canton, Ohio 44701-1451.

Stark County District Board of Health

The City participates in the Stark County District Board of Health (Health District) which is a statutorily created political subdivision of the State. The Health District is jointly governed by Stark County townships, villages, the City of Canal Fulton, the City of Louisville, and the City of North Canton. Of the 8 board members, the City has one appointed member. The board is made up of various professionals who are equally representative of the general health district. The board exercises total authority over the operation of the Health District including budgeting, appropriation, contracting, and designating management. The Health District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City contributed \$24,555 to the Health District in 2017. Complete financial statements can be obtained from the Stark County Combined General Health District, 3951 Convenience Circle NW, Canton, Ohio 44718.

Note 15 – Capital Leases

During 2012, the City entered into a capital lease with FirstMerit Bank, N.A., for a snow plow. During 2015, the City entered into a capital lease with Huntington Public Capital Corporation for a dump truck. The leases will end in 2017 and 2020, respectively. The lease obligations meet the criteria of capital leases and have been recorded on the government-wide statements. The capital assets were capitalized at the present value of the minimum lease payments at the time the leases were entered into.

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

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Vehicles	\$134,918
Less: Accumulated depreciation	(26,984)
Total	\$107,934

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

	Governmental Activities
2018	\$28,921
2019	28,921
2020	28,919
Total Minimum Lease Payment	86,761
Less: Amount Representing Interest	(4,956)
Present Value of Minimum Lease Payments	\$81,805

Note 16 – Long-Term Obligations

Debt Issue	Rate	Issue Amount	Date of Maturity
<i>Governmental Activities:</i>			
Fire Station Bonds 1 - 2006	4.25-5%	\$750,000	December 1, 2025
Fire Station Bonds 2 - 2006	4.25-5	750,000	December 1, 2025
Street Improvement Bond Anticipation Notes	1.85	1,000,000	May 4, 2017
<i>Business-Type Activities:</i>			
Northwest Waterline Bonds - 2005	3.0-4.5	730,000	March 15, 2025
OPWC Water Treatment Plant Loan - 2003	0	600,595	July 1, 2024
OPWC Milan Street Waterline Loan - 2006	0	331,649	January 1, 2026
OPWC Wooster/Milan Waterline Loan - 2016	0	533,411	January 1, 2037
OPWC Poplar/Steiner Waterline Loan - 2016	0	304,899	January 1, 2037
OPWC Locust Abandonment Waterline Loan - 2016	0	29,260	January 1, 2037
OPWC Denshire Sanitary Sewer Loan - 2003	0	417,195	July 1, 2022
OPWC Solids Handling Improvement Loan - 2003	0	376,100	January 1, 2023
OPWC High Street Sanitary Sewer Loan - 2009	0	116,357	January 1, 2041
OPWC WWTP Screening Improvements - 2014	0	170,750	July 1, 2035
OPWC Wooster Street Storm Sewer - 2014	0	137,727	January 1, 2035

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

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

	Restated Amount Outstanding 12/31/2016	Additions	Deletions	Amount Outstanding 12/31/2017	Amounts Due in One Year
<i>Governmental Activities:</i>					
<u>General Obligation Bonds:</u>					
Fire Station Bonds 1	\$410,000	\$0	\$35,000	\$375,000	\$40,000
Premium on Fire Station Bonds 1	4,052	0	450	3,602	0
Fire Station Bonds 2	405,000	0	35,000	370,000	40,000
Premium on Fire Station Bonds 2	1,679	0	186	1,493	0
Total General Obligation Bonds	820,731	0	70,636	750,095	80,000
<u>Other Long-Term Obligations:</u>					
2016 Bond Anticipation Notes	1,000,000	0	1,000,000	0	0
Premium on Street Improvement Notes	6,400	0	6,400	0	0
Capital Leases	117,604	0	35,799	81,805	26,467
Compensated Absences	98,847	4,805	34,688	68,964	11,996
Total Other Long-Term Obligations	1,222,851	4,805	1,076,887	150,769	38,463
<u>Net Pension Liability:</u>					
OPERS	571,130	217,264	0	788,394	0
OPF	1,678,131	0	62,860	1,615,271	0
Total Net Pension Liability	2,249,261	217,264	62,860	2,403,665	0
Total Governmental Activities	\$4,292,843	\$222,069	\$1,210,383	\$3,304,529	\$118,463
	Restated Amount Outstanding 12/31/2016	Additions	Deletions	Amount Outstanding 12/31/2017	Amounts Due in One Year
<i>Business-Type Activities:</i>					
<u>General Obligation Bonds:</u>					
Northwest Waterline Bonds					
Serial Bonds	\$155,000	\$0	\$35,000	\$120,000	\$40,000
Term Bonds	245,000	0	0	245,000	0
Premium on Northwest Waterline Bonds	2,043	0	256	1,787	0
Total General Obligation Bonds	402,043	0	35,256	366,787	40,000
<u>OPWC Loans:</u>					
Water - Treatment Plant	225,223	0	30,030	195,193	30,029
Water - Milan Street	149,243	0	16,583	132,660	16,583
Water - Wooster/Milan	519,393	14,017	26,670	506,740	26,670
Water - Poplar/Steiner	294,556	10,344	15,245	289,655	15,245
Water - Locust Abandonment	28,377	883	1,463	27,797	1,463
Sewer - Denshire Sanitary Sewer	114,728	0	20,859	93,869	20,860
Sewer - Solids Handling Improvement	112,830	0	18,805	94,025	18,805
Sewer - High Street Sanitary Sewer	95,025	0	3,879	91,146	3,878
Sewer - WWTP Screening Improvements	157,944	0	8,538	149,406	8,537
Storm Sewer - Wooster Street Storm Sewer	123,954	0	6,887	117,067	6,886
Total OPWC Loans	1,821,273	25,244	148,959	1,697,558	148,956
Compensated Absences	54,706	15,890	17,357	53,239	8,034
<u>Net Pension Liability - OPERS:</u>					
Water	335,230	91,818	0	427,048	0
Sewer	335,230	91,818	0	427,048	0
Total Net Pension Liability - OPERS	670,460	183,636	0	854,096	0
Total Business-Type Activities	\$2,948,482	\$224,770	\$201,572	\$2,971,680	\$196,990

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

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

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

Redemption Provisions

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

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

The City has pledged future water revenues net of expenses to repay OPWC loans. These loans are payable solely from net revenues and are payable through 2026. Annual principal payments on these loans are expected to require less than 32 percent of net revenues and less than 10 percent of total revenues. The total principal remaining to be paid on the loans is \$1,152,045. Principal paid for the current year was \$89,991, total net revenues were \$283,679, and total revenues were \$971,931.

The City has pledged future sewer revenues net of expenses to repay OPWC loans. These loans are payable solely from net revenues and are payable through 2041. Annual principal payments on these loans are expected to require less than 45 percent of net revenues and less than 6 percent of total revenues. The total principal remaining to be paid on the loans is \$428,446. Principal paid for the current year was \$52,081, total net revenues were \$115,823, and total revenues were \$923,229.

The City has pledged future storm sewer revenues net of expenses to repay an OPWC loan. This loan is payable solely from net revenues and is payable through 2034. Annual principal payments on this loan are expected to require less than 27 percent of net revenues and less than 14 percent of total revenues. The total principal remaining to be paid on the loan is \$117,067. Principal paid for the current year was \$6,887 and total revenues were \$52,372.

The City pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the general fund, the street maintenance, police, and fire/EMS special revenue funds, and the water and sewer enterprise funds. The compensated absences liability will be paid from the same funds.

As of December 31, 2017, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$8,896,622 and the unvoted legal debt margin was \$2,412,349.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2017, are as follows:

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

Governmental Activities		
General Obligation		
Bonds		
Year	Principal	Interest
2018	\$80,000	37,250
2019	80,000	33,250
2020	90,000	29,250
2021	90,000	24,750
2022	95,000	20,250
2023-2027	310,000	31,500
Total	\$745,000	\$176,250

Business-Type Activities					
General Obligation Bonds					
Year	Serial		Term		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2018	\$40,000	\$15,276	\$0	\$0	\$148,956
2019	40,000	13,576	0	0	148,958
2020	40,000	11,876	0	0	148,958
2021	0	0	45,000	10,013	148,958
2022	0	0	45,000	7,988	138,527
2023-2027	0	0	155,000	10,685	408,198
2028-2032	0	0	0	0	313,405
2033-2037	0	0	0	0	228,031
2038-2041	0	0	0	0	13,567
Total	\$120,000	\$40,728	\$245,000	\$28,686	\$1,697,558

Note 17 – Notes Payable

During 2017, the City issued short-term notes in the amount of \$1,730,000 at an interest rate of 2.125 percent. The notes mature on February 2, 2018. In February 2018, these notes were rolled over and mature on November 1, 2018. All notes are for various capital projects and are backed by the full faith and credit of the City and mature within one year. The note liability is reflected in the fund which received the proceeds and will repay the debt. The notes are generally issued in anticipation of long-term bond financing and refinanced until such bonds are issued. The purposes for which the notes were issued are as follows:

Purpose	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017
Governmental Rollover of Prior Year Notes	0	\$1,000,000	\$0	\$1,000,000
Governmental Building Capital Projects	0	243,333	0	243,333
Water Capital Projects	0	243,333	0	243,333
Sewer Capital Projects	0	243,334	0	243,334
Total	0	\$1,730,000	\$0	\$1,730,000

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Note 18 – Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Restated Balance 12/31/2016	Additions	Deductions	Balance 12/31/2017
<i>Governmental Activities:</i>				
Capital Assets not being depreciated:				
Land	\$3,245,718	\$0	\$0	\$3,245,718
Construction in Progress	2,636,777	506,096	(70,880)	3,071,993
Total Capital Assets not being depreciated	<u>5,882,495</u>	<u>506,096</u>	<u>(70,880)</u>	<u>6,317,711</u>
Capital Assets being depreciated:				
Buildings and Improvements	5,090,455	90,690	0	5,181,145
Equipment and Machinery	781,559	28,615	0	810,174
Vehicles	1,412,800	63,610	0	1,476,410
Infrastructure:				
Roads	3,349,518	149,684	0	3,499,202
Total Capital Assets being depreciated	<u>10,634,332</u>	<u>332,599</u>	<u>0</u>	<u>10,966,931</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,440,573)	(107,179)	0	(2,547,752)
Equipment and Machinery	(511,754)	(62,556)	0	(574,310)
Vehicles	(1,093,107)	(43,083)	0	(1,136,190)
Infrastructure:				
Roads	(944,310)	(174,960)	0	(1,119,270)
Total Accumulated Depreciation	<u>(4,989,744)</u>	<u>(387,778)</u>	<u>0</u>	<u>(5,377,522)</u>
Total Capital Assets, being depreciated, net	<u>5,644,588</u>	<u>(55,179)</u>	<u>0</u>	<u>5,589,409</u>
Governmental Activities Capital Assets, Net	<u>\$11,527,083</u>	<u>\$450,917</u>	<u>(\$70,880)</u>	<u>\$11,907,120</u>

* Depreciation expense was charged to governmental activities as follows:

General Government	\$18,055
Security of Persons and Property	122,645
Transportation	218,818
Leisure Time Activities	<u>28,260</u>
Total Depreciation Expense	<u>\$387,778</u>

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	Restated Balance 12/31/2016	Additions	Deductions	Balance 12/31/2017
<i>Business-Type Activities:</i>				
Capital Assets not being depreciated:				
Land	\$234,514	\$0	\$0	\$234,514
Construction in Progress	994,731	685,037	(1,019,974)	659,794
Total Capital Assets not being depreciated	1,229,245	685,037	(1,019,974)	894,308
Capital Assets being depreciated:				
Buildings and Improvements	4,886,707	72,334	0	4,959,041
Equipment and Machinery	190,902	65,354	0	256,256
Vehicles	175,183	0	0	175,183
Infrastructure:				
Water Lines	6,134,211	970,673	0	7,104,884
Sewer Lines	5,142,341	49,301	0	5,191,642
Storm Sewers	4,201,039	0	0	4,201,039
Total Capital Assets being depreciated	20,730,383	1,157,662	0	21,888,045
Less Accumulated Depreciation:				
Buildings and Improvements	(2,653,321)	(143,071)	0	(2,796,392)
Equipment and Machinery	(116,921)	(18,082)	0	(135,003)
Vehicles	(115,080)	(10,634)	0	(125,714)
Infrastructure:				
Water Lines	(3,394,301)	(117,825)	0	(3,512,126)
Sewer Lines	(2,733,277)	(65,087)	0	(2,798,364)
Storm Sewers	(2,179,004)	(43,161)	0	(2,222,165)
Total Accumulated Depreciation	(11,191,904)	(397,860)	0	(11,589,764)
Total Capital Assets, being depreciated, net	9,538,479	759,802	0	10,298,281
Business-Type Activities Capital Assets, Net	\$10,767,724	\$1,444,839	(\$1,019,974)	\$11,192,589

Note 19 – Defined Benefit Pension Plans

Net Pension Liability

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

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-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.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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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:

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$120,804 for 2017. Of this amount, \$12,873 is reported as an intergovernmental payable.

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

Plan Description – City full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report 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.

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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. (See OPF CAFR referenced as precedes for additional information, including requirements for Deferred retirement Option Plan provisions and reduced and unreduced benefits.)

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, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of 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, rounded to the nearest one-tenth of one percent.

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$115,831 for 2017. Of this amount \$2,115 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, 2016, 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, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	<u>OPERS</u>	<u>OPF</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0072330%	0.0255020%	
Prior Measurement Date	<u>0.0071680%</u>	<u>0.0260860%</u>	
Change in Proportionate Share	<u>0.0000650%</u>	<u>-0.0005840%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,642,490	\$1,615,271	\$3,257,761
Pension Expense	\$344,990	\$184,826	\$529,816

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$2,226	\$457	\$2,683
Changes of assumptions	260,519	0	260,519
Net difference between projected and actual earnings on pension plan investments	244,605	157,078	401,683
Changes in proportion and differences between City contributions and proportionate share of contributions	5,519	0	5,519
City contributions subsequent to the measurement date	<u>120,804</u>	<u>115,831</u>	<u>236,635</u>
Total Deferred Outflows of Resources	<u>\$633,673</u>	<u>\$273,366</u>	<u>\$907,039</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$9,774	\$3,719	\$13,493
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>6,986</u>	<u>63,149</u>	<u>70,135</u>
Total Deferred Inflows of Resources	<u>\$16,760</u>	<u>\$66,868</u>	<u>\$83,628</u>

\$236,635 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
2018	\$201,901	\$45,661	\$247,562
2019	214,197	45,661	259,858
2020	87,178	31,427	118,605
2021	(7,167)	(24,652)	(31,819)
2022	0	(6,920)	(6,920)
2023	0	(510)	(510)
Total	<u>\$496,109</u>	<u>\$90,667</u>	<u>\$586,776</u>

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Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuations, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented as follows:

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 3.8 percent. Simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the previous described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, one hundred five percent of the combined healthy male mortality rates were used. For females, one hundred 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, one hundred twenty percent of the disabled female mortality rates were used to set forward two years. For females, one hundred percent of the disabled female mortality rates were used.

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

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

Discount Rate The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
City's proportionate share of the net pension liability	\$2,509,272	\$1,642,490	\$920,182

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2016, is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by 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, 2016, are presented as follows:

Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
	plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 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 average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016, are summarized as follows:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return**
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

* 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 preceding, 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	\$2,151,350	\$1,615,271	\$1,160,937

Changes between Measurement Date and Report Date

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

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Social Security System

As of December 31, 2017, forty-seven part-time firefighters have elected to be covered by Social Security rather than OPERS or Ohio Police and Fire Pension Fund. The part-time firefighters' liability is 6.2 percent of wages paid.

Note 20 – Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced as follows for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to zero percent for both plans. The OPERS Board is also authorized

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

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 into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 were \$9,293, \$18,701, and \$17,843, respectively. For 2017, 89.34 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

Ohio Police and Fire Pension Fund

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

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

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

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer 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 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. 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).

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

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

The City's contribution to OPF for the years ended December 31, 2017, 2016, and 2015 were \$118,879, \$118,500, and \$115,045, respectively, of which \$3,048, \$3,038, and \$2,950, respectively, was allocated to the healthcare plan. For 2017, 98.17 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

Note 21 – Fund Balances

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

Fund Balances	General	Police	Fire/ EMS	General Obligation Debt Retirement	Capital Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Unclaimed Monies	\$1,956	\$0	\$0	\$0	\$0	\$0	\$1,956
Inventory	0	0	0	0	0	27,024	27,024
<i>Total Nonspendable</i>	<u>1,956</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,024</u>	<u>28,980</u>
<u>Restricted to:</u>							
Transportation	0	0	0	0	0	309,876	309,876
Public Safety	0	298,859	0	0	0	29,168	328,027
St. Helena II	0	0	0	0	0	17,777	17,777
Capital Projects	0	0	0	0	46,231	805,017	851,248
<i>Total Restricted</i>	<u>0</u>	<u>298,859</u>	<u>0</u>	<u>0</u>	<u>46,231</u>	<u>1,161,838</u>	<u>1,506,928</u>
<u>Committed to:</u>							
Public Safety	0	0	217,834	0	0	0	217,834
Capital Improvements	0	0	0	0	0	88,074	88,074
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>217,834</u>	<u>0</u>	<u>0</u>	<u>88,074</u>	<u>305,908</u>
<u>Assigned to:</u>							
Capital Projects	0	0	0	0	0	1,644	1,644
Purchases on Order:							
City Administration	24,204	0	0	0	0	0	24,204
Engineering	9,475	0	0	0	0	0	9,475
Parks	2,434	0	0	0	0	0	2,434
<i>Total Assigned</i>	<u>36,113</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,644</u>	<u>37,757</u>
Unassigned	984,782	0	0	(996,274)	0	0	(11,492)
Total Fund Balances	<u><u>\$1,022,851</u></u>	<u><u>\$298,859</u></u>	<u><u>\$217,834</u></u>	<u><u>(\$996,274)</u></u>	<u><u>\$46,231</u></u>	<u><u>\$1,278,580</u></u>	<u><u>\$1,868,081</u></u>

In addition to the above fund balance constraints, the City has a general fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the City established a budget stabilization by resolution to provide options to respond to unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. City Council authorized the funding of this arrangement as resources become available in the general fund. The fund balance should not exceed 30 percent of the general fund average revenues. The balance in the reserve at December 31, 2017, was \$220,000.

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

Note 22 – Significant Commitments

Encumbrances

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

General	\$59,763
Police	40,948
Fire/EMS	21,428
Capital Improvements	201,287
Other Governmental Funds	640,611
Water	99,074
Sewer	113,606
Storm Sewer	80,260
Total	<u>\$1,256,977</u>

Note 23 – Subsequent Event

On February 1, 2018, the City issued \$1,730,000 in various purpose bond anticipation notes for the purpose of rolling over the 2017 bond anticipation notes. The notes were issued at a premium of \$11,781, with an interest rate of 2.5 percent, and mature on November 1, 2018.

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

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0072330%	0.0071680%	0.0073310%	0.0073310%
City's Proportionate Share of the Net Pension Liability	\$1,642,490	\$1,241,590	\$884,200	\$864,229
City's Covered Payroll	\$935,058	\$892,150	\$898,775	\$864,297
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.66%	139.17%	98.38%	99.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

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

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.0255020%	0.0260860%	0.0271815%	0.0271815%
City's Proportionate Share of the Net Pension Liability	\$1,615,271	\$1,678,131	\$1,408,114	\$1,323,824
City's Covered Payroll	\$607,695	\$589,974	\$598,700	\$612,772
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	265.80%	284.44%	235.20%	216.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

* Amounts presented for each year were determined as of the City's measurement date, which is the prior year-end.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$120,804	\$112,207	\$107,058	\$107,853	\$112,359
Contributions in Relation to the Contractually Required Contribution	<u>(120,804)</u>	<u>(112,207)</u>	<u>(107,058)</u>	<u>(107,853)</u>	<u>(112,359)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$929,262	\$935,058	\$892,150	\$898,775	\$864,297
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$115,831	\$115,462	\$112,095	\$113,753	\$97,329
Contributions in Relation to the Contractually Required Contribution	<u>(115,831)</u>	<u>(115,462)</u>	<u>(112,095)</u>	<u>(113,753)</u>	<u>(97,329)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$609,637	\$607,695	\$589,974	\$598,700	\$612,772
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	15.88%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

City of Canal Fulton, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

Changes in Assumptions – OPERS

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented as follows:

	December 31, 2017	December 31, 2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates 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.

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

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

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

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

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

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

Nonmajor Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

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

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

Road Improvement Projects Fund – To account for and report proceeds of debt and intergovernmental receipts restricted for road capital projects in the City.

Fire Equipment Fund – To account for and report property tax monies restricted for the purchase of Fire- and EMS-related capital assets.

City of Canal Fulton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$334,684	\$857,577	\$1,192,261
Accounts Receivable	2,700	0	2,700
Intergovernmental Receivable	169,966	64,038	234,004
Property Taxes Receivable	0	90,396	90,396
Materials and Supplies Inventory	27,024	0	27,024
<i>Total Assets</i>	<u>\$534,374</u>	<u>\$1,012,011</u>	<u>\$1,546,385</u>
Liabilities			
Accounts Payable	\$14,727	\$0	\$14,727
Accrued Wages	3,337	0	3,337
Contracts Payable	0	22,842	22,842
Intergovernmental Payable	2,879	0	2,879
Matured Compensated Absences	18,664	0	18,664
<i>Total Liabilities</i>	<u>39,607</u>	<u>22,842</u>	<u>62,449</u>
Deferred Inflows of Resources			
Property Taxes	0	87,795	87,795
Unavailable Revenue	110,922	6,639	117,561
<i>Total Deferred Inflows of Resources</i>	<u>110,922</u>	<u>94,434</u>	<u>205,356</u>
Fund Balances			
Nonspendable	27,024	0	27,024
Restricted	356,821	805,017	1,161,838
Committed	0	88,074	88,074
Assigned	0	1,644	1,644
<i>Total Fund Balances</i>	<u>383,845</u>	<u>894,735</u>	<u>1,278,580</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$534,374</u>	<u>\$1,012,011</u>	<u>\$1,546,385</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$0	\$86,468	\$86,468
Charges for Services	47,322	0	47,322
Fines, Licenses and Permits	1,809	600	2,409
Intergovernmental	341,927	191,133	533,060
Interest	1,320	0	1,320
Contributions and Donations	4,079	0	4,079
Other	14,143	0	14,143
<i>Total Revenues</i>	<u>410,600</u>	<u>278,201</u>	<u>688,801</u>
Expenditures			
Current:			
Security of Persons and Property	502	0	502
Transportation	370,809	0	370,809
Leisure Time Activities	47,312	0	47,312
Capital Outlay	0	313,071	313,071
<i>Total Expenditures</i>	<u>418,623</u>	<u>313,071</u>	<u>731,694</u>
<i>Excess of Revenues Under Expenditures</i>	(8,023)	(34,870)	(42,893)
Other Financing Sources			
Transfers In	0	15,000	15,000
<i>Net Change in Fund Balances</i>	(8,023)	(19,870)	(27,893)
<i>Fund Balances Beginning of Year</i>	<u>391,868</u>	<u>914,605</u>	<u>1,306,473</u>
<i>Fund Balances End of Year</i>	<u><u>\$383,845</u></u>	<u><u>\$894,735</u></u>	<u><u>\$1,278,580</u></u>

City of Canal Fulton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Street Maintenance	State Highway	Motor Vehicle License	Enforcement and Education
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$208,213	\$19,584	\$58,649	\$15,628
Accounts Receivable	0	0	2,700	0
Intergovernmental Receivable	122,438	9,927	37,601	0
Materials and Supplies Inventory	27,024	0	0	0
<i>Total Assets</i>	<u>\$357,675</u>	<u>\$29,511</u>	<u>\$98,950</u>	<u>\$15,628</u>
Liabilities				
Accounts Payable	\$5,905	\$804	\$6,785	\$0
Accrued Wages	3,337	0	0	0
Intergovernmental Payable	2,819	0	0	0
Matured Compensated Absences	18,664	0	0	0
<i>Total Liabilities</i>	<u>30,725</u>	<u>804</u>	<u>6,785</u>	<u>0</u>
Deferred Inflows of Resources				
Unavailable Revenue	80,717	6,544	23,661	0
Fund Balances				
Nonspendable	27,024	0	0	0
Restricted	219,209	22,163	68,504	15,628
<i>Total Fund Balances</i>	<u>246,233</u>	<u>22,163</u>	<u>68,504</u>	<u>15,628</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$357,675</u>	<u>\$29,511</u>	<u>\$98,950</u>	<u>\$15,628</u>

Law Enforcement Trust	Canal Boat	Nonmajor Special Revenue Funds
\$13,540	\$19,070	\$334,684
0	0	2,700
0	0	169,966
0	0	27,024
<u>\$13,540</u>	<u>\$19,070</u>	<u>\$534,374</u>
\$0	\$1,233	\$14,727
0	0	3,337
0	60	2,879
0	0	18,664
<u>0</u>	<u>1,293</u>	<u>39,607</u>
<u>0</u>	<u>0</u>	<u>110,922</u>
0	0	27,024
<u>13,540</u>	<u>17,777</u>	<u>356,821</u>
<u>13,540</u>	<u>17,777</u>	<u>383,845</u>
<u>\$13,540</u>	<u>\$19,070</u>	<u>\$534,374</u>

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

	Street Maintenance	State Highway	Motor Vehicle License	Enforecement and Education
Revenues				
Charges for Services	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	0	645
Intergovernmental	246,155	20,735	75,037	0
Interest	973	97	250	0
Contributions and Donations	0	0	0	0
Other	9,520	0	4,436	0
<i>Total Revenues</i>	<u>256,648</u>	<u>20,832</u>	<u>79,723</u>	<u>645</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	502
Transportation	274,120	20,607	76,082	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>274,120</u>	<u>20,607</u>	<u>76,082</u>	<u>502</u>
<i>Net Change in Fund Balances</i>	(17,472)	225	3,641	143
<i>Fund Balances Beginning of Year</i>	<u>263,705</u>	<u>21,938</u>	<u>64,863</u>	<u>15,485</u>
<i>Fund Balances End of Year</i>	<u><u>\$246,233</u></u>	<u><u>\$22,163</u></u>	<u><u>\$68,504</u></u>	<u><u>\$15,628</u></u>

Law Enforcement Trust	Canal Boat	Total Nonmajor Special Revenue Funds
\$0	\$47,322	\$47,322
1,164	0	1,809
0	0	341,927
0	0	1,320
0	4,079	4,079
0	187	14,143
1,164	51,588	410,600
0	0	502
0	0	370,809
0	47,312	47,312
0	47,312	418,623
1,164	4,276	(8,023)
12,376	13,501	391,868
<u>\$13,540</u>	<u>\$17,777</u>	<u>\$383,845</u>

City of Canal Fulton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017

	Locust Street Project	Parks/ Recreation Capital Projects	Downtown Capital Improvement	Capital Projects Reserve
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,644	\$13,074	\$46,723	\$75,000
Intergovernmental Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$1,644</u>	<u>\$13,074</u>	<u>\$46,723</u>	<u>\$75,000</u>
Liabilities				
Contracts Payable	\$0	\$0	\$0	\$0
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	0	0	46,723	0
Committed	0	13,074	0	75,000
Assigned	1,644	0	0	0
<i>Total Fund Balances</i>	<u>1,644</u>	<u>13,074</u>	<u>46,723</u>	<u>75,000</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,644</u>	<u>\$13,074</u>	<u>\$46,723</u>	<u>\$75,000</u>

Road Improvement Projects	Fire Equipment	Total Nonmajor Capital Projects Funds
\$628,191	\$92,945	\$857,577
60,000	4,038	64,038
<u>0</u>	<u>90,396</u>	<u>90,396</u>
<u>\$688,191</u>	<u>\$187,379</u>	<u>\$1,012,011</u>
<u>\$22,842</u>	<u>\$0</u>	<u>\$22,842</u>
0	87,795	87,795
<u>0</u>	<u>6,639</u>	<u>6,639</u>
<u>0</u>	<u>94,434</u>	<u>94,434</u>
665,349	92,945	805,017
0	0	88,074
<u>0</u>	<u>0</u>	<u>1,644</u>
<u>665,349</u>	<u>92,945</u>	<u>894,735</u>
<u>\$688,191</u>	<u>\$187,379</u>	<u>\$1,012,011</u>

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

	Locust Street Project	Parks/ Recreation Capital Projects	Downtown Capital Improvement	Capital Projects Reserve
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	600	0	0
Intergovernmental	0	0	0	0
<i>Total Revenues</i>	0	600	0	0
Expenditures				
Capital Outlay	0	9,496	14,988	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	(8,896)	(14,988)	0
Other Financing Sources				
Transfers In	0	0	0	15,000
<i>Net Change in Fund Balances</i>	0	(8,896)	(14,988)	15,000
<i>Fund Balances Beginning of Year</i>	1,644	21,970	61,711	60,000
<i>Fund Balances End of Year</i>	<u>\$1,644</u>	<u>\$13,074</u>	<u>\$46,723</u>	<u>\$75,000</u>

Road Improvement Projects	Fire Equipment	Total Nonmajor Capital Projects Funds
\$0	\$86,468	\$86,468
0	0	600
183,057	8,076	191,133
183,057	94,544	278,201
286,988	1,599	313,071
(103,931)	92,945	(34,870)
0	0	15,000
(103,931)	92,945	(19,870)
769,280	0	914,605
<u>\$665,349</u>	<u>\$92,945</u>	<u>\$894,735</u>

Fund Description – Fiduciary Fund

Fiduciary Fund

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

Agency Fund

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

City of Canal Fulton, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2017

	Beginning Balance 12/31/16	Additions	Deductions	Ending Balance 12/31/17
Escrow				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$27,911	\$43,630	\$54,744	\$16,797
Liabilities				
Deposits Held and Due to Others	\$27,911	\$43,630	\$54,744	\$16,797

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$204,874	\$204,874	\$209,625	\$4,751
Income Taxes	2,300,000	2,300,000	2,164,715	(135,285)
Charges for Services	8,700	8,700	8,305	(395)
Fines, Licenses and Permits	29,828	29,828	35,579	5,751
Intergovernmental	92,482	92,482	91,411	(1,071)
Interest	7,261	7,261	25,727	18,466
Contributions and Donations	1,500	1,500	2,326	826
Other	0	0	27,770	27,770
<i>Total Revenues</i>	<u>2,644,645</u>	<u>2,644,645</u>	<u>2,565,458</u>	<u>(79,187)</u>
Expenditures				
Current:				
General Government				
City Council				
Personal Services	17,297	16,265	15,966	299
Contractual Services	638	600	0	600
Other	744	700	552	148
City Council Total	<u>18,679</u>	<u>17,565</u>	<u>16,518</u>	<u>1,047</u>
Mayor's Office				
Personal Services	112,245	105,545	101,690	3,855
Contractual Services	87,630	82,400	70,199	12,201
Materials and Supplies	10,088	9,486	6,036	3,450
Capital Outlay	1,238	1,164	1,126	38
Other	4,041	3,800	3,718	82
Mayor's Office Total	<u>215,242</u>	<u>202,395</u>	<u>182,769</u>	<u>19,626</u>
Finance Department				
Personal Services	66,530	62,559	61,893	666
Contractual Services	42,761	40,209	38,198	2,011
Materials and Supplies	7,025	6,606	3,499	3,107
Finance Department Total	<u>116,316</u>	<u>109,374</u>	<u>103,590</u>	<u>5,784</u>
Legal Department				
Personal Services	18,467	17,365	17,000	365
Contractual Services	55,035	51,750	51,429	321
Legal Department Total	<u>\$73,502</u>	<u>\$69,115</u>	<u>\$68,429</u>	<u>\$686</u>

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineering Department				
Contractual Services	\$34,882	\$32,800	\$32,167	\$633
Materials and Supplies	9,997	9,400	9,400	0
Engineering Department Total	44,879	42,200	41,567	633
Land/Buildings				
Personal Services	54,082	50,854	39,261	11,593
Contractual Services	62,958	59,200	52,437	6,763
Materials and Supplies	8,508	8,000	3,207	4,793
Capital Outlay	1,595	1,500	1,290	210
Land/Buildings Total	127,143	119,554	96,195	23,359
Community Service				
Personal Services	18,735	17,617	14,240	\$3,377
Contractual Services	362	340	307	33
Materials and Supplies	1,647	1,549	1,549	0
Capital Outlay	2,777	2,611	2,611	0
Community Service Total	23,521	22,117	18,707	3,410
Income Tax				
Personal Services	73,900	69,489	66,372	3,117
Contractual Services	47,650	44,806	35,638	9,168
Materials and Supplies	3,403	3,200	2,887	313
Other	78,004	73,348	71,347	2,001
Income Tax Total	202,957	190,843	176,244	14,599
General Government Total	822,239	773,163	704,019	69,144
Transportation				
Contractual Services	24,460	23,000	21,730	1,270
Leisure Time Activities				
Personal Services	43,717	41,108	31,066	10,042
Contractual Services	35,467	33,350	27,149	6,201
Materials and Supplies	3,961	3,725	3,513	212
Leisure Time Activities Total	83,145	78,183	61,728	16,455
<i>Total Expenditures</i>	929,844	874,346	787,477	86,869
<i>Excess of Revenues Over Expenditures</i>	\$1,714,801	\$1,770,299	\$1,777,981	\$7,682

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other Financing Uses				
Transfers Out	(\$1,791,200)	(\$1,791,200)	(\$1,791,200)	\$0
<i>Net Change in Fund Balance</i>	(76,399)	(20,901)	(13,219)	7,682
<i>Fund Balance Beginning of Year</i>	749,341	749,341	749,341	0
Prior Year Encumbrances Appropriated	41,720	41,720	41,720	0
<i>Fund Balance End of Year</i>	<u>\$714,662</u>	<u>\$770,160</u>	<u>\$777,842</u>	<u>\$7,682</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$169,289	\$168,595	\$155,451	(\$13,144)
Fines, Licenses and Permits	602	600	571	(29)
Intergovernmental	22,510	22,500	30,875	8,375
Contributions and Donations	0	0	3,750	3,750
Other	2,397	2,305	7,014	4,709
<i>Total Revenues</i>	<u>194,798</u>	<u>194,000</u>	<u>197,661</u>	<u>3,661</u>
Expenditures				
Current:				
Security of Persons and Property				
Personal Services	1,079,319	1,079,319	1,005,153	74,166
Contractual Services	163,688	163,688	161,074	2,614
Materials and Supplies	37,285	37,285	36,695	590
Capital Outlay	11,904	11,904	11,667	237
<i>Total Expenditures</i>	<u>1,292,196</u>	<u>1,292,196</u>	<u>1,214,589</u>	<u>77,607</u>
<i>Excess of Revenues Under Expenditures</i>	(1,097,398)	(1,098,196)	(1,016,928)	81,268
Other Financing Sources				
Transfers In	1,024,201	1,025,000	1,020,000	(5,000)
<i>Net Change in Fund Balance</i>	(73,197)	(73,196)	3,072	76,268
<i>Fund Balance Beginning of Year</i>	253,463	253,463	253,463	0
Prior Year Encumbrances Appropriated	16,914	16,914	16,914	0
<i>Fund Balance End of Year</i>	<u>\$197,180</u>	<u>\$197,181</u>	<u>\$273,449</u>	<u>\$76,268</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire/EMS Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$12,000	\$11,932	\$135,697	\$123,765
Contributions and Donations	0	0	100	100
Other	1,000	1,000	3,946	2,946
<i>Total Revenues</i>	13,000	12,932	139,743	126,811
Expenditures				
Current:				
Security of Persons and Property				
Personal Services	388,009	388,009	375,763	12,246
Contractual Services	134,255	134,255	127,482	6,773
Materials and Supplies	24,108	24,108	21,307	2,801
Capital Outlay	9,295	9,295	9,021	274
Other	912	912	912	0
<i>Total Expenditures</i>	556,579	556,579	534,485	22,094
<i>Excess of Revenues Under Expenditures</i>	(543,579)	(543,647)	(394,742)	148,905
Other Financing Sources				
Transfers In	522,000	427,000	423,000	(4,000)
<i>Net Change in Fund Balance</i>	(21,579)	(116,647)	28,258	144,905
<i>Fund Balance Beginning of Year</i>	159,397	159,397	159,397	0
Prior Year Encumbrances Appropriated	3,970	3,970	3,970	0
<i>Fund Balance End of Year</i>	\$141,788	\$46,720	\$191,625	\$144,905

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Debt Retirement Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$89,934	\$89,934	\$87,641	(\$2,293)
Intergovernmental	14,701	14,701	8,073	(6,628)
Other	0	0	2,000	2,000
<i>Total Revenues</i>	104,635	104,635	97,714	(6,921)
Expenditures				
Current:				
General Government				
Contractual Services	10,387	10,387	8,241	2,146
Debt Service:				
Principal Retirement	1,105,801	1,105,801	1,105,799	2
Interest and Fiscal Charges	64,161	64,161	64,110	51
<i>Total Debt Service</i>	1,169,962	1,169,962	1,169,909	53
<i>Total Expenditures</i>	1,180,349	1,180,349	1,178,150	2,199
<i>Excess of Revenues Under Expenditures</i>	(1,075,714)	(1,075,714)	(1,080,436)	(4,722)
Other Financing Sources				
Notes Issued	1,000,000	1,000,000	1,000,000	0
Transfers In	77,000	77,000	77,000	0
<i>Total Other Financing Sources</i>	1,077,000	1,077,000	1,077,000	0
<i>Net Change in Fund Balance</i>	1,286	1,286	(3,436)	(4,722)
<i>Fund Balance Beginning of Year</i>	26,085	26,085	26,085	0
<i>Fund Balance End of Year</i>	\$27,371	\$27,371	\$22,649	(\$4,722)

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$53,250	\$53,250	\$41,956	(\$11,294)
Other	46,750	46,750	7,708	(39,042)
<i>Total Revenues</i>	<u>100,000</u>	<u>100,000</u>	<u>49,664</u>	<u>(50,336)</u>
Expenditures				
Current:				
General Government				
Capital Outlay	171,471	335,009	277,501	57,508
Security of Persons and Property				
Capital Outlay	108,433	211,850	204,673	7,177
Transportation				
Capital Outlay	100,627	196,600	195,825	775
<i>Total Expenditures</i>	<u>380,531</u>	<u>743,459</u>	<u>677,999</u>	<u>65,460</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(280,531)</u>	<u>(643,459)</u>	<u>(628,335)</u>	<u>15,124</u>
Other Financing Sources				
Proceeds of Notes	0	243,333	243,333	0
Transfers In	300,000	300,000	256,200	(43,800)
<i>Total Other Financing Sources</i>	<u>300,000</u>	<u>543,333</u>	<u>499,533</u>	<u>(43,800)</u>
<i>Net Change in Fund Balance</i>	19,469	(100,126)	(128,802)	(28,676)
<i>Fund Balance Beginning of Year</i>	286,797	286,797	286,797	0
Prior Year Encumbrances Appropriated	31,771	31,771	31,771	0
<i>Fund Balance End of Year</i>	<u><u>\$338,037</u></u>	<u><u>\$218,442</u></u>	<u><u>\$189,766</u></u>	<u><u>(\$28,676)</u></u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$665,032	\$906,500	\$931,461	\$24,961
Notes Issues	243,333	243,333	243,333	0
OPWC Loans Issued	0	0	25,244	25,244
Other	5,135	7,000	35,197	28,197
<i>Total Revenues</i>	913,500	1,156,833	1,235,235	78,402
Expenses				
Personal Services	354,507	438,358	406,014	32,344
Contractual Services	135,305	176,463	171,755	4,708
Materials and Supplies	48,457	59,918	55,953	3,965
Capital Outlay	278,007	334,610	320,817	13,793
Other	687	849	792	57
Debt Service:				
Principal Retirement	102,760	127,066	124,991	2,075
Interest and Fiscal Charges	13,641	16,868	16,868	0
<i>Total Expenses</i>	933,364	1,154,132	1,097,190	56,942
<i>Net Change in Fund Equity</i>	(19,864)	2,701	138,045	135,344
<i>Fund Equity Beginning of Year</i>	1,067,860	1,067,860	1,067,860	0
Prior Year Encumbrances Appropriated	40,633	40,633	40,633	0
<i>Fund Equity End of Year</i>	\$1,088,629	\$1,111,194	\$1,246,538	\$135,344

City of Canal Fulton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$940,000	\$940,000	\$901,556	(\$38,444)
OPWC Loans Issued	0	243,333	243,334	1
Other	0	0	19,447	19,447
<i>Total Revenues</i>	940,000	1,183,333	1,164,337	(18,996)
Expenses				
Personal Services	359,531	438,358	407,971	30,387
Contractual Services	270,590	329,917	297,392	32,525
Materials and Supplies	56,182	68,500	53,014	15,486
Capital Outlay	276,862	337,564	285,707	51,857
Other	901	1,098	1,005	93
Debt Service:				
Principal Retirement	42,850	52,245	52,081	164
<i>Total Expenses</i>	1,006,916	1,227,682	1,097,170	130,512
<i>Net Change in Fund Equity</i>	(66,916)	(44,349)	67,167	111,516
<i>Fund Equity Beginning of Year</i>	812,546	812,546	812,546	0
Prior Year Encumbrances Appropriated	11,473	11,473	11,473	0
<i>Fund Equity End of Year</i>	\$757,103	\$779,670	\$891,186	\$111,516

City of Canal Fulton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Storm Sewer Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$50,000	\$50,000	\$47,854	(\$2,146)
Intergovernmental	0	466,010	352,701	(113,309)
<i>Total Revenues</i>	50,000	516,010	400,555	(115,455)
Expenses				
Contractual Services	23,113	17,715	13,298	4,417
Capital Outlay	0	423,298	423,298	0
Other	0	20,000	20,000	0
Debt Service:				
Principal Retirement	6,887	6,887	6,887	0
<i>Total Expenses</i>	30,000	467,900	463,483	4,417
<i>Net Change in Fund Equity</i>	20,000	48,110	(62,928)	(111,038)
<i>Fund Equity Beginning of Year</i>	20,597	20,597	20,597	0
<i>Fund Equity (Deficit) End of Year</i>	\$40,597	\$68,707	(\$42,331)	(\$111,038)

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$250,216	\$250,216	\$246,926	(\$3,290)
Interest	200	200	973	773
Other	3,584	3,584	9,520	5,936
<i>Total Revenues</i>	254,000	254,000	257,419	3,419
Expenditures				
Current:				
Transportation				
Personal Services	192,038	199,059	167,386	31,673
Contractual Services	60,586	62,801	60,367	2,434
Materials and Supplies	28,170	29,200	21,933	7,267
Capital Outlay	20,066	20,800	16,644	4,156
<i>Total Expenditures</i>	300,860	311,860	266,330	45,530
<i>Net Change in Fund Balance</i>	(46,860)	(57,860)	(8,911)	48,949
<i>Fund Balance Beginning of Year</i>	183,179	183,179	183,179	0
Prior Year Encumbrances Appropriated	17,103	17,103	17,103	0
<i>Fund Balance End of Year</i>	\$153,422	\$142,422	\$191,371	\$48,949

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$21,000	\$21,000	\$20,021	(\$979)
Interest	0	0	97	97
<i>Total Revenues</i>	21,000	21,000	20,118	(882)
Expenditures				
Current:				
Transportation				
Contractual Services	22,870	22,870	21,730	1,140
Materials and Supplies	2,700	2,700	2,615	85
<i>Total Expenditures</i>	25,570	25,570	24,345	1,225
<i>Net Change in Fund Balance</i>	(4,570)	(4,570)	(4,227)	343
<i>Fund Balance Beginning of Year</i>	21,196	21,196	21,196	0
<i>Fund Balance End of Year</i>	\$16,626	\$16,626	\$16,969	\$343

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$77,000	\$77,000	\$74,522	(\$2,478)
Interest	0	0	250	250
Other	0	0	1,736	1,736
<i>Total Revenues</i>	<u>77,000</u>	<u>77,000</u>	<u>76,508</u>	<u>(492)</u>
Expenditures				
Current:				
Transportation				
Contractual Services	15,693	15,693	15,613	80
Materials and Supplies	68,170	68,170	67,242	928
<i>Total Expenditures</i>	<u>83,863</u>	<u>83,863</u>	<u>82,855</u>	<u>1,008</u>
<i>Net Change in Fund Balance</i>	(6,863)	(6,863)	(6,347)	516
<i>Fund Balance Beginning of Year</i>	43,517	43,517	43,517	0
Prior Year Encumbrances Appropriated	<u>8,862</u>	<u>8,862</u>	<u>8,862</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$45,516</u></u>	<u><u>\$45,516</u></u>	<u><u>\$46,032</u></u>	<u><u>\$516</u></u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses, and Permits	\$1,500	\$1,500	\$645	(\$855)
Expenditures				
Current:				
Security of Persons and Property				
Materials and Supplies	1,500	1,500	502	998
<i>Net Change in Fund Balance</i>	0	0	143	143
<i>Fund Balance Beginning of Year</i>	15,485	15,485	15,485	0
<i>Fund Balance End of Year</i>	<u>\$15,485</u>	<u>\$15,485</u>	<u>\$15,628</u>	<u>\$143</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Licenses and Permits	\$2,000	\$2,000	\$1,164	(\$836)
Expenditures				
Current:				
Security of Persons and Property				
Materials and Supplies	2,000	2,000	599	1,401
<i>Net Change in Fund Balance</i>	0	0	565	565
<i>Fund Balance Beginning of Year</i>	12,376	12,376	12,376	0
<i>Fund Balance End of Year</i>	<u>\$12,376</u>	<u>\$12,376</u>	<u>\$12,941</u>	<u>\$565</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Canal Boat Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$48,000	\$48,000	\$47,322	(\$678)
Contributions and Donations	1,000	1,000	4,079	3,079
Other	0	0	187	187
<i>Total Revenues</i>	49,000	49,000	51,588	2,588
Expenditures				
Current:				
Leisure Time Activities				
Personal Services	26,404	26,404	26,038	366
Contractual Services	21,880	21,880	18,793	3,087
Materials and Supplies	3,860	3,860	3,421	439
Other	150	150	150	0
<i>Total Expenditures</i>	52,294	52,294	48,402	3,892
<i>Net Change in Fund Balance</i>	(3,294)	(3,294)	3,186	6,480
<i>Fund Balance Beginning of Year</i>	13,175	13,175	13,175	0
Prior Year Encumbrances Appropriated	340	340	340	0
<i>Fund Balance End of Year</i>	\$10,221	\$10,221	\$16,701	\$6,480

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Locust Street Project Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	1,644	1,644	1,644	0
<i>Fund Balance End of Year</i>	\$1,644	\$1,644	\$1,644	\$0

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Parks and Recreation Capital Projects Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Licenses, and Permits	\$0	\$0	\$600	\$600
Expenditures				
Capital Outlay	11,792	11,792	11,788	4
<i>Net Change in Fund Balance</i>	(11,792)	(11,792)	(11,188)	604
<i>Fund Balance Beginning of Year</i>	19,677	19,677	19,677	0
Prior Year Encumbrances Appropriated	2,292	2,292	2,292	0
<i>Fund Balance End of Year</i>	<u>\$10,177</u>	<u>\$10,177</u>	<u>\$10,781</u>	<u>\$604</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Downtown Capital Improvement Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	41,000	41,000	14,988	26,012
<i>Net Change in Fund Balance</i>	(41,000)	(41,000)	(14,988)	26,012
<i>Fund Balance Beginning of Year</i>	61,711	61,711	61,711	0
<i>Fund Balance End of Year</i>	<u>\$20,711</u>	<u>\$20,711</u>	<u>\$46,723</u>	<u>\$26,012</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Projects Reserve Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
Other Financing Sources				
Transfers In	0	0	15,000	15,000
<i>Net Change in Fund Balance</i>	0	0	15,000	15,000
<i>Fund Balance Beginning of Year</i>	60,000	60,000	60,000	0
<i>Fund Balance End of Year</i>	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$75,000</u>	<u>\$15,000</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Improvement Projects Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$0	\$0	\$123,057	\$123,057
Expenditures				
Capital Outlay	<u>586,359</u>	<u>586,359</u>	<u>586,359</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(586,359)	(586,359)	(463,302)	123,057
<i>Fund Balance Beginning of Year</i>	335,396	335,396	335,396	0
Prior Year Encumbrances Appropriated	<u>586,359</u>	<u>586,359</u>	<u>586,359</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$335,396</u></u>	<u><u>\$335,396</u></u>	<u><u>\$458,453</u></u>	<u><u>\$123,057</u></u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Equipment Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$83,000	\$83,000	\$86,468	\$3,468
Intergovernmental	12,068	12,068	8,076	(3,992)
<i>Total Revenues</i>	95,068	95,068	94,544	(524)
Expenditures				
Current:				
Security of Persons and Property:				
Contractual Services	287	1,599	1,599	0
Capital Outlay	94,713	528,401	433,539	94,862
<i>Total Expenditures</i>	95,000	530,000	435,138	94,862
<i>Excess of Revenues Over (Under) Expenditures</i>	68	(434,932)	(340,594)	94,338
Other Financing Sources				
Inception of Capital Lease	0	435,000	0	(435,000)
<i>Net Change in Fund Balance</i>	68	68	(340,594)	(340,662)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	\$68	\$68	(\$340,594)	(\$340,662)

Statistical Section

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Statistical Section

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2-S11
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and the municipal income tax.	S12-S19
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S20-S28
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S29-S31
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S32-S39

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

City of Canal Fulton, Ohio

Net Position By Component

Last Ten Years

(Accrual Basis of Accounting)

	2017	2016 (1)	2015	2014 (2)
Governmental Activities				
Net Investment in Capital Assets	\$9,814,140	\$9,442,004	\$9,570,228	\$9,686,893
Restricted:				
Capital Projects	1,128,667	1,334,524	425,433	229,167
Debt Service	0	12,121	17,928	0
Street Repair and Maintenance	440,477	447,347	396,260	476,418
Police Protection	288,092	230,585	259,268	193,117
St Helena II Canal Boat	0	0	0	0
Other Purposes	17,777	13,501	9,843	10,104
Unclaimed Monies	1,956	1,956	1,956	2,825
Unrestricted (Deficit)	<u>(235,275)</u>	<u>(268,626)</u>	<u>258,710</u>	<u>264,745</u>
<i>Total Governmental Activities Net Position</i>	<u>11,455,834</u>	<u>11,213,412</u>	<u>10,939,626</u>	<u>10,863,269</u>
Business-Type Activities				
Net Investment in Capital Assets	8,641,577	8,544,408	6,621,541	6,542,902
Unrestricted	<u>1,817,906</u>	<u>1,569,975</u>	<u>1,238,405</u>	<u>1,125,947</u>
<i>Total Business-Type Activities Net Position</i>	<u>10,459,483</u>	<u>10,114,383</u>	<u>7,859,946</u>	<u>7,668,849</u>
Primary Government				
Net Investment in Capital Assets	18,455,717	17,986,412	16,191,769	16,229,795
Restricted	1,876,969	2,040,034	1,110,688	911,631
Unrestricted (2)	<u>1,582,631</u>	<u>1,301,349</u>	<u>1,497,115</u>	<u>1,390,692</u>
<i>Total Primary Government Net Position</i>	<u>\$21,915,317</u>	<u>\$21,327,795</u>	<u>\$18,799,572</u>	<u>\$18,532,118</u>

(1) Beginning in 2016, storm sewer capital assets and related debt were restated from governmental activities to business-type activities.

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

2013	2012	2011	2010	2009	2008
\$9,286,839	\$8,417,409	\$8,522,496	\$7,596,631	\$9,423,905	\$8,658,572
141,739	203,907	277,209	454,281	471,700	401,786
0	0	0	24,664	55,191	99,416
445,553	448,063	390,788	311,691	282,808	301,756
194,407	204,411	27,444	52,068	61,410	46,508
0	0	0	0	0	0
14,168	11,386	21,524	172,576	114,031	80,910
2,825	2,825	2,731	0	0	0
1,994,711	1,876,011	1,403,426	632,023	547,985	858,343
12,080,242	11,164,012	10,645,618	9,243,934	10,957,030	10,447,291
6,523,767	6,484,989	6,527,679	6,588,454	6,140,494	6,132,427
1,220,427	1,022,573	754,749	766,240	1,003,937	927,981
7,744,194	7,507,562	7,282,428	7,354,694	7,144,431	7,060,408
15,810,606	14,902,398	15,050,175	14,185,085	15,564,399	14,790,999
798,692	870,592	719,696	1,015,280	985,140	930,376
3,215,138	2,898,584	2,158,175	1,398,263	1,551,922	1,786,324
\$19,824,436	\$18,671,574	\$17,928,046	\$16,598,628	\$18,101,461	\$17,507,699

City of Canal Fulton, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2017	2016	2015 (1)	2014
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$38,739	\$43,865	\$16,811	\$23,265
Security of Persons and Property	136,847	118,968	131,280	126,494
Transportation	1,284	1,794	306	451
Leisure Time Activities	51,440	57,297	43,181	43,346
Community Environment	0	0	0	0
Subtotal - Charges for Services	<u>228,310</u>	<u>221,924</u>	<u>191,578</u>	<u>193,556</u>
Operating Grants and Contributions:				
General Government	0	0	9,285	17,832
Security of Persons and Property	41,002	4,065	8,622	46,069
Transportation	334,599	350,761	330,533	351,170
Leisure Time Activities	4,079	168	41	63
Subtotal - Operating Grants and Contributions	<u>379,680</u>	<u>354,994</u>	<u>348,481</u>	<u>415,134</u>
Capital Grants and Contributions:				
Transportation	196,221	2,416,960	20	375,769
Leisure Time Activities	2,326	2,751	5,180	11,989
Subtotal - Capital Grants and Contributions	<u>198,547</u>	<u>2,419,711</u>	<u>5,200</u>	<u>387,758</u>
<i>Total Governmental Activities Program Revenues</i>	<u>806,537</u>	<u>2,996,629</u>	<u>545,259</u>	<u>996,448</u>
Business-type Activities:				
Charges for Services:				
Water	931,320	922,925	886,090	855,225
Sewer	901,630	969,515	979,301	860,934
Storm Sewer	52,372	0	0	0
Capital Grants and Contributions				
Water	0	0	0	82
Sewer	0	0	0	10,204
Storm Sewer	352,701	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>2,238,023</u>	<u>1,892,440</u>	<u>1,865,391</u>	<u>1,726,445</u>
<i>Total Primary Government Program Revenues</i>	<u>3,044,560</u>	<u>4,889,069</u>	<u>2,410,650</u>	<u>2,722,893</u>
Expenses				
Governmental Activities:				
General Government	968,111	1,055,431	1,016,114	897,594
Security of Persons and Property	1,894,929	2,027,991	1,811,002	1,743,433
Transportation	557,060	205,825	507,694	562,997
Leisure Time Activities	112,419	120,034	123,410	136,787
Community Environment	0	0	0	0
Interest and Fiscal Charges	67,326	57,890	56,621	51,445
<i>Total Governmental Activities Expenses</i>	<u>3,599,845</u>	<u>3,467,171</u>	<u>3,514,841</u>	<u>3,392,256</u>
Business-Type Activities				
Water	873,302	762,036	680,771	680,780
Sewer	1,002,379	870,450	935,430	786,729
Storm Sewer	79,452	0	0	0
<i>Total Business-Type Activities Expenses</i>	<u>1,955,133</u>	<u>1,632,486</u>	<u>1,616,201</u>	<u>1,467,509</u>
<i>Total Primary Government Expenses</i>	<u>5,554,978</u>	<u>5,099,657</u>	<u>5,131,042</u>	<u>4,859,765</u>
Net (Expense)/Revenue				
Governmental Activities	(2,793,308)	(470,542)	(2,969,582)	(2,395,808)
Business-Type Activities	282,890	259,954	249,190	258,936
<i>Total Primary Government Net Expense</i>	<u>(2,510,418)</u>	<u>(210,588)</u>	<u>(2,720,392)</u>	<u>(2,136,872)</u>

2013	2012	2011	2010	2009	2008
\$12,625	\$65,015	\$39,013	\$26,864	\$32,559	\$23,478
124,829	132,350	106,513	148,066	141,191	70,672
274	1,461	2,711	563	736	8,186
40,977	43,426	41,009	38,695	38,212	2,412
0	0	0	3,300	0	0
<u>178,705</u>	<u>242,252</u>	<u>189,246</u>	<u>217,488</u>	<u>212,698</u>	<u>104,748</u>
1,323	2,172	825	770	20	178
5,293	7,717	32,812	13,472	14,230	30,595
322,892	314,221	315,034	312,045	315,141	369,309
439	243	21	0	0	18
<u>329,947</u>	<u>324,353</u>	<u>348,692</u>	<u>326,287</u>	<u>329,391</u>	<u>400,100</u>
765,074	0	459,472	358,120	228,900	0
250	75	0	14,500	0	0
<u>765,324</u>	<u>75</u>	<u>459,472</u>	<u>372,620</u>	<u>228,900</u>	<u>0</u>
<u>1,273,976</u>	<u>566,680</u>	<u>997,410</u>	<u>916,395</u>	<u>770,989</u>	<u>504,848</u>
834,882	791,011	655,213	670,823	670,236	648,315
838,437	747,401	736,079	730,132	746,411	728,021
0	0	0	0	0	0
0	0	0	0	0	0
0	0	32,654	188,705	0	0
0	0	0	0	0	0
<u>1,673,319</u>	<u>1,538,412</u>	<u>1,423,946</u>	<u>1,589,660</u>	<u>1,416,647</u>	<u>1,376,336</u>
<u>2,947,295</u>	<u>2,105,092</u>	<u>2,421,356</u>	<u>2,506,055</u>	<u>2,187,636</u>	<u>1,881,184</u>
763,165	690,025	699,287	653,963	673,710	643,930
1,592,712	1,401,939	1,544,127	1,407,459	1,449,525	1,421,490
481,443	439,701	391,491	510,360	452,405	431,528
124,813	140,071	123,679	105,905	77,588	62,259
0	0	0	5,293	0	0
<u>54,716</u>	<u>57,128</u>	<u>58,840</u>	<u>36,376</u>	<u>65,877</u>	<u>93,956</u>
<u>3,016,849</u>	<u>2,728,864</u>	<u>2,817,424</u>	<u>2,719,356</u>	<u>2,719,105</u>	<u>2,653,163</u>
648,508	608,981	700,984	655,865	742,334	798,077
861,574	767,769	856,600	842,909	821,204	859,123
0	0	0	0	0	0
<u>1,510,082</u>	<u>1,376,750</u>	<u>1,557,584</u>	<u>1,498,774</u>	<u>1,563,538</u>	<u>1,657,200</u>
<u>4,526,931</u>	<u>4,105,614</u>	<u>4,375,008</u>	<u>4,218,130</u>	<u>4,282,643</u>	<u>4,310,363</u>
(1,742,873)	(2,162,184)	(1,820,014)	(1,802,961)	(1,948,116)	(2,148,315)
163,237	161,662	(133,638)	90,886	(146,891)	(280,864)
<u>(1,579,636)</u>	<u>(2,000,522)</u>	<u>(1,953,652)</u>	<u>(1,712,075)</u>	<u>(2,095,007)</u>	<u>(2,429,179)</u>

(continued)

City of Canal Fulton, Ohio
Changes in Net Position
Last Ten Years (continued)
(Accrual Basis of Accounting)

	2017	2016	2015	2014
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$207,001	\$209,304	\$188,988	\$184,963
Law Enforcement	0	0	0	0
Fire Protection	0	0	0	0
Debt Service	85,639	91,915	97,869	118,647
Capital Projects	89,069	0	0	0
Income Taxes levied for:				
General Purposes	2,305,909	2,037,563	2,327,106	2,139,654
Other Purposes	165,590	146,321	167,111	153,652
Law Enforcement	0	0	0	0
Grants and Entitlements not Restricted to				
Specific Programs	88,763	123,128	119,315	113,121
Gain on Sale of Capital Assets	0	0	15,000	0
Interest	27,022	2,897	4,875	2,178
Other	66,737	51,879	61,075	64,497
<i>Total Governmental Activities</i>	<u>3,035,730</u>	<u>2,663,007</u>	<u>2,981,339</u>	<u>2,776,712</u>
Business-Type Activities				
Other	62,210	75,804	6,507	34,289
<i>Total Primary Government</i>	<u>3,097,940</u>	<u>2,738,811</u>	<u>2,987,846</u>	<u>2,811,001</u>
Transfers				
Governmental Activities	0	0	64,600	(55,000)
Business-Type Activities	0	0	(64,600)	55,000
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Items				
Northwest Waterline Receivable	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position				
Governmental Activities	242,422	2,192,465	76,357	325,904
Business-type Activities	345,100	335,758	191,097	348,225
	<u>\$587,522</u>	<u>\$2,528,223</u>	<u>\$267,454</u>	<u>\$674,129</u>

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

2013	2012	2011	2010	2009	2008
\$184,194	\$232,614	\$194,529	\$209,245	\$219,122	\$210,737
0	0	0	0	13	61,601
0	0	0	0	13	61,601
95,904	0	0	0	0	0
0	111,663	93,374	100,437	103,965	135,049
2,099,510	2,051,620	1,999,600	1,716,864	1,846,588	1,702,376
150,770	147,229	0	0	0	0
0	0	136,525	155,569	129,101	150,892
145,860	133,897	307,238	374,840	219,672	393,107
0	0	0	0	0	0
1,232	80	102	1,653	4,960	40,471
41,633	63,475	75,290	24,713	154,421	94,351
2,719,103	2,740,578	2,806,658	2,583,321	2,677,855	2,850,185
13,395	3,472	1,372	4,377	10,914	3,388
2,732,498	2,744,050	2,808,030	2,587,698	2,688,769	2,853,573
(60,000)	(60,000)	(60,000)	(115,000)	(220,000)	(107,699)
60,000	60,000	60,000	115,000	220,000	107,699
0	0	0	0	0	0
0	0	0	0	0	(893,775)
916,230	518,394	926,644	665,360	509,739	594,171
236,632	225,134	(72,266)	210,263	84,023	(1,063,552)
\$1,152,862	\$743,528	\$854,378	\$875,623	\$593,762	(\$469,381)

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

	2017	2016	2015	2014
General Fund				
Nonspendable	\$1,956	\$1,956	\$1,956	\$2,825
Assigned	36,113	64,161	154,679	93,874
Unassigned	984,782	890,246	931,960	1,167,137
Reserved	N/A	N/A	N/A	N/A
Unreserved (Deficit)	N/A	N/A	N/A	N/A
Total General Fund	1,022,851	956,363	1,088,595	1,263,836
All Other Governmental Funds				
Nonspendable	27,024	26,722	25,867	25,386
Restricted	1,506,928	1,803,102	1,441,228	741,365
Committed	305,908	246,618	250,382	170,026
Assigned	1,644	1,644	1,855	33,596
Unassigned (Deficit)	(996,274)	0	0	(87,303)
Reserved	N/A	N/A	N/A	N/A
Unreserved, Undesignated, Reported in:				
Special Revenue funds	N/A	N/A	N/A	N/A
Debt Service funds	N/A	N/A	N/A	N/A
Capital Projects funds (Deficit)	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	845,230	2,078,086	1,719,332	883,070
Total Governmental Funds	\$1,868,081	\$3,034,449	\$2,807,927	\$2,146,906

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

2013	2012	2011	2010	2009	2008
\$2,825	\$2,825	\$2,731	N/A	N/A	N/A
3,436	2,509	1,943	N/A	N/A	N/A
1,360,605	1,206,894	722,384	N/A	N/A	N/A
N/A	N/A	N/A	\$34,758	\$31,342	\$48,417
N/A	N/A	N/A	287,679	200,450	(102,512)
1,366,866	1,212,228	727,058	322,437	231,792	(54,095)
17,868	25,942	20,566	N/A	N/A	N/A
687,320	747,026	593,271	N/A	N/A	N/A
210,813	249,540	240,565	N/A	N/A	N/A
16,071	21,041	40,050	N/A	N/A	N/A
0	0	0	N/A	N/A	N/A
N/A	N/A	N/A	64,583	28,306	53,743
N/A	N/A	N/A	387,719	323,377	276,072
N/A	N/A	N/A	39,642	71,335	124,570
N/A	N/A	N/A	422,097	455,275	341,899
932,072	1,043,549	894,452	914,041	878,293	796,284
\$2,298,938	\$2,255,777	\$1,621,510	\$1,236,478	\$1,110,085	\$742,189

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

	2017	2016	2015	2014
Revenues				
Property Taxes	\$383,734	\$299,717	\$286,690	\$303,213
Income Taxes	2,350,351	2,440,861	2,432,858	2,266,371
Charges for Services	190,094	171,885	177,251	171,066
Fines, Licenses and Permits	38,216	50,039	14,327	22,490
Intergovernmental	717,700	2,890,064	518,265	853,520
Special Assessments	0	0	0	0
Interest	27,022	3,185	4,875	2,178
Contributions and Donations	10,255	3,684	3,579	4,572
Other	66,737	51,879	61,075	64,497
<i>Total Revenues</i>	<u>3,784,109</u>	<u>5,911,314</u>	<u>3,498,920</u>	<u>3,687,907</u>
Expenditures				
Current:				
General Government	897,086	1,026,444	970,280	806,201
Security of Persons and Property:	1,756,630	1,827,881	1,706,800	1,627,886
Transportation	586,499	496,842	554,821	335,527
Community Environment	0	0	0	0
Leisure Time Activities	106,870	96,704	98,481	110,282
Capital Outlay	409,955	2,031,999	577,517	901,987
Debt Service:				
Principal Retirement	1,105,799	1,123,953	95,818	88,241
Interest and Fiscal Charges	87,638	60,371	48,700	52,542
Issuance Costs	0	6,400	7,460	0
<i>Total Expenditures</i>	<u>4,950,477</u>	<u>6,670,594</u>	<u>4,059,877</u>	<u>3,922,666</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,166,368)</u>	<u>(759,280)</u>	<u>(560,957)</u>	<u>(234,759)</u>
Other Financing Sources (Uses)				
OPWC Loan Issued	0	0	0	137,727
Inception of Capital Lease	0	0	134,918	0
Notes Issued	0	1,000,000	1,000,000	0
Premium on Note Issuance	0	6,400	7,460	0
Sale of Capital Assets	0	0	15,000	0
Transfers In	1,791,200	1,776,600	1,828,940	1,627,000
Transfers Out	(1,791,200)	(1,776,600)	(1,764,340)	(1,682,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>1,006,400</u>	<u>1,221,978</u>	<u>82,727</u>
<i>Net Change in Fund Balances</i>	<u>(\$1,166,368)</u>	<u>\$247,120</u>	<u>\$661,021</u>	<u>(\$152,032)</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	28.5%	29.4%	4.5%	4.5%

(1) The large increases in 2016 and 2008 were due to the retirement of long-term notes with short-term note proceeds.

2013	2012	2011	2010	2009	2008
\$281,651	\$340,925	\$305,926	\$308,099	\$314,453	\$465,570
2,240,289	2,209,364	2,033,742	1,913,171	1,962,738	1,801,739
176,795	170,362	166,131	148,915	147,041	66,026
11,531	70,872	38,422	56,108	54,780	31,131
1,228,594	479,962	1,088,614	1,037,209	825,647	686,248
0	0	0	0	0	16,000
1,232	80	102	1,653	4,960	40,471
6,624	4,698	3,118	770	1,248	3,275
41,633	63,475	75,290	24,713	154,421	94,351
3,988,349	3,339,738	3,711,345	3,490,638	3,465,288	3,204,811
697,133	619,642	623,832	599,550	628,755	600,410
1,497,832	1,303,885	1,390,094	1,298,905	1,262,835	1,277,312
341,090	292,365	304,019	706,411	350,123	342,978
0	0	0	5,293	0	0
99,009	115,295	83,551	92,181	77,588	62,259
1,116,792	281,740	678,578	384,551	377,826	423,363
77,576	68,546	125,882	124,812	113,787	714,610
55,756	57,045	60,357	37,542	66,478	99,649
0	0	0	0	0	0
3,885,188	2,738,518	3,266,313	3,249,245	2,877,392	3,520,581
103,161	601,220	445,032	241,393	587,896	(315,770)
0	0	0	0	0	0
0	93,047	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,463,000	1,290,000	1,328,376	1,436,536	1,269,207	2,040,801
(1,523,000)	(1,350,000)	(1,388,376)	(1,551,536)	(1,489,207)	(2,148,500)
(60,000)	33,047	(60,000)	(115,000)	(220,000)	(107,699)
\$43,161	\$634,267	\$385,032	\$126,393	\$367,896	(\$423,469)
4.8%	5.1%	7.2%	5.7%	7.2%	26.3%

City of Canal Fulton, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2017	\$70,381,950	\$22,898,350	\$266,515,143	\$1,805,160	\$7,220,640
2016	69,985,570	22,700,260	264,816,657	1,656,380	6,625,520
2015	62,658,180	21,382,750	240,116,943	1,560,960	6,243,840
2014	61,875,110	21,604,180	238,512,257	1,432,390	5,729,560
2013	61,758,210	21,178,040	236,960,714	1,308,760	5,235,040
2012	71,120,910	23,447,950	270,196,744	1,193,020	4,772,080
2011	70,632,540	23,481,600	268,897,543	1,139,010	4,556,040
2010	70,219,520	23,924,300	268,982,343	1,096,830	4,387,320
2009	73,036,350	23,533,790	275,914,686	1,040,280	4,161,120
2008	71,700,860	23,990,610	273,404,200	1,003,530	4,014,120

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

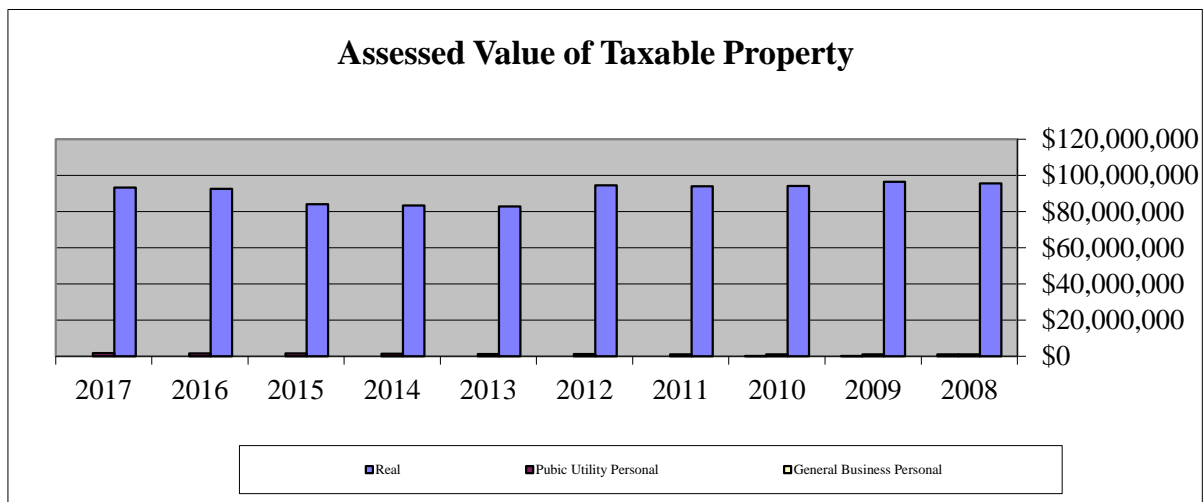
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property has been phased out, and during the phase out period, all general business personal property was assessed at 6.25 percent for 2008 and zero percent for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies, at 5 percent for 2010. No tangible personal property taxes were levied or collected in 2009 from general business taxpayers (except telephone companies, whose last year to pay tangible personal property tax was 2010).

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

Source: Stark County Auditor

Tangible Personal Property

General Business		Total			Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$0	\$0	\$95,085,460	\$273,735,783	34.74%	\$4.70
0	0	94,342,210	271,442,177	34.76	4.60
0	0	85,601,890	246,360,783	34.75	3.80
0	0	84,911,680	244,241,817	34.77	4.10
0	0	84,245,010	242,195,754	34.78	3.80
0	0	95,761,880	274,968,823	34.83	3.70
0	0	95,253,150	273,453,583	34.83	3.70
51,550	206,200	95,292,200	273,575,863	34.83	3.70
103,180	412,720	97,713,600	280,488,527	34.84	3.70
1,106,934	4,427,736	97,801,934	281,846,056	34.70	6.00



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

	2017	2016	2015	2014	2013
Unvoted Millage					
Operating	\$2.5000	\$2.5000	\$2.5000	\$2.5000	\$2.5000
Debt	1.2000	2.1000	1.3000	1.6000	1.3000
Capital Projects	1.0000	0.0000	0.0000	0.0000	0.0000
Total Unvoted Millage	\$4.7000	\$4.6000	\$3.8000	\$4.1000	\$3.8000
Overlapping Rates by Taxing District					
Northwest Local School District					
Residential/Agricultural Real	\$32.6561	\$33.2000	\$35.8668	\$35.8785	\$36.0069
Commercial/Industrial and Public Utility Real	35.0735	35.0700	36.6052	36.5338	36.5711
General Business and Public Utility Personal	55.0000	55.1000	56.0000	56.0000	56.1000
Stark County JVSD					
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000	2.0000
Commercial/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000	2.0000
Stark County					
Residential/Agricultural Real	8.6770	8.7200	9.2924	9.3007	9.3131
Commercial/Industrial and Public Utility Real	9.6374	9.6100	10.0762	10.0757	10.0727
General Business and Public Utility Personal	11.5000	11.5000	11.5000	11.5000	11.5000
Canal Fulton Library					
Residential/Agricultural Real	0.8846	0.9100	1.9977	1.9971	0.9955
Commercial/Industrial and Public Utility Real	0.9737	0.9700	2.0000	1.9986	1.0000
General Business and Public Utility Personal	1.0000	1.0000	2.0000	2.0000	1.0000
Stark County Parks					
Residential/Agricultural Real	0.9106	0.9200	0.9971	0.9986	1.0000
Commercial/Industrial and Public Utility Real	0.9443	0.9400	1.0000	1.0000	1.0000
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000

Source: Ohio Department of Taxation

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

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

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

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

2012	2011	2010	2009	2008
\$2.5000	\$2.5000	\$2.5000	\$2.5000	\$2.5000
1.2000	1.2000	1.2000	1.2000	3.5000
0.0000	0.0000	0.0000	0.0000	0.0000
<u>\$3.7000</u>	<u>\$3.7000</u>	<u>\$3.7000</u>	<u>\$3.7000</u>	<u>\$6.0000</u>

\$32.4480	\$32.2261	\$32.7000	\$31.7457	\$32.4145
32.5809	32.4888	32.7000	32.2651	32.4881
55.0000	55.0000	55.5000	58.5000	59.2000

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

8.9180	8.9134	8.9129	6.9852	6.9829
9.5921	9.5212	9.4556	7.8365	7.6556
11.5000	11.5000	11.5000	10.1000	10.1000

0.9668	0.9542	0.9527	0.9230	0.9221
0.8522	0.8452	0.8332	0.8556	0.8307
1.0000	1.0000	1.0000	1.0000	1.0000

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

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

Year	Total Tax Levy	Current Tax Collections (1)	Percentage of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2017	\$437,470	\$422,071	96.48 %	\$7,262	\$429,333
2016	339,632	335,105	98.67	6,460	\$341,565
2015	325,287	320,379	98.49	7,339	327,718
2014	348,138	341,300	98.04	7,846	349,146
2013	320,428	315,135	98.35	7,804	322,939
2012	354,319	348,580	98.38	36,380	384,960
2011	352,391	337,894	95.89	12,027	349,921
2010	361,136	342,177	94.75	7,865	350,042
2009	357,752	348,115	97.31	9,776	357,891
2008	528,632	508,180	96.13	16,528	524,708

Source: Stark County Fiscal Officer

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

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

Percentage of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
98.14 %	\$14,731	3.37 %
100.57	12,554	3.70
100.75	10,843	3.33
100.29	10,675	3.07
100.78	10,278	3.21
108.65	11,080	3.13
99.30	8,469	2.40
96.93	0	0.00
100.04	0	0.00
99.26	0	0.00

City of Canal Fulton, Ohio
Principal Real Estate Property Taxpayers
2017 and 2010 (1)

<i>2017</i>		
Taxpayer	Real Property Assessed Valuation (2)	Percentage of Total Real Property Assessed Valuation
Schalmo Properties, Incorporated	\$5,284,750	5.67 %
Avalon Food Service, Incorporated	1,115,210	1.20
G & B Properties, Incorporated	757,100	0.81
KHELP Properties, LTD	650,590	0.70
Centennial Apartments, LTD	647,350	0.69
Vandenberg E.K.	631,190	0.68
Willison Realty, LLC	503,150	0.54
CFO Realty Accociates	489,550	0.52
Oakes Galen SR Trustee	427,920	0.46
Madison Home Associates	424,060	0.45
Total	\$10,930,870	11.72 %
Total Real Property Assessed Valuation	\$93,280,300	

<i>2010</i>		
Taxpayer	Real Property Assessed Valuation (2)	Percentage of Total Real Real Assessed Valuation
Schalmo Properties, Incorporated	\$5,408,950	5.74 %
NLP Acquisition, LP	1,461,900	1.55
Avalon Food Service, Incorporated	1,079,760	1.15
KHELP Properties, LTD	727,500	0.77
Vandenberg E.K.	680,200	0.72
G & B Properties, Incorporated	608,160	0.65
Schalmo Builders, Incorporated	550,920	0.59
Oakes Galen SR Trustee	533,000	0.57
Spirit SPE Portfolio, LLC	498,620	0.53
IB Property Holdings, LLC	455,000	0.48
Total	\$12,004,010	12.75 %
Total Real Property Assessed Valuation	\$94,143,820	

Source: Stark County Auditor

(1) Information prior to 2010 was unavailable.

(2) The amounts presented represent the assessed values upon which 2017 and 2010 collections were based.

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

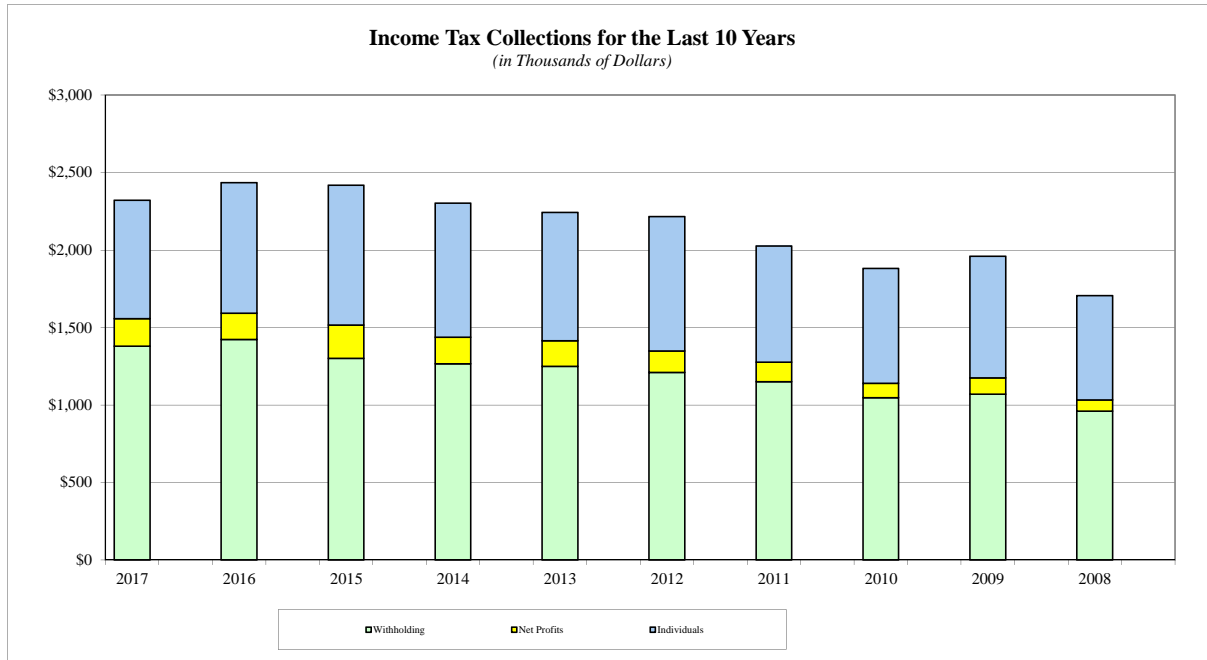
Tax Year	Tax Rate (1)	Total Tax Collected (2)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2017	1.50%	\$2,320,166	\$1,380,269	59.49%	\$176,184	7.59%	\$763,713	32.92%
2016	1.50	2,434,787	1,424,034	58.49	168,704	6.93	842,049	34.58
2015	1.50	2,418,629	1,300,300	53.76	216,211	8.94	902,118	37.30
2014	1.50	2,303,383	1,265,245	54.93	171,789	7.46	866,349	37.61
2013	1.50	2,243,532	1,248,925	55.67	166,361	7.42	828,246	36.92
2012	1.50	2,215,042	1,211,004	54.67	138,164	6.24	865,874	39.09
2011	1.50	2,025,752	1,151,156	56.83	125,807	6.21	748,789	36.96
2010	1.50	1,881,233	1,046,661	55.64	93,444	4.97	741,128	39.40
2009	1.50	1,960,101	1,070,354	54.61	105,066	5.36	784,682	40.03
2008	1.50	1,706,542	960,712	56.30	73,057	4.28	672,773	39.42

Source: City Income Tax Department

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

(2) Gross Collections - Cash Basis of Accounting

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



City of Canal Fulton, Ohio

Legal Debt Margin

Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Assessed Property Value	<u>\$95,085,460</u>	<u>\$94,342,210</u>	<u>\$85,601,890</u>	<u>\$84,911,680</u>	<u>\$84,245,010</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$9,983,973</u>	<u>\$9,905,932</u>	<u>\$8,988,198</u>	<u>\$8,915,726</u>	<u>\$8,845,726</u>
Debt Outstanding:					
Various Purpose General Obligation Bonds	745,000	815,000	885,000	955,000	1,025,000
Water Improvement Enterprise Bonds	365,000	400,000	435,000	470,000	505,000
Various Purpose Notes	1,730,000	1,000,000	1,000,000	0	0
OPWC Loans	<u>1,697,558</u>	<u>1,821,273</u>	<u>1,084,526</u>	<u>1,141,090</u>	<u>1,000,932</u>
Total Gross Indebtedness	4,537,558	4,036,273	3,404,526	2,566,090	2,530,932
Less:					
OPWC Loans	(1,697,558)	(1,821,273)	(1,084,526)	(1,141,090)	(1,000,932)
Various Purpose Notes	(1,730,000)	(1,000,000)	(1,000,000)	0	0
Amount Available in Debt Service	<u>(22,649)</u>	<u>(26,085)</u>	<u>(28,080)</u>	<u>(33,598)</u>	<u>(16,072)</u>
Total Net Debt Applicable to Debt Limit	<u>1,087,351</u>	<u>1,188,915</u>	<u>1,291,920</u>	<u>1,391,402</u>	<u>1,513,928</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$8,896,622</u>	<u>\$8,717,017</u>	<u>\$7,696,278</u>	<u>\$7,524,324</u>	<u>\$7,331,798</u>
Legal Debt Margin as a Percentage of the Debt Limit	89.11%	88.00%	85.63%	84.39%	82.89%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$5,229,700</u>	<u>\$5,188,822</u>	<u>\$4,708,104</u>	<u>\$4,670,142</u>	<u>\$4,633,476</u>
Total Gross Indebtedness	4,537,558	4,036,273	3,404,526	2,566,090	2,530,932
Less:					
Total Debt Outside Limitations	(1,697,558)	(1,821,273)	(1,084,526)	(1,141,090)	(1,000,932)
Amount Available in Debt Service	<u>(22,649)</u>	<u>(26,085)</u>	<u>(28,080)</u>	<u>(33,598)</u>	<u>(16,072)</u>
Net Debt Within 5 ½ % Limitations	<u>2,817,351</u>	<u>2,188,915</u>	<u>2,291,920</u>	<u>1,391,402</u>	<u>1,513,928</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$2,412,349</u>	<u>\$2,999,907</u>	<u>\$2,416,184</u>	<u>\$3,278,740</u>	<u>\$3,119,548</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	46.13%	57.81%	51.32%	70.21%	67.33%

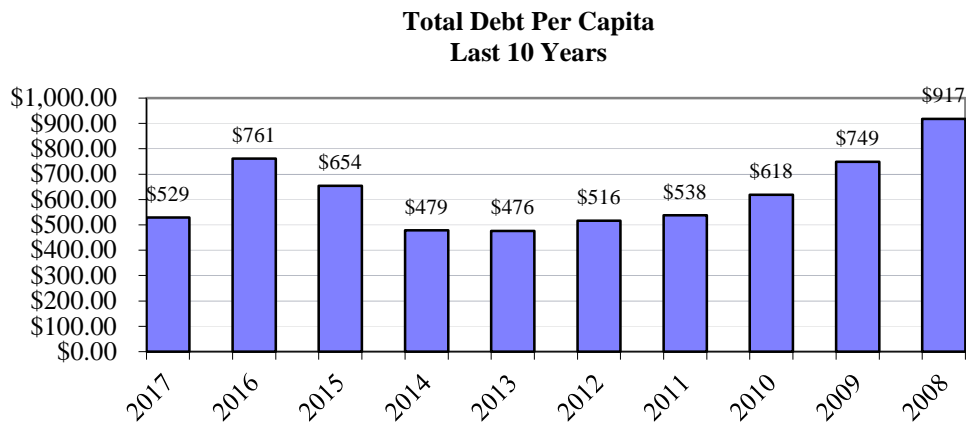
Source: City Financial Records

2012	2011	2010	2009	2008
<u>\$95,761,880</u>	<u>\$95,253,150</u>	<u>\$95,292,200</u>	<u>\$97,713,600</u>	<u>\$97,801,934</u>
<u>\$10,054,997</u>	<u>\$10,001,581</u>	<u>\$10,005,681</u>	<u>\$10,259,928</u>	<u>\$10,269,203</u>
1,085,000	1,145,000	1,244,917	1,344,833	1,434,749
535,000	565,000	735,083	905,167	1,075,251
0	0	0	0	0
<u>1,113,368</u>	<u>1,225,805</u>	<u>1,367,875</u>	<u>1,476,433</u>	<u>1,437,060</u>
2,733,368	2,935,805	3,347,875	3,726,433	3,947,060
(1,113,368)	(1,225,805)	(1,367,875)	(1,422,154)	(1,437,060)
0	0	0	0	(605,000)
<u>(21,041)</u>	<u>(40,050)</u>	<u>(31,712)</u>	<u>(63,405)</u>	<u>(108,231)</u>
<u>1,598,959</u>	<u>1,669,950</u>	<u>1,948,288</u>	<u>2,240,874</u>	<u>1,796,769</u>
<u>\$8,456,038</u>	<u>\$8,331,631</u>	<u>\$8,057,393</u>	<u>\$8,019,054</u>	<u>\$8,472,434</u>
84.10%	83.30%	80.53%	78.16%	82.50%
<u>\$5,266,903</u>	<u>\$5,238,923</u>	<u>\$5,241,071</u>	<u>\$5,374,248</u>	<u>\$5,379,106</u>
2,733,368	2,935,805	3,347,875	3,726,433	3,947,060
(1,113,368)	(1,225,805)	(1,367,875)	(1,422,154)	(2,042,060)
<u>(21,041)</u>	<u>(40,050)</u>	<u>(31,712)</u>	<u>(63,405)</u>	<u>(108,231)</u>
<u>1,598,959</u>	<u>1,669,950</u>	<u>1,948,288</u>	<u>2,240,874</u>	<u>1,796,769</u>
<u>\$3,667,944</u>	<u>\$3,568,973</u>	<u>\$3,292,783</u>	<u>\$3,133,374</u>	<u>\$3,582,337</u>
69.64%	68.12%	62.83%	58.30%	66.60%

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

Governmental Activities				
Year	General Obligation Bonds	Bond Anticipation Notes	OPWC Loans	Capital Leases
2017	\$750,095	\$0	\$0	\$81,805
2016	820,731	1,006,400	123,954	117,604
2015	891,368	1,007,460	130,841	164,670
2014	962,005	0	137,727	48,684
2013	1,032,642	0	0	66,925
2012	1,093,279	0	0	84,501
2011	1,153,916	0	0	0
2010	1,254,470	0	0	25,965
2009	1,355,023	0	0	50,861
2008	1,445,576	605,000	0	74,732

Note: Population and Personal Income data are presented on page S30.



Business-Type Activities

<u>Water Utility Bonds</u>	<u>OPWC Loans</u>	<u>Total Debt</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$366,787	\$1,697,558	\$2,896,245	2.41 %	\$528.61
402,043	1,697,319	4,168,051	3.47	760.73
437,298	953,685	3,585,322	2.98	654.38
472,554	1,003,363	2,624,333	2.18	478.98
507,809	1,000,932	2,608,308	2.17	476.06
538,064	1,113,368	2,829,212	2.35	516.37
568,320	1,225,805	2,948,041	2.45	538.06
738,658	1,367,875	3,386,968	2.82	618.17
908,997	1,476,433	3,791,314	3.52	749.12
1,079,337	1,437,060	4,641,705	4.31	917.15

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

Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Bonded Debt (3)	Ratio of Bonded Debt to Estimated Actual Value of Taxable Property	Bonded Debt Per Capita
2017	5,479	\$273,735,783	\$1,116,882	0.41 %	\$204
2016	5,479	271,442,177	1,222,774	0.45	223
2015	5,479	246,360,783	1,328,666	0.54	243
2014	5,479	244,241,817	1,434,559	0.59	262
2013	5,479	242,195,754	1,540,451	0.64	281
2012	5,479	274,968,823	1,631,343	0.59	298
2011	5,479	273,453,583	1,722,236	0.63	314
2010	5,479	273,575,863	1,993,128	0.73	364
2009	5,061	280,488,527	2,264,020	0.81	447
2008	5,061	281,846,056	2,524,913	0.90	499

(1) U. S. Bureau of Census, Census of Population.
 2008-2009 from 2000 Federal Census; 2010-2017 from 2010 Federal Census

(2) Stark County Auditor

(3) Includes all general obligation bonded debt.

Note: Although the general obligation debt retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

City of Canal Fulton, Ohio

Computation of Direct and Overlapping Governmental Activities Debt

December 31, 2017

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Canal Fulton			
General Obligation Bonds	\$750,095	100 %	\$750,095
Capital Leases	<u>81,805</u>	100	<u>81,805</u>
<i>Total Direct Debt</i>	<u>831,900</u>		<u>831,900</u>
Overlapping			
Northwest Local School District			
General Obligation Bonds	13,964,367	35.30	4,929,422
Stark County			
General Obligation Bonds	2,668,779	1.31	34,961
Wayne Public Library District			
General Obligation Bonds	<u>3,170,000</u>	3.08	<u>97,636</u>
<i>Total Overlapping Debt</i>	<u>19,803,146</u>		<u>5,062,019</u>
Total	<u><u>\$20,635,046</u></u>		<u><u>\$5,893,919</u></u>

Source: Stark County Auditor

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

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

Year	Water Operating Revenues (1)	Water Operating Expenses (2)	Net Available Revenues	Debt Service (3)	
				Principal	Coverage
2017	\$971,931	\$688,252	\$283,679	\$89,991	3.15
2016	957,241	618,596	338,645	46,612	7.27
2015	886,553	535,285	351,268	57,750	6.08
2014	886,075	536,165	349,910	68,892	5.08
2013	840,874	506,507	334,367	68,893	4.85
2012	792,812	449,424	343,388	68,893	4.98
2011	656,285	500,083	156,202	103,339	1.51
2010	674,350	492,320	182,030	68,893	2.64
2009	677,870	565,692	112,178	34,447	3.26
2008	649,104	597,947	51,157	68,893	0.74

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

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

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

Source: City financial records

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

Year	Sewer Operating Revenues (1)	Sewer Operating Expenses (2)	Net Available Revenues	Debt Service (3)	
				Principal	Coverage
2017	\$923,229	\$807,406	\$115,823	\$52,081	2.22
2016	1,011,003	686,562	324,441	52,080	6.23
2015	985,345	767,950	217,395	47,812	4.55
2014	864,373	634,295	230,078	43,543	5.28
2013	845,840	711,765	134,075	43,543	3.08
2012	749,072	616,552	132,520	43,544	3.04
2011	736,379	626,129	110,250	61,436	1.79
2010	919,687	692,288	227,399	39,665	5.73
2009	749,691	671,907	77,784	19,832	3.92
2008	730,620	712,910	17,710	39,665	0.45

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

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

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

Source: City financial records

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

Year	Storm Sewer Operating Revenues (1)	Storm Sewer Operating Expenses (2)	Net Available Revenues	Debt Service (3)	
				Principal	Coverage
2017	\$52,372	\$26,291	\$26,081	\$6,887	3.79
2016	0	0	0	0	0.00
2015	0	0	0	0	0.00
2014	0	0	0	0	0.00
2013	0	0	0	0	0.00
2012	0	0	0	0	0.00
2011	0	0	0	0	0.00
2010	0	0	0	0	0.00
2009	0	0	0	0	0.00
2008	0	0	0	0	0.00

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

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

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

Source: City financial records

City of Canal Fulton, Ohio

Principal Employers

2017 and 2008

2017

Employer	Employees
Northwest Local School District	406
United Church Homes, Incorporated	271
Echoing Hills Village, Incorporated	215
Skipco Financial Adjusters, Incorporated	135
City of Canal Fulton	108
Avalon Foodservice, Incorporated	90
Communication Exhibits, Incorporated	90
ZVN Properties, Incorporated	78
BJAAM Environmental, Incorporated	45
Avalon Transportation	44
Total	<u>1,482</u>
Total Employment within the City	<u>N/A</u>

2008

Employer	Employees
Northwest Local School District	451
United Church Homes, Incorporated	327
Echoing Hills Village, Incorporated	245
Hydrochem Industrial Services, Incorporated	148
Avalon Foodservice, Incorporated	134
City of Canal Fulton	128
Communication Exhibits, Incorporated	115
R&B Management, LLC	73
BJAAM Environmental, Incorporated	63
Avalon Transportation	52
Total	<u>1,736</u>
Total Employment within the City	<u>N/A</u>

Source: City Records

N/A - Information not available

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2017	5,479	\$120,214,739	\$21,941	\$50,332	40.3
2016	5,479	120,214,739	21,941	50,332	40.3
2015	5,479	120,214,739	21,941	50,332	40.3
2014	5,479	120,214,739	21,941	50,332	40.3
2013	5,479	120,214,739	21,941	50,332	40.3
2012	5,479	120,214,739	21,941	50,332	40.3
2011	5,479	120,214,739	21,941	50,332	40.3
2010	5,479	120,214,739	21,941	50,332	40.3
2009	5,061	107,627,226	21,266	45,359	33.9
2008	5,061	107,627,226	21,266	45,359	33.9

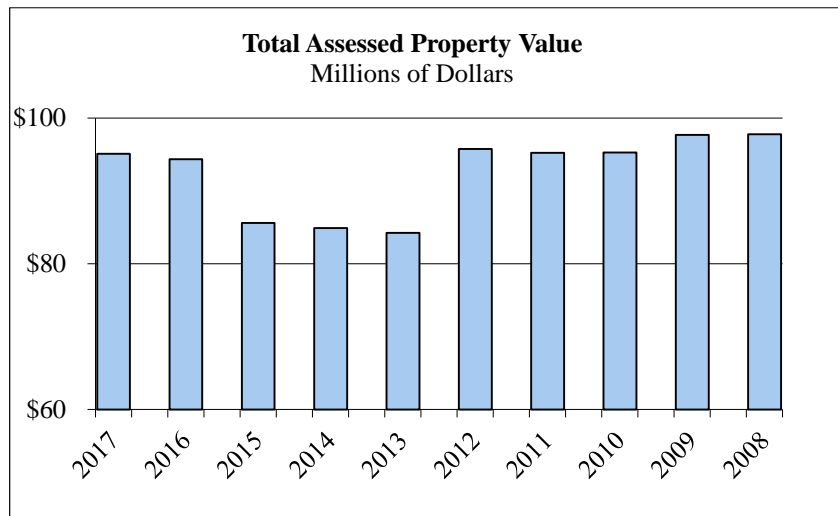
(1) Source: U. S. Census - 2008-2009 from 2000 Federal Census;
2010-2017 from 2010 Federal Census

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

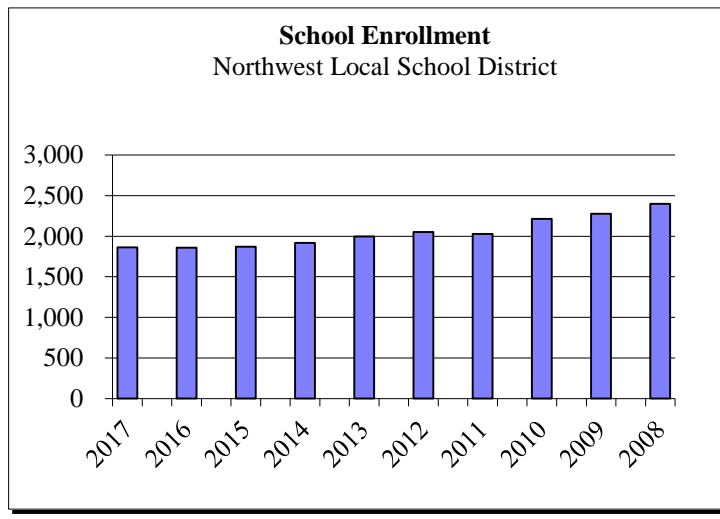
(3) Source: Ohio Department of Job and Family Services & Stark County CAFR

(4) Source: Stark County Auditor's Office

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



Educational Attainment: Bachelor's Degree or Higher (1)	Public School Enrollment (2)	Stark County Unemployment Rate (3)	Total Assessed Property Value (4)
20.5 %	1,862	5.0 %	\$95,085,460
20.5	1,860	5.2	94,342,210
20.5	1,872	5.3	85,601,890
20.5	1,919	4.8	84,911,680
20.5	1,996	6.8	84,245,010
20.5	2,053	7.3	95,761,880
20.5	2,028	9.2	95,253,150
20.5	2,215	11.3	95,292,200
17.2	2,276	11.2	97,713,600
17.2	2,398	6.7	97,801,934



City of Canal Fulton, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2017	2016	2015	2014	2013
General Government					
Council	3.00	3.00	3.00	3.00	3.00
Administration	3.00	3.00	3.00	4.00	4.00
Finance	3.50	3.50	3.50	3.50	4.00
Law	0.50	0.50	0.50	0.50	0.50
Community Service	0.50	0.50	0.50	0.50	0.50
Other	0.90	1.50	1.80	1.80	1.80
Security of Persons and Property					
Police	12.00	12.50	12.50	12.50	13.50
Fire	23.50	23.00	21.00	20.50	21.00
Leisure Time Activities					
Recreation and Parks	1.30	1.40	1.40	1.40	1.40
Canal Boat	3.30	2.70	3.30	3.60	3.30
Transportation					
Streets	4.00	4.00	4.00	4.00	4.00
Utilities					
Water	3.50	3.75	3.75	3.75	3.50
Sewer	3.50	3.75	3.75	3.75	3.50
Totals:	<u>62.50</u>	<u>63.10</u>	<u>62.00</u>	<u>62.80</u>	<u>64.00</u>

Source: City Payroll Department W2 Listing

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

2012	2011	2010	2009	2008
3.00	3.00	3.00	3.00	3.00
4.00	4.00	4.00	4.00	5.00
3.50	3.00	3.00	3.00	3.00
0.50	0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50	0.50
0.00	3.60	3.90	3.90	2.90
13.50	11.50	10.50	12.50	12.00
14.50	17.50	17.50	19.50	19.00
2.30	2.00	2.30	2.30	1.60
2.40	2.10	2.10	2.10	0.00
5.50	6.50	5.10	4.30	4.60
3.50	3.50	3.50	3.50	3.50
3.50	3.50	3.50	3.50	3.50
56.70	61.20	59.40	62.60	59.10

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

Function/Program	2017	2016	2015
General Government			
<i>Council and Clerk</i>			
Number of ordinances proposed	39	36	35
Number of resolutions proposed	35	29	41
<i>Finance Department</i>			
Value of payments issued (1)	\$7,305,062	\$9,069,803	\$5,785,401
General fund interest earnings for fiscal year (cash basis)	\$25,727	\$4,640	\$4,302
Number of receipt transactions processed (1)	1,752	1,727	1,695
General fund receipts (cash basis in thousands)	\$2,565	\$2,649	\$2,591
General fund expenditures/net financing (cash basis in thousands)	\$2,578	\$2,647	\$2,382
Ending general fund balance (cash basis in thousands)	\$778	\$770	\$768
<i>Income Tax Department</i>			
Number of annual withholding forms processed	6,471	5,756	4,230
Number of business net profit forms processed	399	438	494
Number of individual returns processed	3,195	3,041	3,353
Amount of penalties and interest collected	\$62,649	\$56,291	\$63,374
Annual number of balance due/estimated payment forms processed	2,588	2,385	1,726
Annual number of reconciliations of withholdings processed	712	676	699
Security of Persons and Property			
<i>Police</i>			
Number of traffic stops	1,575	1,041	1,237
Number of arrests	140	106	119
DUI arrests	17	19	29
Motor vehicle accidents	116	115	120
<i>Fire</i>			
EMS calls for service	596	602	859
Fire calls for service	269	270	379
Fire safety inspections	165	206	154
Number of times mutual aid given	28	16	29
Number of times mutual aid received	58	18	54
Leisure Time Activities			
<i>Recreation</i>			
Canal boat visitors (1)	5,484	5,551	5,214
Canal boat receipts (1)	\$47,588	\$49,601	\$42,179
Transportation			
Street resurfacing (miles)	2.63	2.56	3.81
Tons of salt used	392	384	877

2014	2013	2012	2011	2010	2009	2008
31	32	44	42	16	47	42
32	33	31	34	39	45	43
\$5,562,203	\$5,489,015	\$4,082,749	\$4,839,123	\$4,945,444	\$5,063,198	N/A
\$1,022	\$764	\$72	\$94	\$1,637	\$4,909	\$44,714
1,647	1,533	1,552	1,250	1,074	1,217	N/A
\$2,498	\$2,439	\$2,552	\$2,460	\$2,277	\$2,449	\$2,245
\$2,571	\$2,729	\$2,007	\$2,180	\$2,195	\$2,785	\$2,199
\$559	\$632	\$923	\$377	\$97	\$15	\$351
3,807	3,767	3,342	3,142	3,006	3,193	2,975
442	441	427	430	419	426	412
3,384	3,213	3,123	3,177	3,138	3,108	3,151
\$54,432	\$62,453	\$48,691	\$43,918	\$52,515	\$43,496	\$52,741
1,861	1,956	1,919	1,922	2,099	2,252	2,116
652	639	597	591	543	581	545
1,596	1,636	1,417	1,003	1,072	1,227	1,295
133	159	208	215	269	319	294
22	34	42	40	32	33	60
97	113	108	117	124	125	135
795	804	713	656	570	582	593
402	358	315	284	309	173	189
147	155	130	128	146	131	141
27	20	16	24	24	32	44
60	31	18	23	33	15	19
5,086	N/A	N/A	N/A	N/A	N/A	N/A
\$42,084	\$40,791	\$36,312	\$40,033	\$36,446	\$33,579	N/A
3.00	3.63	3.76	0.00	1.52	2.52	1.13
563	392	636	441	775	467	495

(continued)

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

Function/Program	2017	2016	2015
Utilities			
<i>Water</i>			
Minimum water rate	\$19.66	\$19.50	\$18.75
Rate per thousand gallons used	\$2.34	\$2.32	\$2.32
Number of water accounts (1)	2,158	2,075	2,122
Total water collections (2)	\$929,492	\$916,961	\$879,656
<i>Sewer</i>			
Minimum sewer rate	\$19.18	\$19.03	\$18.03
Rate per thousand gallons used	\$2.84	\$2.82	\$2.82
Number of sewer accounts (1)	2,023	1,957	1,963
Total sewer collections (2)	\$797,063	\$790,189	\$758,970

Source: City Records (unless otherwise noted)

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

2014	2013	2012	2011	2010	2009	2008
\$17.50	\$16.25	\$15.00	\$12.03	\$11.76	\$11.76	\$11.12
\$2.32	\$2.32	\$2.32	\$2.32	\$2.27	\$2.27	\$2.15
2,105	2,040	2,188	2,058	2,064	N/A	N/A
\$856,655	\$807,497	\$781,055	\$650,179	\$651,059	\$654,620	\$627,451
\$16.53	\$15.33	\$13.83	\$13.43	\$13.13	\$13.13	\$13.13
\$2.82	\$2.82	\$2.82	\$2.74	\$2.68	\$2.68	\$2.68
2,019	1,912	2,052	2,182	2,165	N/A	N/A
\$739,134	\$692,142	\$665,795	\$631,222	\$637,454	\$642,386	\$642,250

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

Function/Program	2017	2016	2015	2014
General Government				
Buildings	4	4	4	4
Vehicles	2	2	2	2
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	12	11	10	11
Fire				
Stations	2	2	2	2
Vehicles	8	8	8	8
Leisure Time Activities				
Recreation				
Buildings	7	7	7	7
Vehicles	0	0	0	0
Transportation				
Service				
Buildings	3	3	3	3
Vehicles	8	7	6	6
Utilities				
Water				
Buildings	1	1	1	1
Vehicles	7	7	9	8
Sewer				
Buildings	10	10	10	10
Vehicles	7	7	9	7

Source: City Records

(1) Information prior to 2010 is unavailable

2013	2012	2011	2010
4	4	4	4
2	2	2	6
1	1	1	1
11	9	11	12
2	2	2	2
8	8	8	10
7	7	7	7
0	0	0	0
3	3	3	3
6	6	7	7
1	1	1	1
7	7	7	6
10	10	10	10
6	6	6	6

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

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2018



Dave Yost • Auditor of State

CITY OF CANAL FULTON

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST, 23 2018**