

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

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2015**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Avon Lake, Lorain County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 9, 2016

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**CITY OF AVON LAKE
LORAIN COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

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

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Lake, Lorain County, Ohio, (City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2016, wherein we noted that the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for governmental and business-type activities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Avon Lake, Ohio'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 of Avon Lake, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Avon Lake, Ohio's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Avon Lake, Ohio'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 of Avon Lake, Ohio'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item **2015-001**

Response to Finding

The City of Avon Lake, Ohio's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. City of Avon Lake, Ohio's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Avon Lake, Ohio'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 of Avon Lake, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

June 27, 2016

**CITY OF AVON LAKE
LORAIN COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Finding Number 2015-001 - Material Noncompliance - Appropriations Exceeding Estimated Resources

Condition/Criteria

Ohio Revised Code Section §5705.39 prohibits appropriations from each fund exceeding the total of the estimated resources available. During our compliance testing, it was noted that four funds had appropriations exceeding the final estimated resources. The Ohio Revised Code §5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources (estimated revenues plus encumbranced fund balances).

In addition, based on our review of Certificates of Estimated Resources, we noted that the City is not monitoring by fund the Certificate of Estimated Resources to appropriations.

<u>Fund</u>	<u>Final Estimated Resources</u>	<u>Final Appropriations</u>	<u>Variance</u>
<u>Sewer</u>			
Original Budget	\$ 19,944,200	\$ 35,818,112	\$(15,873,912)
Final Budget	16,605,707	41,601,319	(24,995,612)
<u>Water</u>			
Final Budget	32,606,446	34,362,405	(1,755,959)
<u>General Bond Retirement</u>			
Original and Final Budget	6,502,889	12,483,187	(5,980,298)
<u>Pool Renovation Fund</u>			
Final Budget	68,167	68,667	(470)

Cause/Effect

Contrary to Ohio Revised Code Section §5705.39, the City had appropriations exceeding estimated resources available. However, the final expenditures did not exceed the final appropriations in either fund.

Recommendations

We recommend that the City follow the guidance provided in ORC §5705.39, by amending the appropriations to a level that does not exceed the amended certificate. We also recommend the City prepare a Certificate of Estimated Resources by fund which will assist in compliance with ORC section §5705.39.

City's Response

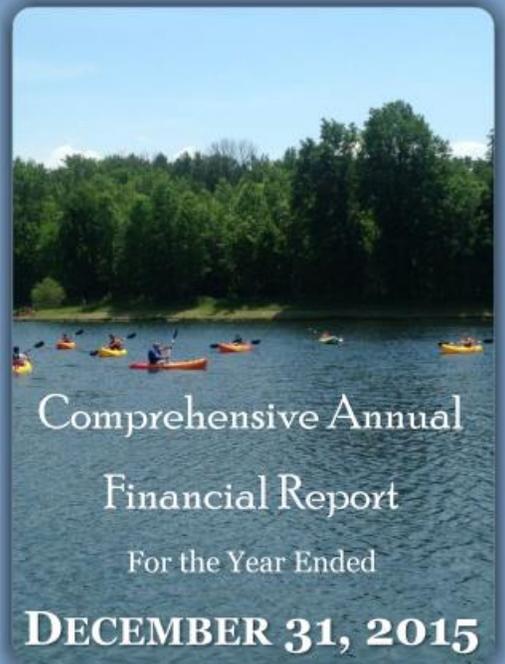
The City recognizes the importance of this statute and will follow the auditors recommendation as a method of complying with this ORC requirement.

**CITY OF AVON LAKE
LORAIN COUNTY, OHIO
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

The prior audit report, as of December 31, 2014, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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City of Avon Lake, Ohio



Comprehensive Annual
Financial Report
For the Year Ended
DECEMBER 31, 2015

CITY OF AVON LAKE, OHIO



Comprehensive Annual Financial Report

**For the Year Ended
December 31, 2015**

Issued by the Finance Department

**Steven J. Presley
Director of Finance**

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INTRODUCTORY SECTION



City of Avon Lake, Ohio
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For the Year Ended December 31, 2015
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930-4102

Civil Service Commission
933-6141

Clerk of Council
930-4121

Council President
930-4120

Engineering Department
930-4101

Finance Department
930-4124

Fire Department
933-8305

Human Resources
933-6141

Law Director
930-4122

Mayor's Office
930-4100

Municipal Court
930-4103

Municipal Utilities
933-6226

Planning Department
930-4101

Police Department
933-4567

Recreation Department
930-4130

Service Department
930-4126

Zoning Department
930-4143

June 27, 2015

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

We are pleased to submit the Comprehensive Annual Financial Report of the City of Avon Lake, Ohio for the year ended December 31, 2015.

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

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

James G. Zupka, CPA, Inc., has issued an unmodified (“clean”) opinion on the City of Avon Lake, Ohio’s financial statements for the year ended December 31, 2015. The independent auditor’s report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

The City of Avon Lake is a suburb in an affluent metropolitan area and functions as a major commuter hub and suburban regional center. The City of Avon Lake is headquarters for several corporations. Major industries located within the government's boundaries or in close proximity include hospitals, shopping, large retail stores, Ford, PolyOne and NRG Energy. The school district and the City of Avon Lake also have a significant economic presence. The school system educates over 3,800 students with 525 contracted employees including teachers, professionals, and support staff working to offer quality educational opportunities. It issued 801 W-2 forms in 2013 due to the number of part time workers it employs. The School System has been recognized as Excellent by the Ohio Department of Education for the past 11 years. The City of Avon Lake has 147 full time employees on its payroll and benefits from many part time workers who fill various recreational and infrastructure maintenance jobs in the summer months.

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

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

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

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

Skate Park. Many of the Community Parks host large, and very popular, programs and festivals produced by both the City and outside entities.

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

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

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

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

An annual appropriation budget is legally required by the City Charter to be prepared for all funds of the City other than agency funds. The City of Avon Lake maintains its legal level of budgetary control at the department level, separated into the categories of Personal Service and Other Expenditures, for all funds. Council must approve any revisions in the budget that alter the total fund and program appropriations.

Major Initiatives

The City of Avon Lake is constantly looking for ways to improve the conditions of our roadway system, water and sewer systems and improve the water quality of Lake Erie. The City maintains a ranking system for our roadways in order of priority needs. These rankings are updated yearly and are used to provide the Mayor and Council an overall look at the road conditions in the city along with repair costs for budget purposes. This ranking and the related estimated costs give the Mayor and Council an overview of the future needs that are discussed extensively during the budget process and when seeking funding opportunities. The City annually spends between \$1 million to \$2 million on road maintenance and repairs each year. In 2015 the City spent \$2 million on road repairs which included nearly \$1.5 million in concrete road repairs alone. Supplementing the yearly street program budget the City of Avon Lake actively pursues funding through OPWC and ODOT LTIP funding. The next major project within Avon Lake that received OPWC funding is for the improvements to the Lear Road/ Krebs Road intersection and rail crossing. This project will add needed turn lanes and a traffic signal to the intersection that has seen an unprecedented increase in traffic with the new I90 Interchange opening on Nagle Road along with all the new growth in the City of Avon. This project will be constructed in 2017 and is a cooperative project with Norfolk Southern Railway and the City of Avon.

The City of Avon Lake continues to work on the combined sewer separation projects to meet our EPA obligation of 2020 to be fully separated. The Moorewood Sewer District separation project completed on the later part of 2015 was a project that impacted nearly 350 homes. This project installed new waterlines, new sanitary sewers and new storm sewers on several streets. In addition the City had to completely rebuild two of the existing roads due to poor base conditions. The finished project was completed earlier than expected and the finished road and seeding was therefore able to be finished before the onset of winter. The next sewer separation project will be even larger in scope and will impact over 400 homes and will eventually remove two CSO regulators to Lake Erie. The Inwood Sewer District Separation Project is anticipated to cost nearly \$18 million and includes all new storm and sanitary sewers in addition to new waterlines and road reconstruction. This project is anticipated to start in early fall 2016 and is anticipated to take 2 years to complete. The City shall continue to work to meet the Citywide separation deadline of 2020 as mandated by EPA and each project will remove CSO's from Lake Erie and improve the water quality in this great lake.

In addition to road and sewer projects the City is constantly looking for grant opportunities. In 2015 the City completed a project with Behnke Associates to review the City multi-modal transportation plan. This plan supplements the Master Bicycle Plan for the City originally constructed in 2000 to include additional pathways to connect with the City of Avon and to increase access along Lake Road. The major component of the plan included a study to create a multi-use path along Lake Road and identify the most appropriate location and costs to create a pathway that can link to our neighboring communities and allow users to enjoy the views of Lake Erie as they travel through the City. The final plan was presented to City Council on December 2015 and the study was funded through a NOACA TLCI Grant. The City will continue to examine the recommendations and will seek funding opportunities to implement portions of the plan over the upcoming years.

Economic Development

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

Running through the industrial area is Pin Oak Parkway. This industrial park was established in the 1950's with a B.F. Goodrich research facility serving as its anchor. The industrial campus of that facility now houses PolyOne, Lubrizol and Mexichem with all three dealing with polymer research or production. Pin Oak Parkway was expanded about 13 years ago and now can be accessed from State Route 83 as well as Moore Road, both of which provide easy access to Interstate 90 a short distance to the south. There are a number of parcels of industrial sites of various sizes available for industrial expansion. The approximate number of acres that make up Pin Oak Parkway is over 430 acres.

One of the oldest industrial residents is NRG, a coal powered power plant that has been in operation since the 1920's. The plant is located on the south shore of Lake Erie with over 2,600 linear feet of shoreline. The plant initially was scheduled to close under a previous owner as more strict environmental air quality regulation are scheduled to go into effect in April of 2015. The coal powered plant is scheduled to be converted to natural gas and, if successful, will begin operations in May of 2016 using the cleaner and more efficient fuel. During 2015, NRG announced that they would install MAATS equipment which will allow them to continue to use coal in the generation of electricity, while they pursue the necessary right-of-way to install the natural gas lines that will supply the facility.

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

Community Reinvestment Area (CRA) Program

The City has established nineteen (19) Pre-1994 CRAs within and surrounding Avon Lake's Business Parks. Improvements within these CRAs are granted an exemption from real estate property taxes for 100% of the incremental increase in assessed value for a period of up to 15 years based on meeting certain goals in job creation and investment.

Community Improvement Corporation

The City created a Community Improvement Corporation which will operate as a 501(C)3 Non-Profit Organization. Their mission will be to provide advisory and financial support to the citizens and businesses of Avon Lake who need assistance in locating, expanding or improving their business ventures. Funds for any financial assistance provided will be generated from sources other than tax revenues. In 2015, they awarded \$20,000 in small business grants and provided classes in business practices.

Jobs Growth Incentive Plan

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

Because of its location in a region with a varied economic base, unemployment had been relatively stable until the effect of the current recession was felt during the current year. During the past ten years, the unemployment rate rose from an initial low of 3.1 percent (2007) to a decade high of 7.1 percent during the depths of the recession. Although unemployment rates have risen nationwide over the last year, the City of Avon Lake continues to experience unemployment rates consistently lower than national averages. Based on economic forecasts, a leveling off and subsequent decline in unemployment rates are anticipated in calendar year 2016. This is consistent with an increase in income tax revenues for the past three years.

Median household incomes within the City of Avon Lake are significantly higher than for the state as a whole. According to the year 2010 census, the median family income was \$77,060, while the state's was \$46,829. Housing prices in the vicinity of the City of Avon Lake continue to remain strong. At the end of the second quarter of 2013, the median price of a single family home in the vicinity of the City of Avon Lake was \$217,034 with a projected 2.6% increase in the coming year.

Long-Term Financial Planning

The City's bond rating is Aa2 according to Moody's Investors Service. This rating demonstrates the City's prudent fiscal management and strong economic health indices.

In the past seven years, the City has reduced its workforce by 7 full-time positions and found innovative ways to reduce costs without a reduction in services provided to its residents. The City continues to pay down its debt and seeks opportunities to refinance its debt in order to take advantage of any cost savings for its residents.

On January 1, 2013, the City implemented the use of the City Force software system. This web based community development software suite provides 24/7 access for those who interact with the City's Building Department. Contractors and residents can obtain permits electronically from any computer, I-pad or smart phone saving both time and money. The City of Avon Lake is the only City in the State of Ohio and one of only 60 cities across the country that use this web based program.

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

Awards and Acknowledgement

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

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

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

Respectfully submitted,



Gregory J. Zilka
Mayor



Steven Presley
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Avon Lake
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

City of Avon Lake, Ohio

Directory of Officials

December 31, 2015

COUNCIL

At-Large:

Daniel Bucci

John Shondel

Martin O'Donnell

Wards:

Robert James (Ward I)

Jennifer Fenderbosch (Ward II)

Larry Meiners (Ward III)

David Kos (Ward IV)

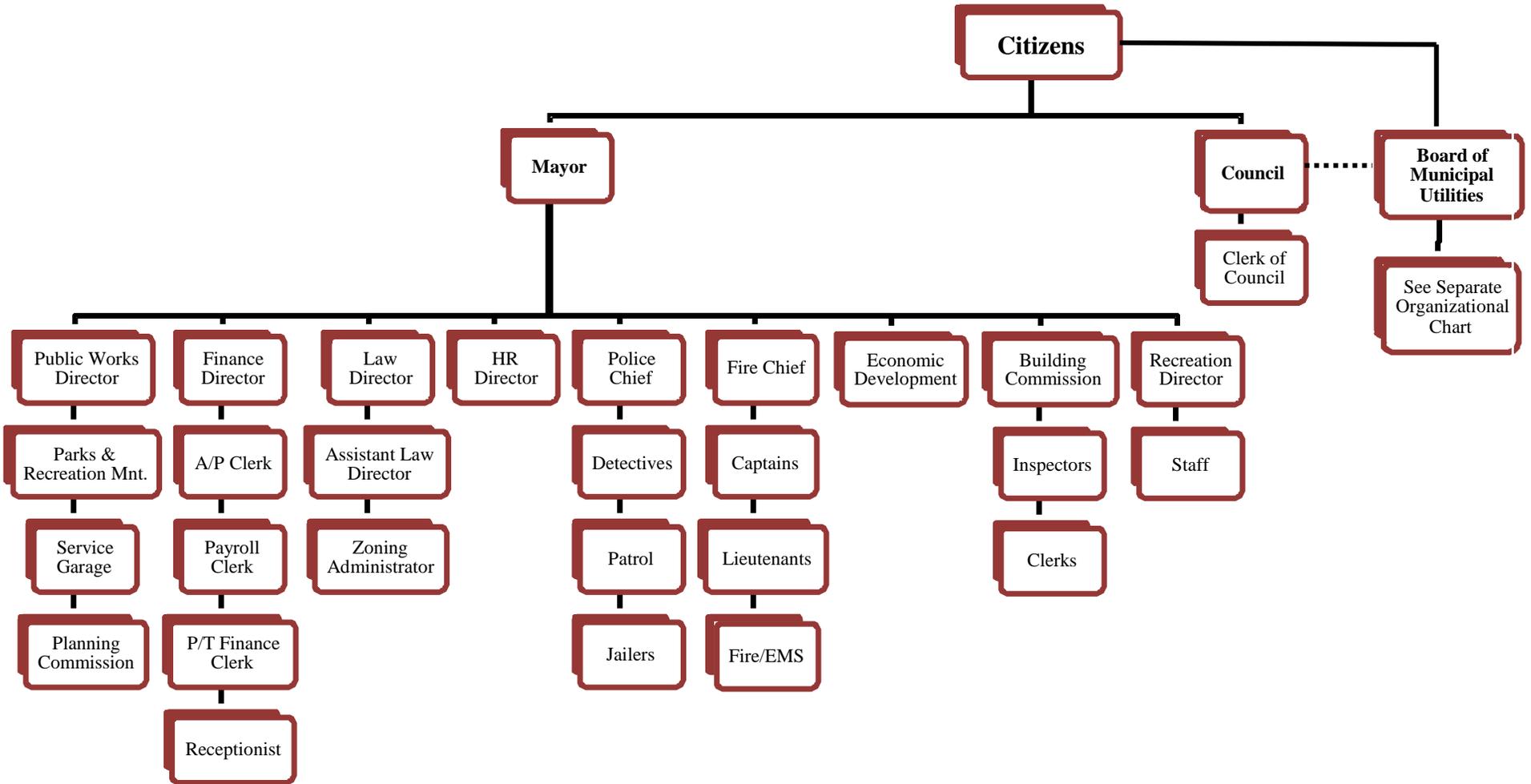
Clerk of Council:

Barbara Dopp

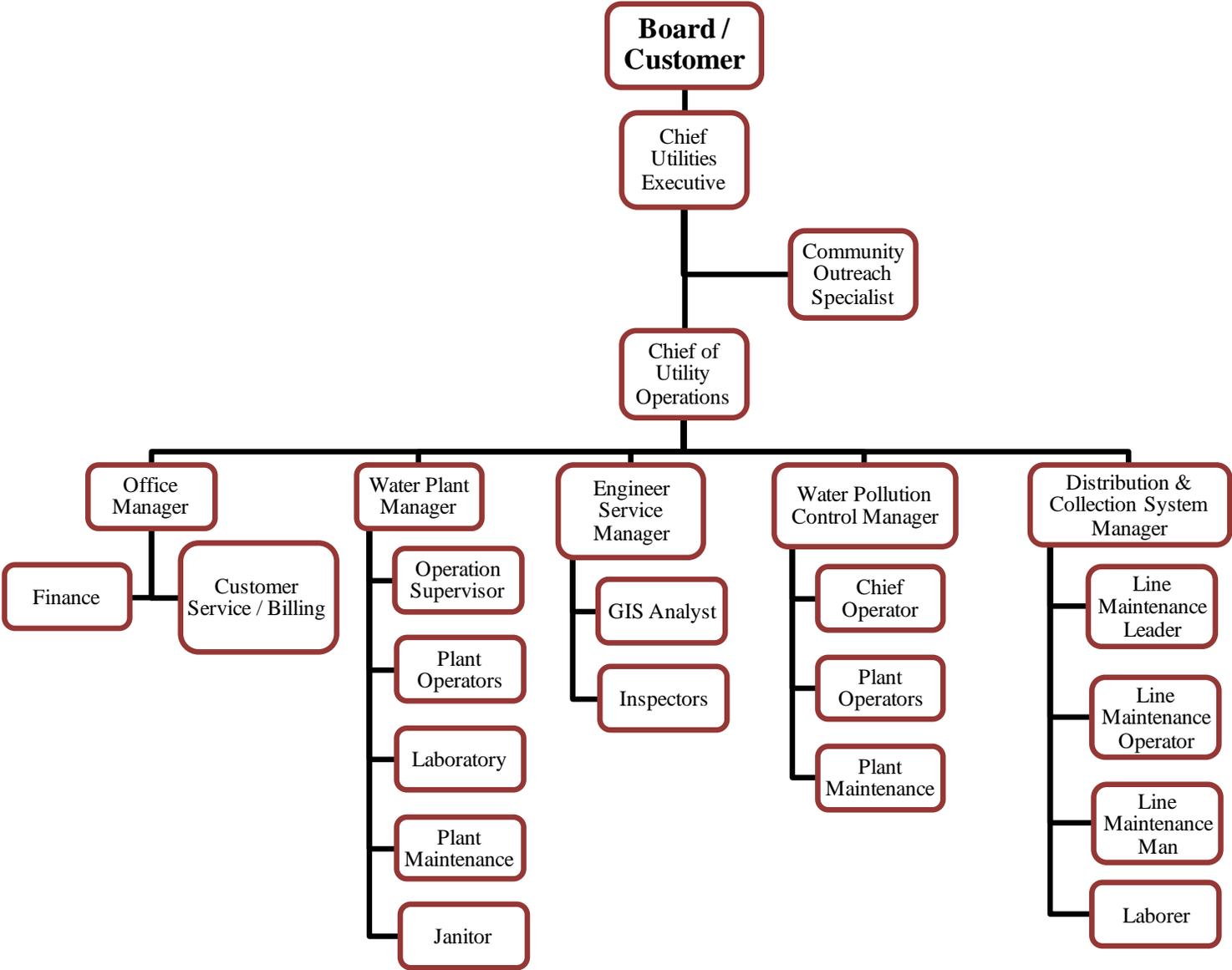
OFFICIALS

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

City of Avon Lake, Ohio
Organizational Chart – City
 December 31, 2015



City of Avon Lake, Ohio
Organizational Chart – Avon Lake Regional Water
December 31, 2015



FINANCIAL SECTION



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

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

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Lake, Lorain County, Ohio, (City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Lake, Lorain County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and the Income Tax Transfer Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and restated its net position at December 31, 2014 for governmental and business-type activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, on our consideration of the City of Avon Lake, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Avon Lake, Ohio's internal control over financial reporting and compliance.



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

June 27, 2016

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City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

The discussion and analysis of the City of Avon Lake's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the financial statement and notes to those respective statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- The City's economic condition continued to improve as municipal income tax revenue slightly increased by \$88,920 or 0.88% over 2014.
- Total Net Position decreased \$2,600,530 in 2015 over 2014.
- Planning, engineering/design and construction continued on the Moorewood Avenue sewer separation project and the Belmar sewer separation project.
- In 2015, the City issued \$11,711,000 in bond anticipation notes, which were utilized to retire the 2014 bond anticipation notes

Overview of the Comprehensive Annual Financial Report (CAFR)

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

Government-wide Financial Statements

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

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

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

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Other Information

In addition to the basic financial statements and the accompanying notes, this CAFR also presents certain other information that the City believes readers will find useful. After the notes to the basic financial statements, the required supplementary information, the combining statements are presented along with individual detailed budgetary schedules for all funds. This information can be found starting on page 84.

The City of Avon Lake as a Whole

Analysis of Net Position

The City's total Net Position changed from a year ago, decreasing from \$99,691,835 to \$97,091,305.

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

Table 1- Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
ASSETS						
Current and other assets	\$ 25,977,047	\$ 27,547,592	\$ 12,474,820	\$ 22,304,552	\$ 38,451,867	\$ 49,852,144
Net Pension Asset	4,797	1,307	5,100	1,390	9,897	2,697
Capital assets, net	56,154,201	56,168,656	107,436,202	99,200,938	163,590,403	155,369,594
Total Assets	82,136,045	83,717,555	119,916,122	121,506,880	202,052,167	205,224,435
DEFERRED OUTFLOWS OF RESOURCES						
Deferral on Refunding	585,778	197,432	163,833	175,969	749,611	373,401
Pension	2,127,812	1,396,633	637,874	442,430	2,765,686	1,839,063
Total Deferred Outflows Of Resources	2,713,590	1,594,065	801,707	618,399	3,515,297	2,212,464
LIABILITIES						
Current and other liabilities	6,804,127	6,922,895	8,773,127	9,428,475	15,577,254	16,351,370
Long-term liabilities:						
Due within one year	2,351,193	1,786,788	2,612,904	2,549,559	4,964,097	4,336,347
Due in More Than One Year:						
Net Pension Liability	15,437,392	14,638,321	3,567,286	3,486,713	19,004,678	18,125,034
Other Amounts	8,770,037	9,960,581	54,303,646	53,544,658	63,073,683	63,505,239
Total Liabilities	33,362,749	33,308,585	69,256,963	69,009,405	102,619,712	102,317,990
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	5,731,832	5,427,074	-	-	5,731,832	5,427,074
Pension	60,388	-	64,227	-	124,615	-
Total Deferred Intflows Of Resources	5,792,220	5,427,074	64,227	-	5,856,447	5,427,074
NET POSITION						
Net Investment in						
Capital Assets	47,819,200	47,692,149	51,279,270	43,880,621	99,098,470	91,572,770
Restricted	8,126,696	7,513,366	-	1,343,581	8,126,696	8,856,947
Unrestricted	(10,251,230)	(8,629,554)	117,369	7,891,672	(10,133,861)	(737,882)
Total Net Position	\$ 45,694,666	\$ 46,575,961	\$ 51,396,639	\$ 53,115,874	\$ 97,091,305	\$ 99,691,835

* - Restated

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

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

As a result of implementing GASB 68, the City is reporting a net pension liability/asset and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014 from \$59,816,342 to \$46,575,961 for governmental activities and from \$56,158,767 to \$53,115,874 for business type activities.

Total assets decreased by \$3,172,268 in 2015. Capital assets are used to provide services to the City's citizens; however, they are not available for future spending. Total capital assets (net of depreciation) increased by \$8,220,809. This increase was mainly attributed to several new construction projects beginning in 2015 which were offset by current year depreciation expenses.

Current and other assets decreased \$11,400,277 mainly from an increase in equity in pooled cash and cash equivalents as a result of the City paying off the bond anticipation notes issued in 2014.

Total liabilities increased by \$301,722 in 2015 with current liabilities decreasing \$774,116 and long-term liabilities increasing \$1,075,838. The decrease in current liabilities was primarily due to the decrease in retainage and notes payable and the increase in long-term liabilities is due to increase in net pension liability.

Investments in capital assets (land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure, net of depreciation) less any debt related to acquire those assets that is still outstanding represents the largest portion of net position which increased \$7,525,700 from 2014 to 2015. Restricted net position decreased \$730,251 and unrestricted net position decreased \$9,395,979.

Table 2 shows the Changes in Net Position for governmental activities and business-type activities for the year ended December 31, 2015 compared to December 31, 2014.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Table 2- Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program Revenues:						
Charges for services	\$ 1,917,633	\$ 1,991,990	\$ 16,815,767	\$ 15,296,799	\$ 18,733,400	\$ 17,288,789
Operating grants and contributions	1,069,334	899,116	552,632	314,822	1,621,966	1,213,938
Capital grants and contributions	-	1,179,656	-	515,837	-	1,695,493
Total Program Revenues	2,986,967	4,070,762	17,368,399	16,127,458	20,355,366	20,198,220
General Revenues:						
Property and other taxes	5,491,430	5,332,611	-	-	5,491,430	5,332,611
Municipal income taxes	10,232,789	9,929,219	-	214,650	10,232,789	10,143,869
Grants and entitlements	1,505,059	1,556,651	-	-	1,505,059	1,556,651
Investment income	133,216	143,406	9,911	18,659	143,127	162,065
All other revenues	159,435	281,684	158,471	436,561	317,906	718,245
Total General Revenues	17,521,929	17,243,571	168,382	669,870	17,690,311	17,913,441
Total Revenues	20,508,896	21,314,333	17,536,781	16,797,328	38,045,677	38,111,661
EXPENSES						
Program Expenses:						
Security of persons and property	9,003,214	8,933,432	-	-	9,003,214	8,933,432
Public health services	29,823	88,023	-	-	29,823	88,023
Leisure time activities	1,153,093	1,312,553	-	-	1,153,093	1,312,553
Community environment	459,925	461,484	-	-	459,925	461,484
Transportation	6,739,622	7,473,350	-	-	6,739,622	7,473,350
General government	3,515,818	3,325,069	-	-	3,515,818	3,325,069
Interest and fiscal charges	488,696	431,533	-	-	488,696	431,533
Water	-	-	12,176,431	9,325,575	12,176,431	9,325,575
Sewer	-	-	7,079,585	6,058,831	7,079,585	6,058,831
Total Expenses	21,390,191	22,025,444	19,256,016	15,384,406	40,646,207	37,409,850
Changes in Net Position	(881,295)	(711,111)	(1,719,235)	1,412,922	(2,600,530)	701,811
Net Position - Beginning of Year, restated	46,575,961	N/A	53,115,874	N/A	99,691,835	N/A
Net Position - End of Year	\$ 45,694,666	\$ 46,575,961	\$ 51,396,639	\$ 53,115,874	\$ 97,091,305	\$ 99,691,835

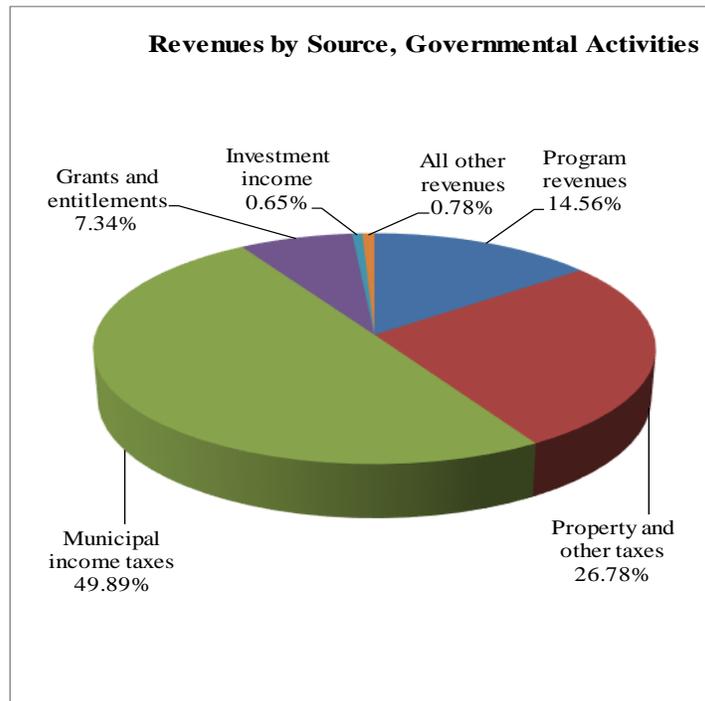
The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,839,063 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,945,434. Consequently, in order to compare 2015 program expenses to 2014, the following adjustments are needed:

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

	Governmental Activities	Business-Type Activities	Total
Total 2015 program expenses under GASB 68	\$ 21,390,191	\$ 19,256,016	\$ 40,646,207
Pension expense under GASB 68	(1,552,566)	(392,868)	(1,945,434)
2015 contractually required pension contribution	1,427,776	447,222	1,874,998
Adjusted 2015 program expenses	21,265,401	19,310,370	40,575,771
Total 2014 program expenses under GASB 27	22,025,444	15,384,406	37,409,850
Increase/(Decrease) in program expenses not related to pension	<u>\$ (760,043)</u>	<u>\$ 3,925,964</u>	<u>\$ 3,165,921</u>

Governmental Activities

Revenues by source of governmental activities for 2015 were comprised of:



Revenues

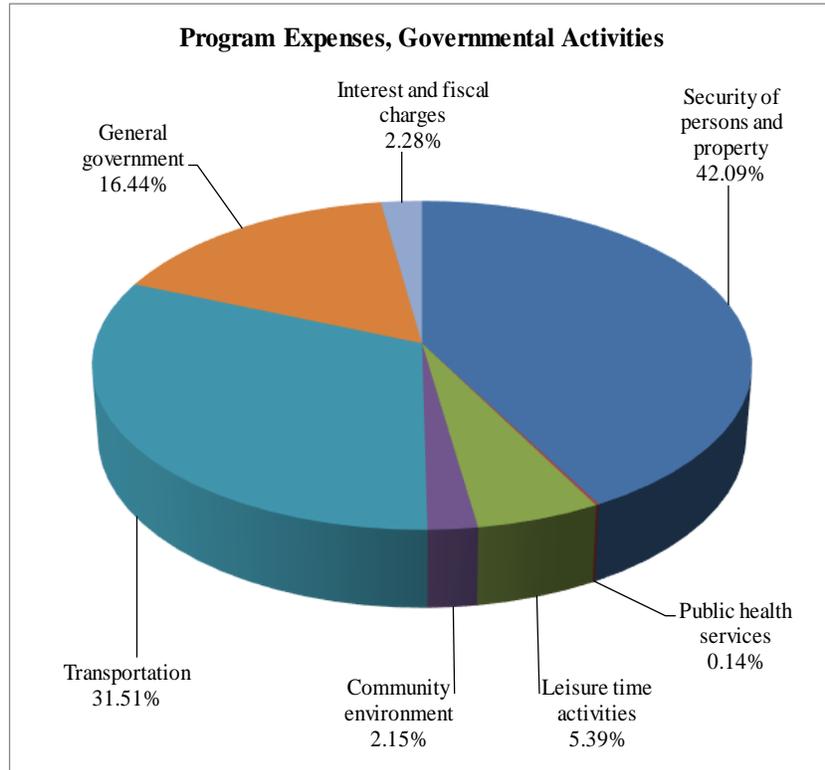
Total revenues decreased by \$805,437 or 3.78%. The 1.5 percent municipal income tax is the largest revenue source totaling \$10,232,789 or 49.89%. Municipal income tax increased by 303,570 or 3.06%. The municipal income tax revenue is allocated by ordinance as follows: the Capital Improvement Fund receives 20.00%, the General Bond Retirement Fund receives 5.00% and the remaining 75.00% is allocated to the General Fund. The municipal income tax has remained stable for each of the last four years.

The next largest revenue source is property and other taxes totaling \$5,491,430 or 26.78%. Property and other taxes decreased by \$158,819 or 2.98%. Capital Grants and Contributions decreased \$1,179,656 or 100.00% from 2014 to 2015 as a result of an OPWC Grant and capital contributions to infrastructure from developers in 2014.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Expenses

Program expenses of governmental activities for 2015 were comprised of:



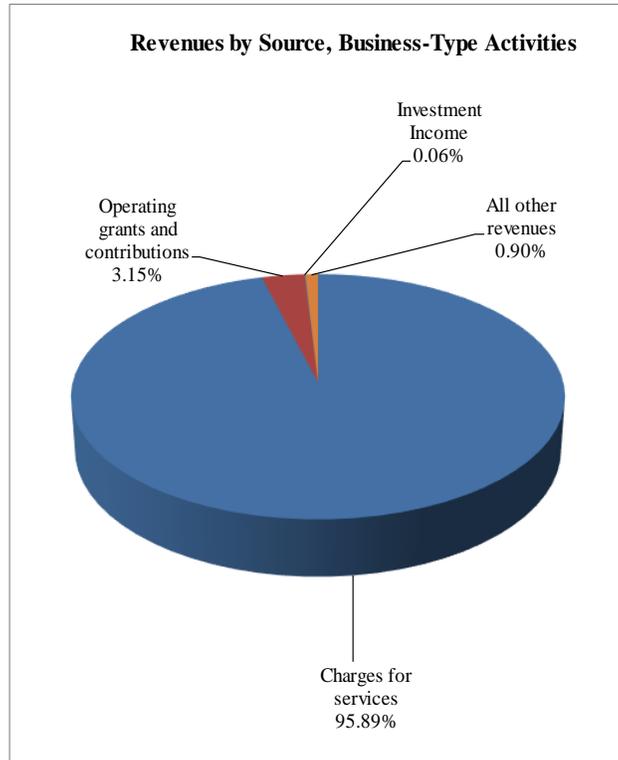
Program expenses amounted to \$21,390,191 in 2015, of which only \$2,986,967 was supported by program revenues. Security of persons and property, which includes police, fire and paramedic services, represented \$9,003,214 or 42.09% of total program expenses. Transportation, which includes street maintenance, snow removal, etc., represents \$6,739,622 or 31.51% of program expenses. General government, which includes legislative and administrative services of council, mayor, law, finance, engineering, building services, and utilities and maintenance of the buildings that house these functions, represents \$3,515,818 or 16.44%. Leisure time activities represented \$1,153,093 or 5.39% of program expenses and includes recreation pool and special programs. Other program expenses consisting of public health and welfare, community environment, and interest and fiscal charges amounted to 4.57%. Program expenses decreased in 2015 by \$635,253 or 2.88% from the 2014 program expenses due to the 2014 Asphalt and Concrete Road Programs in 2014 expenses exceeding the 2015 Concrete Program expenses.

Business-Type Activities

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

City of Avon Lake, Ohio
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For the Year Ended December 31, 2015
(Unaudited)

Revenues by source for business-type activities for 2015 were comprised of:

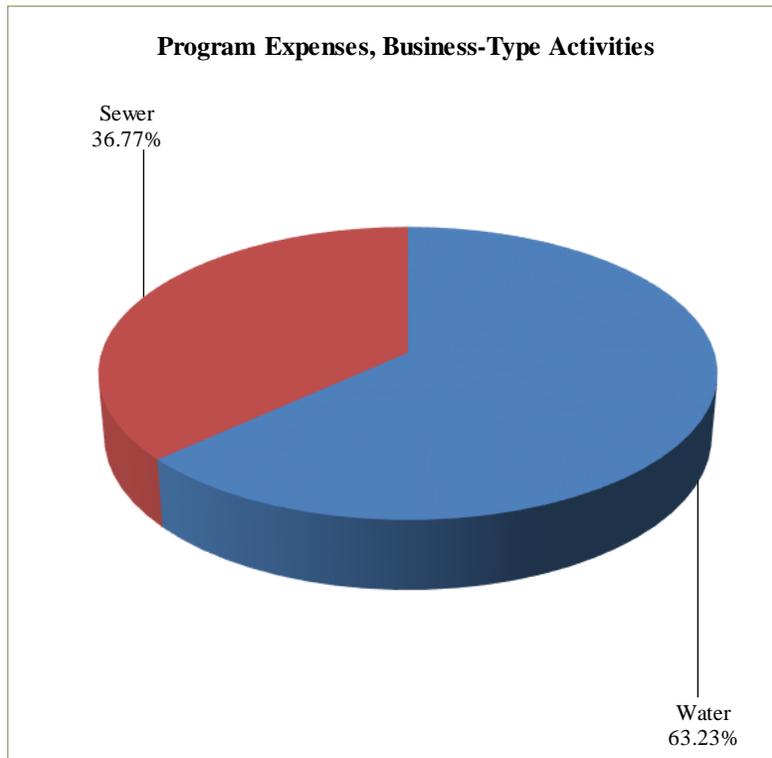


Revenues

Program revenue consisting of charges for services, operating and capital grants and contributions represented 99.04% of total revenues for the business-type activities in 2015. Charges for services for the business-type activities amounted to \$16,815,767 with 67.20% provided by water services and 32.80% from sanitary sewer services.

Water operations generate the fees charged for the sale of water within Avon Lake and several surrounding communities. Those fees are then used to maintain lines for delivery and to treat water for further consumption. Water operating revenues increased \$1,055,421 or 10.18% due to an increase in sales, in addition to an increase in rates charged to users.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)



Expenses

Water operation expenses amounted to \$12,176,431 or 63.23% and sanitary sewer operation expenses amounted to \$7,079,585 or 36.77% of total program expenses for business-type activities in 2015.

Total expenses for business-type activities increased by \$3,871,610 due mainly to increases in additional supply and overtime expenses.

The City's Funds

Information about the City's major governmental funds begins on page 22. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$21,141,908 and expenditures of \$22,325,873 (not including other financing sources and uses). The General Fund's fund balance decreased by \$96,084. The City closely monitors its revenues and expenditures to maintain a sound fund balance.

General Fund Analysis

The General Fund is the chief operating fund of the City. At the beginning of the current year, total fund balance for the General Fund was \$2,862,309. General Fund expenditures (including transfers out) for the current year were \$14,029,576, with revenues and other financing sources of \$13,933,492, leaving a fund balance of \$2,766,225, and an unassigned balance of \$1,220,231 in the General Fund.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers out). The General Fund's unassigned fund balance represents 8.70% of total General Fund expenditures while total fund balance represents 19.72% of that same amount. The fund balance of the City's General Fund balance decreased by \$96,084 in 2015 when compared to 2014, as a result of an increase in security persons and property expense, offset by an increase in municipal income taxes.

Other Major Funds Analysis

The City's Income tax Fund experienced a decrease of \$39,083 in its fund balance compared to 2014.

The City's General Bond Retirement (Unvoted) Fund experienced a decrease in fund balance due to the issuance of the 2015 notes payable.

The City's Water Fund experienced a decrease of \$2,828,601 in its 2015 net position compared to 2014. The main contributor to this decrease were higher operating expenses from materials and supplies.

The City's Sewer Fund experienced an increase of \$1,109,366 in its 2015 net position compared to 2014. The main contributor to this is the City's efforts to maintain expense lower than revenues.

General Fund Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The most significant budgeted fund is the general fund. The legal level of budgetary control is at the personnel and other levels within the departments for the general fund and at the personnel and other levels for all other funds. Any budgetary modifications at these levels may only be made by an ordinance of City Council. During 2015, a number of supplemental appropriation measures were authorized by the City Council. Administrative control of the budget is maintained through the establishment of detailed line-item budgets. Transfers are contained in the annual appropriation measure and are permitted once the permanent appropriation measure has been passed by City Council.

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

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

For the general fund, original and final budgeted revenues are \$14,654,901, and actual revenue collections are \$13,701,560. The majority of the decrease in actual revenue over the final budgeted amounts is due to receiving less intergovernmental revenue than expected. Actual general fund expenditures were \$14,414,037 or \$736,307 less than the final budget. The decrease in actual expenditures represents the City's proactive management and legislative action to control costs across the City's departments when practicable.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets, net of depreciation, at December 31, 2015 and 2014 consisted of:

Table 3- Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,283,340	\$ 5,283,340	\$ 1,601,738	\$ 1,601,738	\$ 6,885,078	\$ 6,885,078
Construction in progress	4,332,378	3,557,704	20,511,265	14,623,203	24,843,643	18,180,907
Buildings and improvements	14,757,153	15,095,199	21,871,326	17,464,882	36,628,479	32,560,081
Machinery and equipment	966,270	942,244	1,650,693	1,641,404	2,616,963	2,583,648
Vehicles	1,491,900	1,464,446	343,827	299,918	1,835,727	1,764,364
Infrastructure	29,323,160	29,825,723	61,457,353	63,569,793	90,780,513	93,395,516
Total Capital Assets,						
Net of Depreciation	\$ 56,154,201	\$ 56,168,656	\$ 107,436,202	\$ 99,200,938	\$ 163,590,403	\$ 155,369,594

Capital assets are major assets that are used in operations and have useful lives of more than one year. As of December 31, 2015, total capital assets for the City were \$163,590,403 which reflects an increase of \$8,220,809 from the 2014 ending balance of \$155,369,594. Governmental activities' capital assets, net of depreciation, increased \$14,455 from 2014. Business-type capital assets, net of depreciation, increased \$8,235,264 as a result of several new construction projects beginning in 2015 and the continuing projects from 2014, which were offset by current year depreciation expenses.

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

Debt

The outstanding debt and other long-term obligations for the City as of December 31, 2015, was \$65,371,676 which consisted of \$9,050,911 for governmental activities and \$56,320,765 for business-type activities. The City-wide balance reflects an increase of \$247,235 from the previous year's balance of \$65,124,441.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

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

Table 4- Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 6,745,040	\$ 7,009,404	\$ 3,005,297	\$ 3,218,282	\$ 9,750,337	\$ 10,227,686
Special Assessment Bonds	1,147,817	1,415,685	-	-	1,147,817	1,415,685
Long-term Notes Payable	626,204	626,784	-	-	626,204	626,784
OWDA Loans	175,416	232,081	49,041,258	46,068,004	49,216,674	46,300,085
OPWC Loans	226,302	188,333	-	-	226,302	188,333
Mortgage Revenue Bonds	-	-	4,274,210	6,210,000	4,274,210	6,210,000
Equipment Loan	46,000	69,000	-	-	46,000	69,000
Police Pension Liability	84,132	86,868	-	-	84,132	86,868
Total Outstanding Debt	\$ 9,050,911	\$ 9,628,155	\$ 56,320,765	\$ 55,496,286	\$ 65,371,676	\$ 65,124,441

During 2015, the City continued a sewer project and water plant expansion project, and started a storage tank project which were all funded by the Ohio Water Development Authority (OWDA). The City received \$4,944,973 in loan proceeds from OWDA.

During 2015, the City issued a Recreational Facilities refunding bond and a mortgage revenue bond to provide funding for recreational facilities and various projects within the water fund. See note 9 for further information.

During 2015, the City issued bond anticipation notes for the retirement of the 2014 bond anticipation notes as well as to provide funding for various construction projects within the governmental activities and the Water and Sewer Funds. The notes were issued with an annual interest rate of 2.00 percent and will mature in July 2016.

The City's last general obligation bond rating from Moody's was Aa2. Other obligations include accrued leave benefits and landfill post-closure costs. For more information about the City's debt obligations, see Notes 9, 10, and 11 of the Notes to the Basic Financial Statements.

CURRENT FINANCIAL RELATED ACTIVITIES

The City's governmental activities continued to struggle with many of the same economic issues as other communities including unfunded capital costs, increased operating costs, and decreasing revenue sources. On a positive note, NRG Energy Incorporated has indicated that it is pursuing the conversion to natural gas and has filed the necessary permits to make this change and install a natural gas pipeline to feed its facility. In the interim, they have installed MAATS required equipment which allows them to continue using coal in the production of electricity.

On a cash basis, the property tax revenue remained relatively flat in 2014 while municipal income tax revenue increased \$717,401 or 7.16%; however, the elimination of the Estate Taxes were the main reason intergovernmental revenues decreased.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Avon Lake Municipal Utilities (ALMU) is wrapped up the Moorewood Sewer Separation/Water Main Project in 2016. The nearly \$7,000,000 project included multiple streets receiving new sanitary sewers and water lines.

ALMU is currently constructing a 3,000,000-gallon water tank at its facility in Avon Lake. The tank is expected to be operational in the spring of 2017. ALMU will begin the installation of a new water main on Walker Road in 2016 increase the water supply reliability in the area at an estimated cost of \$2,500,000. Additionally, plans are being prepared to construct a new water tower which will house 2.5M gallons of water in case of emergency at a cost of \$8.1M. This project is anticipated to begin in 2017 and take almost 2 years to complete. Finally, the construction of the Elyria Interconnection will augment the emergency water supply by up to 8million gallons per day at an estimated cost of \$3.1M with construction to slated to begin in late 2016.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Avon Lake, Ohio
Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 14,203,597	\$ 5,656,133	\$ 19,859,730
With Escrow Agents	11,000	-	11,000
Materials and Supplies Inventory	292,528	122,556	415,084
Accounts Receivable	150,798	2,035,525	2,186,323
Accrued Interest Receivable	60,538	261	60,799
Intergovernmental Receivable	1,135,868	2,179,612	3,315,480
Prepaid Items	36,489	19,421	55,910
Municipal Income Taxes Receivable	3,025,070	-	3,025,070
Property and Other Taxes Receivable	6,001,290	-	6,001,290
Special Assessments Receivable	1,059,869	89,680	1,149,549
Investment In Joint Venture	-	2,371,632	2,371,632
Nondepreciable Capital Assets	9,615,718	22,113,003	31,728,721
Depreciable Capital Assets	46,538,483	85,323,199	131,861,682
Net Pension Asset	4,797	5,100	9,897
Total Assets	82,136,045	119,916,122	202,052,167
DEFERRED OUTFLOWS OF RESOURCES			
Deferral on Refunding	585,778	163,833	749,611
Pension	2,127,812	637,874	2,765,686
Total Deferred Outflows of Resources	2,713,590	801,707	3,515,297
LIABILITIES			
Accounts Payable	738,058	1,695,778	2,433,836
Accrued Wages and Benefits	447,851	187,667	635,518
Intergovernmental Payable	254,881	205,496	460,377
Matured Compensated Absences Payable	21,755	-	21,755
Accrued Interest Payable	75,083	94,343	169,426
Retainage Payable	13,075	36,925	50,000
Notes Payable	5,253,424	6,552,918	11,806,342
Long-term Liabilities:			
Due within one year	2,351,193	2,612,904	4,964,097
Due in more than one year:			
Net Pension Liability (See Note 12)	15,437,392	3,567,286	19,004,678
Other Amounts	8,770,037	54,303,646	63,073,683
Total Liabilities	33,362,749	69,256,963	102,619,712
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	5,731,832	-	5,731,832
Pension	60,388	64,227	124,615
Total Deferred Inflows of Resources	5,792,220	64,227	5,856,447
NET POSITION			
Net Investment in Capital Assets	47,819,200	51,279,270	99,098,470
Restricted for:			
Debt Service	1,442,234	-	1,442,234
Capital Projects	3,599,939	-	3,599,939
Public Safety	1,412,709	-	1,412,709
Parks and Recreation	382,342	-	382,342
Streets and Highways	1,287,781	-	1,287,781
Other Purposes	1,691	-	1,691
Unrestricted	(10,251,230)	117,369	(10,133,861)
Total Net Position	\$ 45,694,666	\$ 51,396,639	\$ 97,091,305

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

City of Avon Lake, Ohio
Statement of Activities
For the Year Ended December 31, 2015

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental activities:			
Security of Persons and Property	\$ 9,003,214	\$ 460,031	\$ 54,107
Public Health Services	29,823	-	-
Leisure Time Activities	1,153,093	495,657	21,618
Community Environment	459,925	11,515	11,768
Transportation	6,739,622	206,922	974,559
General Government	3,515,818	743,508	7,282
Interest and Fiscal Charges	488,696	-	-
Total Governmental activities	21,390,191	1,917,633	1,069,334
Business-type activities:			
Water	12,176,431	11,300,714	230,280
Sewer	7,079,585	5,515,053	322,352
Total Business-type activities	19,256,016	16,815,767	552,632
Total Primary Government	\$ 40,646,207	\$ 18,733,400	\$ 1,621,966

General Revenues:

Property and Other Taxes levied for:

General Purposes

Debt Service Purpose

Other Purposes

Municipal Income Taxes levied for:

General Purposes

Grants & Entitlements not restricted to specific programs

Investment Income

Gain on Sale of Capital Assets

All Other Revenues

Total General Revenues

Changes in Net Position

Net Position - Beginning of Year, Restated

Net Position - End of Year

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (8,489,076)	\$ -	\$ (8,489,076)
(29,823)	-	(29,823)
(635,818)	-	(635,818)
(436,642)	-	(436,642)
(5,558,141)	-	(5,558,141)
(2,765,028)	-	(2,765,028)
(488,696)	-	(488,696)
<u>(18,403,224)</u>	<u>-</u>	<u>(18,403,224)</u>
-	(645,437)	(645,437)
-	(1,242,180)	(1,242,180)
<u>-</u>	<u>(1,887,617)</u>	<u>(1,887,617)</u>
<u>(18,403,224)</u>	<u>(1,887,617)</u>	<u>(20,290,841)</u>
3,393,633	-	3,393,633
292,499	-	292,499
1,805,298	-	1,805,298
10,232,789	-	10,232,789
1,505,059	-	1,505,059
133,216	9,911	143,127
27,905	-	27,905
131,530	158,471	290,001
<u>17,521,929</u>	<u>168,382</u>	<u>17,690,311</u>
(881,295)	(1,719,235)	(2,600,530)
<u>46,575,961</u>	<u>53,115,874</u>	<u>99,691,835</u>
<u>\$ 45,694,666</u>	<u>\$ 51,396,639</u>	<u>\$ 97,091,305</u>

City of Avon Lake, Ohio
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	Income Tax Fund	General Bond Retirement (Unvoted)	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 1,828,196	\$ 3,326,977	\$ 1,181,372	\$ 1,216,867	\$ 6,650,185	\$ 14,203,597
Cash and Cash Equivalents:						
With Escrow Agents	-	-	-	11,000	-	11,000
Materials and Supplies Inventory	-	-	-	-	292,528	292,528
Accrued Interest Receivable	36	-	-	60,478	24	60,538
Accounts Receivable	146,320	-	-	-	4,478	150,798
Interfund Receivable	41,926	1,500,000	-	-	193,524	1,735,450
Intergovernmental Receivable	442,421	-	-	-	693,447	1,135,868
Prepaid Items	32,966	-	-	2,684	839	36,489
Municipal Income Taxes Receivable	2,420,056	-	363,008	242,006	-	3,025,070
Property and Other Taxes Receivable	3,773,692	-	-	-	2,227,598	6,001,290
Special Assessments Receivable	-	-	-	-	1,059,869	1,059,869
Total Assets	\$ 8,685,613	\$ 4,826,977	\$ 1,544,380	\$ 1,533,035	\$ 11,122,492	\$ 27,712,497
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 112,753	\$ -	\$ -	\$ 126,918	\$ 498,387	\$ 738,058
Accrued Wages and Benefits	376,781	-	-	-	71,070	447,851
Intergovernmental Payable	215,268	-	-	-	39,613	254,881
Matured Compensated Absences Payable	21,755	-	-	-	-	21,755
Retainage Payable	-	-	-	-	13,075	13,075
Interfund Payable	-	-	-	1,500,000	235,450	1,735,450
Notes Payable	-	-	5,253,424	-	-	5,253,424
<i>Total Liabilities</i>	<i>726,557</i>	<i>-</i>	<i>5,253,424</i>	<i>1,626,918</i>	<i>857,595</i>	<i>8,464,494</i>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	3,566,657	-	-	-	2,165,175	5,731,832
Unavailable Revenue - Delinquent Property Taxes	102,261	-	-	-	62,423	164,684
Unavailable Revenue - Municipal Income Taxes	1,092,723	-	163,908	109,273	-	1,365,904
Unavailable Revenue - Other	431,190	-	-	-	1,571,020	2,002,210
<i>Total Deferred Inflows of Resources</i>	<i>5,192,831</i>	<i>-</i>	<i>163,908</i>	<i>109,273</i>	<i>3,798,618</i>	<i>9,264,630</i>
FUND BALANCES						
Nonspendable	67,966	-	-	2,684	293,367	364,017
Restricted	-	-	-	-	5,408,042	5,408,042
Committed	261,380	4,826,977	-	-	875,154	5,963,511
Assigned	1,216,648	-	-	-	87,418	1,304,066
Unassigned (Deficits)	1,220,231	-	(3,872,952)	(205,840)	(197,702)	(3,056,263)
<i>Total Fund Balances</i>	<i>2,766,225</i>	<i>4,826,977</i>	<i>(3,872,952)</i>	<i>(203,156)</i>	<i>6,466,279</i>	<i>9,983,373</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,685,613	\$ 4,826,977	\$ 1,544,380	\$ 1,533,035	\$ 11,122,492	\$ 27,712,497

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

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

Total Governmental Funds Balance \$ 9,983,373

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

Capital Assets used in Governmental Activities are not financial resources
 and, therefore, are not reported in the funds 56,154,201

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

Delinquent property taxes	\$	164,684	
Municipal income taxes		1,365,904	
Special assessments		1,059,869	
Intergovernmental		883,015	
Charges for services		59,326	
Total			3,532,798

In the Statement of Activities, interest is accrued on outstanding
 bonds, whereas in Governmental funds, an interest expenditure
 is reported when due. (75,083)

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

Deferred Outflows - Pension		2,127,812	
Deferred Inflows - Pension		(60,388)	
Net Pension Asset		4,797	
Net Pension Liability		(15,437,392)	
Total			(13,365,171)

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

General obligation bonds		(6,386,074)	
Special assessment bonds		(1,136,741)	
OPWC loans		(175,416)	
OWDA loan		(226,302)	
Long-term notes payable		(625,914)	
Deferral on refunding		585,778	
Unamortized bond premium		(370,332)	
Other long-term obligations		(600,402)	
Compensated absences		(1,600,049)	
Total			(10,535,452)

Net Position of Governmental Activities **\$ 45,694,666**

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

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

	General Fund	Income Tax Fund	General Bond Retirement (Unvoted)	Capital Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property and Other Taxes	\$ 3,423,646	\$ -	\$ -	\$ -	\$ 2,118,698	\$ 5,542,344
Municipal Income Taxes	7,556,349	500,794	686,600	1,793,804	-	10,537,547
Intergovernmental	1,352,366	-	-	4,582	1,320,095	2,677,043
Interest	6	-	-	123,612	9,598	133,216
Fees, Licenses, and Permits	292,465	-	-	-	-	292,465
Fines and Forfeitures	298,104	-	-	-	93,765	391,869
Rentals	82,216	-	-	-	-	82,216
Charges for Services	848,858	-	-	-	164,330	1,013,188
Contributions and Donations	2,002	-	8,207	-	-	10,209
Special Assessments	-	-	-	-	330,281	330,281
All Other Revenues	77,280	-	-	33,823	20,427	131,530
Total Revenues	<u>13,933,292</u>	<u>500,794</u>	<u>694,807</u>	<u>1,955,821</u>	<u>4,057,194</u>	<u>21,141,908</u>
EXPENDITURES						
Current:						
Security of Persons and Property	6,677,408	-	-	-	1,903,275	8,580,683
Public Health Services	81,250	-	-	-	-	81,250
Leisure Time Activities	833,839	-	-	-	807	834,646
Community Environment	449,849	-	-	-	24,412	474,261
Transportation	2,748,601	-	-	-	1,331,093	4,079,694
General Government	2,802,351	247,377	-	14,500	19,532	3,083,760
Capital Outlay	-	-	-	2,321,685	1,351,503	3,673,188
Debt Service:						
Principal Retirement	-	-	610,096	-	494,336	1,104,432
Interest and Fiscal Charges	2,831	-	110,087	26,288	191,300	330,506
Debt Issuance Costs	-	-	11,265	-	72,188	83,453
Total Expenditures	<u>13,596,129</u>	<u>247,377</u>	<u>731,448</u>	<u>2,362,473</u>	<u>5,388,446</u>	<u>22,325,873</u>
Excess of Revenues (Under) Expenditures	<u>337,163</u>	<u>253,417</u>	<u>(36,641)</u>	<u>(406,652)</u>	<u>(1,331,252)</u>	<u>(1,183,965)</u>
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	200	-	-	27,705	-	27,905
General Obligation Bonds Issued	-	-	-	-	2,964,998	2,964,998
Premium on Debt Issuance	-	-	-	-	344,216	344,216
Payment to Refunded Bond Escrow Account	-	-	-	-	(3,234,044)	(3,234,044)
Transfers In	-	-	1,365,246	100,000	3,841,951	5,307,197
Transfers Out	(433,447)	(292,500)	(3,586,000)	(995,250)	-	(5,307,197)
Total Other Financing Sources (Uses)	<u>(433,247)</u>	<u>(292,500)</u>	<u>(2,220,754)</u>	<u>(867,545)</u>	<u>3,917,121</u>	<u>103,075</u>
Net Change in Fund Balances	(96,084)	(39,083)	(2,257,395)	(1,274,197)	2,585,869	(1,080,890)
Fund Balances - Beginning of Year	2,862,309	4,866,060	(1,615,557)	1,071,041	3,880,410	11,064,263
Fund Balances - End of Year	<u>\$ 2,766,225</u>	<u>\$ 4,826,977</u>	<u>\$ (3,872,952)</u>	<u>\$ (203,156)</u>	<u>\$ 6,466,279</u>	<u>\$ 9,983,373</u>

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

City of Avon Lake, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
 In Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2015*

Net Change in Fund Balances-Total Governmental Funds \$ (1,080,890)

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

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

Capital outlay	\$ 3,061,054	
Depreciation	(3,075,509)	
Total		(14,455)

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

Delinquent property taxes	(50,914)	
Municipal income taxes	(304,758)	
Special assessments	(330,282)	
Intergovernmental	16,783	
Charges for services	8,254	
Total		(660,917)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance General Obligations Bonds and the related premium. (3,309,214)

Repayment of bond principal, loans and notes payable, and other long-term liabilities are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 3,884,432

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows 1,427,776

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,552,566)

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

Compensated absences	(12,965)	
Landfill postclosure costs	61,860	
Accrued interest on bonds	(14,728)	
Amortization of bond premium	24,843	
Amortization of deferral on refunding	388,346	
Accretion on Bond	(22,817)	
Total		424,539

Change in Net Position of Governmental Activities \$ (881,295)

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

City of Avon Lake, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 3,121,855	\$ 3,121,855	\$ 3,013,308	\$ (108,547)
Municipal Income Taxes	7,312,500	7,312,500	7,312,500	-
Other Taxes	472,644	472,644	402,277	(70,367)
Intergovernmental	1,859,158	1,859,158	1,365,154	(494,004)
Interest	170	170	145	(25)
Fees, Licenses, and Permits	343,624	343,624	292,465	(51,159)
Fines and Forfeitures	327,651	327,651	278,870	(48,781)
Charges for Services	1,024,133	1,024,133	871,660	(152,473)
Rentals	96,597	96,597	82,216	(14,381)
Contributions and Donations	2,352	2,352	2,002	(350)
All Other Revenues	89,017	89,017	75,763	(13,254)
Total Revenues	<u>14,649,701</u>	<u>14,649,701</u>	<u>13,696,360</u>	<u>(953,341)</u>
Expenditures:				
Current:				
Security of Persons and Property	6,698,424	6,734,924	6,635,262	99,662
Public Health Services	120,000	96,000	95,417	583
Leisure Time Activities	871,628	871,628	757,178	114,450
Community Environment	395,382	420,382	414,418	5,964
Transportation	3,224,922	3,149,922	2,939,001	210,921
General Government	3,126,668	3,126,668	2,971,942	154,726
Total Expenditures	<u>14,437,024</u>	<u>14,399,524</u>	<u>13,813,218</u>	<u>586,306</u>
Excess of Revenues Over (Under) Expenditures	212,677	250,177	(116,858)	(367,035)
Other Financing Sources (Uses)				
Sale of Capital Assets	200	200	200	-
Advances In	5,000	5,000	5,000	-
Transfers Out	(650,820)	(750,820)	(600,819)	150,001
Total Other Financing Sources (Uses)	<u>(645,620)</u>	<u>(745,620)</u>	<u>(595,619)</u>	<u>150,001</u>
Net Change in Fund Balance	(432,943)	(495,443)	(712,477)	(217,034)
Fund Balance - Beginning of Year	1,219,361	1,219,361	1,219,361	-
Prior Year Encumbrances Appropriated	566,489	566,489	566,489	-
Fund Balance - End of Year	<u>\$ 1,352,907</u>	<u>\$ 1,290,407</u>	<u>\$ 1,073,373</u>	<u>\$ (217,034)</u>

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

City of Avon Lake, Ohio
*Statement of Revenues, Expenditures and Changes in Fund Balance –
 Budget (Non-GAAP Basis) and Actual
 Income Tax Transfer Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$ -	\$ -	\$ 503,084	\$ 503,084
Total Revenues	<u>-</u>	<u>-</u>	<u>503,084</u>	<u>503,084</u>
Expenditures:				
Current:				
General Government				
Income Tax				
Other	150,000	150,000	247,377	(97,377)
Total General Government	<u>150,000</u>	<u>150,000</u>	<u>247,377</u>	<u>(97,377)</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>247,377</u>	<u>(97,377)</u>
Excess of Revenues Over (Under) Expenditures	(150,000)	(150,000)	255,707	405,707
Other Financing Uses				
Transfers Out	\$ (350,000)	\$ (350,000)	\$ (292,500)	\$ 57,500
Total Other Financing Uses	<u>(350,000)</u>	<u>(350,000)</u>	<u>(292,500)</u>	<u>57,500</u>
Net Change in Fund Balance	(500,000)	(500,000)	(36,793)	463,207
Fund Balance - Beginning of Year	4,863,770	4,863,770	4,863,770	-
Fund Balance - End of Year	<u>\$ 4,363,770</u>	<u>\$ 4,363,770</u>	<u>\$ 4,826,977</u>	<u>\$ 463,207</u>

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

City of Avon Lake, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,353,399	\$2,302,734	\$5,656,133
Materials and Supplies Inventory	100,421	22,135	122,556
Accrued Interest Receivable	88	173	261
Accounts Receivable	912,990	1,122,535	2,035,525
Interfund Receivable	950,000	0	950,000
Intergovernmental Receivable	986,998	1,192,614	2,179,612
Prepaid Items	4,632	14,789	19,421
Special Assessments Receivable	0	89,680	89,680
Total Current Assets	6,308,528	4,744,660	11,053,188
Noncurrent Assets:			
Investment in Joint Venture	2,371,632	0	2,371,632
Capital Assets:			
Land	621,716	980,022	1,601,738
Construction in Progress	6,905,301	13,605,964	20,511,265
Depreciable Assets, Net of Depreciation	36,491,021	48,832,178	85,323,199
Net Pension Asset	2,657	2,443	5,100
Total Noncurrent Assets	46,392,327	63,420,607	109,812,934
Total Assets	52,700,855	68,165,267	120,866,122
DEFERRED OUTFLOWS OF RESOURCES			
Deferral on Refunding	0	163,833	163,833
Pension	332,427	305,447	637,874
Total Deferred Outflows of Resources	332,427	469,280	801,707
LIABILITIES			
Current Liabilities:			
Accounts Payable	384,521	1,311,257	1,695,778
Accrued Wages and Benefits	97,691	89,976	187,667
Retainage Payable	3,220	33,705	36,925
Intergovernmental Payable	156,954	48,542	205,496
Interfund Payable	0	950,000	950,000
Accrued Interest Payable	84,672	9,671	94,343
Compensated Absences Payable	100,353	97,769	198,122
General Obligation Bonds Payable	0	210,000	210,000
Notes Payable	1,512,212	5,040,706	6,552,918
Revenue Bonds Payable	285,000	0	285,000
OWDA Loans Payable	1,019,282	900,500	1,919,782
Total Current Liabilities	3,643,905	8,692,126	12,336,031
Noncurrent Liabilities:			
Compensated Absences Payable	229,708	167,955	397,663
General Obligation Bonds Payable	0	2,795,297	2,795,297
Revenue Bonds Payable	3,989,210	0	3,989,210
OWDA Loans Payable	11,747,101	35,374,375	47,121,476
Net Pension Liability	1,859,086	1,708,200	3,567,286
Total Noncurrent Liabilities	17,825,105	40,045,827	57,870,932
Total Liabilities	21,469,010	48,737,953	70,206,963
DEFERRED INFLOWS OF RESOURCES			
Pension	33,472	30,755	64,227
Total Deferred Inflows of Resources	33,472	30,755	64,227
NET POSITION			
Net Investment in Capital Assets	26,977,445	24,301,825	51,279,270
Unrestricted	4,553,355	(4,435,986)	117,369
Total Net Position	\$31,530,800	\$19,865,839	\$51,396,639

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

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

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for Services	\$11,260,078	\$5,485,460	\$16,745,538
Miscellaneous	158,471	0	158,471
Total Operating Revenues	<u>11,418,549</u>	<u>5,485,460</u>	<u>16,904,009</u>
OPERATING EXPENSES			
Salaries	2,462,087	2,334,136	4,796,223
Purchased Services	3,629,536	657,020	4,286,556
Materials and Supplies	4,013,297	598,075	4,611,372
Depreciation	1,257,778	1,661,800	2,919,578
Other	531	27,927	28,458
Total Operating Expense	<u>11,363,229</u>	<u>5,278,958</u>	<u>16,642,187</u>
Operating Income	<u>55,320</u>	<u>206,502</u>	<u>261,822</u>
NONOPERATING REVENUES (EXPENSES)			
Interest	8,365	1,546	9,911
Interest and Fiscal Charges	(813,202)	(1,800,627)	(2,613,829)
Intergovernmental	230,280	322,352	552,632
Special Assessments	0	29,593	29,593
Gain on Investment in Joint Venture	40,636	-	40,636
Total Nonoperating Revenues (Expenses)	<u>(533,921)</u>	<u>(1,447,136)</u>	<u>(1,981,057)</u>
Transfers In	0	2,350,000	2,350,000
Transfers Out	(2,350,000)	0	(2,350,000)
Change in Net Position	(2,828,601)	1,109,366	(1,719,235)
Net Position - Beginning of Year, Restated	<u>34,359,401</u>	<u>18,756,473</u>	<u>53,115,874</u>
Net Position - End of Year	<u>\$31,530,800</u>	<u>\$19,865,839</u>	<u>\$51,396,639</u>

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

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

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Charges for Services	\$11,130,972	\$5,249,035	\$16,380,007
Cash Received from Other Operating Sources	158,471	0	158,471
Cash Payments for Employee Services and Benefits	(2,534,576)	(2,387,955)	(4,922,531)
Cash Payments for Goods and Services	(7,485,980)	(1,249,894)	(8,735,874)
Cash Payments for Other Operating Expenses	(531)	(27,510)	(28,041)
Net Cash Provided by Operating Activities	<u>1,268,356</u>	<u>1,583,676</u>	<u>2,852,032</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental Revenue	283,647	0	283,647
Advances In	0	950,000	950,000
Advances Out	(950,000)	0	(950,000)
Transfers In	0	2,350,000	2,350,000
Transfers Out	(2,350,000)	0	(2,350,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(3,016,353)</u>	<u>3,300,000</u>	<u>283,647</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from OWDA Loans	4,764,922	179,217	4,944,139
Proceeds from Notes and Revenue Bonds	6,320,000	5,000,000	11,320,000
Principal Paid on G.O. Bonds	0	(210,000)	(210,000)
Principal Paid on Notes and Revenue Bonds	(7,810,000)	(6,000,000)	(13,810,000)
Principal Paid on OWDA Loans	(1,066,480)	(905,239)	(1,971,719)
Interest Payments	(820,178)	(1,878,386)	(2,698,564)
Payments for Capital Acquisitions	(7,035,460)	(4,299,656)	(11,335,116)
Special Assessments	0	29,814	29,814
Premium on Debt Issued	79,944	75,150	155,094
Net Cash (Used in) Capital and Related Financing Activities	<u>(5,567,252)</u>	<u>(8,009,100)</u>	<u>(13,576,352)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	12,650	2,156	14,806
Net Cash Provided by Investing Activities	<u>12,650</u>	<u>2,156</u>	<u>14,806</u>
Net (Decrease) in Cash and Cash Equivalents	(7,302,599)	(3,123,268)	(10,425,867)
Cash and Cash Equivalents - Beginning of Year	10,655,998	5,426,002	16,082,000
Cash and Cash Equivalents - End of Year	<u><u>\$3,353,399</u></u>	<u><u>\$2,302,734</u></u>	<u><u>\$5,656,133</u></u>

(Continued)

City of Avon Lake, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015
(Continued)

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
RECONCILIATION OF OPERATING INCOME			
TO NET CASH PROVIDED BY			
OPERATING ACTIVITIES			
Operating Income	\$55,320	\$206,502	\$261,822
Adjustments:			
Depreciation	1,257,778	1,661,800	2,919,578
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	(129,106)	(396,587)	(525,693)
Prepays	31,212	3,820	35,032
Materials and Supplies Inventory	36,788	2,081	38,869
Net Pension Asset	(1,933)	(1,777)	(3,710)
Deferred Outflows of Resources	(101,855)	(93,589)	(195,444)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	81,516	163,991	245,507
Accrued Wages and Benefits	(1,259)	14,306	13,047
Compensated Absences Payable	15,140	(17,286)	(2,146)
Matured Compensated Absences Payable	(40,565)	(6,435)	(47,000)
Intergovernmental Payable	(10,142)	(22,488)	(32,630)
Net Pension Liability	41,990	38,583	80,573
Deferred Inflows of Resources	33,472	30,755	64,227
Net Cash Provided by Operating Activities	\$1,268,356	\$1,583,676	\$2,852,032
<u>Schedule of Noncash Investing, Capital, and Financing Activities:</u>			
As of December 31, 2015, the Water and Sewer Funds had outstanding liabilities for the purchase of certain capital assets.	(\$1,552)	(\$163,522)	(\$165,074)

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

City of Avon Lake, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2015

	Agency Funds
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,530,038
Total Assets	<u>\$ 1,530,038</u>
Liabilities	
Due to Other Governments	\$ 5,853
Deposits Held and Due to Others	1,524,185
Total Liabilities	<u>\$ 1,530,038</u>

See accompanying notes and accountants compilation report

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

NOTE 1: DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. **Fund Accounting**

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

Governmental Funds

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

B. Fund Accounting

The following are the City's major governmental funds:

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

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

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

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

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

Proprietary Funds

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

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

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

C. **Fund Accounting** (Continued)

Fiduciary Funds

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

D. **Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

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

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

E. **Basis of Accounting**

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include 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 a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance year 2016 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental revenues, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. (See Note 12)

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

Expenses/Expenditures

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

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

F. **Budgetary Process**

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

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

Tax Budget

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

Estimated Resources

The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as original represent the amounts in the official certificate of estimated resources when the original appropriations were adopted. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2015.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

E. **Budgetary Process** (Continued)

Appropriations

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

Lapsing of Appropriations

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

Encumbrances

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

G. **Cash Equivalents**

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

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

STAR Ohio 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2015.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

F. **Cash Equivalents** (Continued)

Following Ohio statutes, the City has, by ordinance, specified the Capital Improvement Fund to receive an allocation of interest earnings. Interest receipts credited to the Capital Improvement Fund (non-major governmental fund) during 2015 amounted to \$123,612 which includes \$114,294 assigned from other City funds.

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

The City presents “Cash and Cash Equivalents with Escrow Agents” on its Statement of Net Position. In governmental activities, the \$11,000 represents cash held by escrow agent for contractor retainage. During 2015, this amount was invested in money market savings interest bearing accounts.

For purposes of the Statement of Cash Flows and for presentation on the Statement of Net position/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

H. **Inventories**

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

I. **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2015 are recorded as prepaid items using the consumption method. A current asset for the period amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. **Capital Assets**

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

I. **Capital Assets** (Continued)

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

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

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

K. **Interfund Balances**

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

L. **Capitalization of Interest**

The City’s policy is to delay capitalizing net interest on proprietary funds’ construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2015, proprietary funds did have capitalized interest costs related to the on-going OWDA projects.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

M. Compensated Absences

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

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

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

N. Pensions

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

O. Accrued Liabilities and Long-Term Obligations

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

P. Fund Balance

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

Q. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net position reports a total of \$8,126,696 for the restricted component of net position, none of which is restricted by enabling legislation. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

R. Operating Revenues and Expenses

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

S. Contributions of Capital

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

T. Interfund Activity

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2015.

V. Use of Estimates

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

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

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Net Position as of December 31, 2014	59,816,342	56,158,767	
Adjustments:			
Net Pension Liability	(14,638,321)	(3,486,713)	
Net Pension Assets	1,307	1,390	
Deferred Outflow - Payments Subsequent to Measurement Date	1,396,633	442,430	
Restated Net Position December 31, 2014	<u>46,575,961</u>	<u>53,115,874</u>	
	<u>Water</u>	<u>Sewer</u>	<u>Enterprise</u>
Net Position as of December 31, 2014	35,945,201	20,213,566	56,158,767
Adjustments:			
Net Pension Liability	(1,817,096)	(1,669,617)	(3,486,713)
Net Pension Assets	724	666	1,390
Deferred Outflow - Payments Subsequent to Measurement Date	230,572	211,858	442,430
Restated Net Position December 31, 2014	<u>34,359,401</u>	<u>18,756,473</u>	<u>53,115,874</u>

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

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

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

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

	General	Income Tax Transfer
GAAP Basis- Net Change in Fund Balance	\$ (96,084)	\$ (39,083)
<u>Increase (Decrease) Due to:</u>		
Revenue Accruals	(231,109)	9,752,290
Expenditure Accruals	69,443	(9,750,000)
Outstanding Encumbrances	(477,306)	-
Funds with Separate Legally Adopted Budgets	22,579	-
Budgetary Basis-Net Change in Fund Balance	\$ (712,477)	\$ (36,793)

NOTE 5: ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2015, the General Bond Retirement (Unvoted) (major government fund), Capital Improvement (major governmental fund), Troy School Driveway, Cove Avenue Improvements funds and Lear/Krebs Intersection (non-major governmental funds) had deficit fund balances of \$3,872,952, \$203,156, \$30,000, \$160,776 and \$6,926, respectively. These deficit fund balances, with the exception of the Lear/Krebs Intersection fund are the result of adjustments for accrued liabilities in these funds. The General Fund is liable for any deficits in these funds and previous transfers when cash is needed, not when accruals occur.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 5: **ACCOUNTABILITY AND COMPLIANCE** (Continued)

B. Compliance

The city had a negative cash fund balance in the Lear/Krebs Intersection fund in the amount of \$6,926, indicating that revenue from other sources were used to pay obligations contrary to Ohio Revised Cod Section 5705.10(H).

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

<u>FUND</u>	<u>Total Estimated Resources</u>	<u>Total Appropriations</u>	<u>Variance</u>
<u>General Bond Retirement (Unvoted)</u>			
Original & Final Budget	\$ 6,502,889	\$ 12,483,187	\$ (5,980,298)
<u>Pool Renovation Fund</u>			
Final Budget	68,197	68,667	(470)
<u>Water Fund</u>			
Final Budget	32,606,446	34,362,405	(1,755,959)
<u>Sewer Fund</u>			
Original Budget	19,944,200	35,818,112	(15,873,912)
Final Budget	16,605,707	41,601,319	(24,995,612)

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

<u>Fund</u>	<u>Final Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<u>General Fund</u>			
Fire			
Personal Services	\$ 2,399,375	\$ 2,452,140	\$ (52,765)
Building Inspection			
Personal Services	380,845	384,594	(3,749)
Transportation			
Personal Services	1,864,745	1,874,788	(10,043)
Legal Council			
Personal Services	220,220	222,997	(2,777)
Other	258,073	263,295	(5,222)
Finance			
Personal Services	351,160	354,875	(3,715)
City Engineering			
Other	24,893	26,106	(1,213)

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 5: **ACCOUNTABILITY AND COMPLIANCE** (Continued)

Fund	Final Appropriations	Actual Expenditures	Variance
<u>Income Tax Transfer Fund</u>			
Income tax			
Other	\$ 150,000	\$ 247,377	\$ (97,377)
<u>Street Construction, Maintenance and Repair Fund</u>			
Transportation			
Personal Services	832,670	835,484	(2,814)
<u>Paramedic Fund</u>			
Fire			
Personal Services	1,176,825	1,184,592	(7,767)
<u>Court Security Fund</u>			
Police			
Other	3,746	5,112	(1,366)
<u>Cove Avenue Improvements Fund</u>			
Transfers Out	-	17,034	(17,034)

NOTE 6: **DEPOSITS AND INVESTMENTS**

A. **Legal Requirements**

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

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

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

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

1. Bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

A. **Legal Requirements** (Continued)

3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase.
4. Bonds and other obligations of the State of Ohio.
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
6. The State Treasurer's investment pool (STAR Ohio).

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

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

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

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

B. **Deposits**

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$2,658,375 and \$2,645 in petty cash with the bank balance at \$2,950,966. The City's bank balance of \$825,476 was covered by federal depository insurance with the remaining amount of \$2,125,490 uninsured and collateralized.

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

C. Investments

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

Investments are reported at fair value. As of December 31, 2015, the City had the following investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
Federal Home Loan Bank	\$ 531,060	05/17/17-11/17/17
Federal Home Loan Mortgage Corp.	473,125	n/a
Federal National Mtg Assn.	298,869	1/12/15-1/21/20
Freddie Mac	2,959,777	5/27/16-6/13/18
Fannie Mae	4,587,707	4/11/16-6/22/20
United States Treasury Notes	5,520,765	01/31/16-8/31/20
Money Market Mutual Funds	50	n/a
STAR Ohio	4,368,395	n/a
Total Investments	<u>\$ 18,739,748</u>	
Carrying Amount of Deposits	2,658,375	
Petty Cash	2,645	
Total Cash and Investments	<u>\$ 21,400,768</u>	

D. Interest Rate Risk

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

E. Credit Risk

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

The City has no investment policy that addresses credit risk.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

F. **Concentration of Credit Risk**

The following is the City's allocation as of December 31, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment</u>
Federal Home Loan Bank	\$ 531,060	2.83%
Federal Home Loan Mortgage Corp.	473,125	2.52%
Federal Nation Mtg Assn.	298,869	1.59%
Freddie Mac	2,959,777	15.79%
Fannie Mae	4,587,707	24.48%
United States Treasury Notes	5,520,765	29.47%
Money Market Mutual Funds	50	0.00%
STAR Ohio	4,368,395	23.32%
Total Investments	<u>\$ 18,739,748</u>	<u>100.00%</u>

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

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

NOTE 7: **RECEIVABLES**

Receivables at December 31, 2015, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility service) receivable.

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

A. **Property Taxes**

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 7: **RECEIVABLES** (Continued)

B. **Property Taxes** (Continued)

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

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

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

The full tax rate for all City operations for the year ended December 31, 2015 was \$8.12 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2015 property tax receipts were based are as follows:

Real Property - 2015:	
Residential/Agriculture	\$ 656,953,220
Other Real Estate	91,620,740
Tangible Personal Property - 2015:	
Public Utilities	<u>39,187,470</u>
Total Valuation	<u><u>\$ 787,761,430</u></u>

B. **Income Taxes**

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

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

By City ordinance, 75 percent of the income tax proceeds were credited to the General Fund, 20 percent of the income tax proceeds were credited to the Capital Improvement Fund (a capital projects fund) and 5 percent of the income tax proceeds were credited to the General Bond Retirement (Unvoted) Fund (an debt service fund).

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 7: **RECEIVABLES** (Continued)

C. Intergovernmental Revenues

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Homestead and Rollback	\$ 360,326
Gasoline Tax	418,238
Local Government	190,430
Auto Registration	83,830
Avon Lake City School District	30,000
Miscellaneous	53,044
Total Governmental Activities	1,135,868
Business-Type Activities	
Water	986,998
Sewer	1,192,614
Total Business-Type Activities	2,179,612
Total Intergovernmental Receivable	\$ 3,315,480

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 8: CAPITAL ASSETS

	Balances 12/31/2014	Additions	Disposals	Balances 12/31/2015
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 5,283,340	\$ -	\$ -	\$ 5,283,340
Construction in progress	3,557,704	2,660,366	(1,885,692)	4,332,378
Total Nondepreciable Assets	<u>8,841,044</u>	<u>2,660,366</u>	<u>(1,885,692)</u>	<u>9,615,718</u>
Depreciable Assets:				
Buildings and Improvements	21,169,920	186,758	(15,500)	21,341,178
Machinery and Equipment	3,695,884	168,572	(68,671)	3,795,785
Vehicles	4,418,253	346,895	(131,464)	4,633,684
Infrastructure	69,063,477	1,584,155	-	70,647,632
Total Depreciable Assets	<u>98,347,534</u>	<u>2,286,380</u>	<u>(215,635)</u>	<u>100,418,279</u>
Less Accumulated Depreciation				
Buildings and Improvements	(6,074,721)	(524,804)	15,500	(6,584,025)
Machinery and Equipment	(2,753,640)	(144,546)	68,671	(2,829,515)
Vehicles	(2,953,807)	(319,441)	131,464	(3,141,784)
Infrastructure	(39,237,754)	(2,086,718)	-	(41,324,472)
Total Accumulated Depreciation	<u>(51,019,922)</u>	<u>(3,075,509)</u>	<u>215,635</u>	<u>(53,879,796)</u>
Total Depreciable Assets, Net	<u>47,327,612</u>	<u>(789,129)</u>	<u>-</u>	<u>46,538,483</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,168,656</u>	<u>\$ 1,871,237</u>	<u>\$ (1,885,692)</u>	<u>\$ 56,154,201</u>

Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property	\$ 265,133
Leisure Time Activities	325,862
Transportation	2,042,695
Community Environment	982
General Government	440,837
Total Depreciation Expense	<u>\$ 3,075,509</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

	Balances 12/31/2014	Additions	Disposals	Balances 12/31/2015
Business-Type Activities				
Nondepreciable Assets:				
Land	\$ 1,601,738	\$ -	\$ -	\$ 1,601,738
Construction in progress	14,623,203	10,924,808	(5,036,746)	20,511,265
Total Nondepreciable Assets	<u>16,224,941</u>	<u>10,924,808</u>	<u>(5,036,746)</u>	<u>22,113,003</u>
Depreciable Assets:				
Buildings and Improvements	37,420,188	5,047,546	(208,902)	42,258,832
Machinery and Equipment	3,204,054	150,174	(41,704)	3,312,524
Vehicles	771,948	84,260	(42,920)	813,288
Infrastructure	84,665,901	-	-	84,665,901
Total Depreciable Assets	<u>126,062,091</u>	<u>5,281,980</u>	<u>(293,526)</u>	<u>131,050,545</u>
Less Accumulated Depreciation				
Buildings and Improvements	(19,955,306)	(625,902)	193,702	(20,387,506)
Machinery and Equipment	(1,562,650)	(140,885)	41,704	(1,661,831)
Vehicles	(472,030)	(40,351)	42,920	(469,461)
Infrastructure	(21,096,108)	(2,112,440)	-	(23,208,548)
Total Accumulated Depreciation	<u>(43,086,094)</u>	<u>(2,919,578)</u>	<u>278,326</u>	<u>(45,727,346)</u>
Total Depreciable Assets, Net	<u>82,975,997</u>	<u>2,362,402</u>	<u>(15,200)</u>	<u>85,323,199</u>
Business-Type Activities Capital Assets, Net	<u>\$ 99,200,938</u>	<u>\$ 13,287,210</u>	<u>\$ (5,051,946)</u>	<u>\$ 107,436,202</u>

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City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 9: LONG-TERM OBLIGATIONS

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

	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
Governmental Activities				
General Obligation Bonds				
Pin Oak Parkway	2001	2020	2.75% - 4.75%	498,659
LTGO Various Purpose	2009	2017	2.0% - 3.5%	1,430,000
Recreational Facility	2009	2028	3.0% - 5.0%	4,500,000
Refunding	2010	2020	2.0% - 3.75%	3,110,000
Refunding	2012	2028	1.0% - 2.75%	765,000
Refunding	2015	2028	2.0% - 3.0%	2,964,998
Special Assessment Bonds				
Pin Oak Parkway	2001	2020	2.75% - 4.75%	886,341
Refunding	2010	2020	2.0% - 3.75%	1,870,000
Street Improvement Notes				
Canterbury Road	2011	2016	2.95%	925,000
Webber Road	2011	2016	2.95%	146,000
Ohio Public Works Commission Loan				
Walker Road/Bike Lane	2009	2024	0.00%	100,000
Walker Road/Lear Road Intersection	2014	2034	0.00%	125,000
Ohio Water Development Authority Loan				
Jaycox Sewer Separation	2010	2041	3.27%	253,409
Equipment Loan	2012	2017	0.00%	115,000
Business-Type Activities				
General Obligation Bonds				
Refunding	2012	2028	1.0% - 2.75%	3,430,000
Mortgage Revenue Bonds				
Water System Refunding	2005	2026	3.0% - 5.0%	14,075,000
Water System Refunding	2015	2024	2.0% - 2.25%	4,820,000
Ohio Water Development Authority Loans				
Water Plant Expansion	1991	2017	7.84%	9,084,095
Wastewater Improvements	1998	2018	5.76%	638,031
Water System Improvements	2003	2025	4.51%	4,764,656
Fay/Vineyard Sanitary Sewer	2008	2029	4.15%	1,548,287
Center Road Pump Station	2008	2029	4.28%	1,356,266
LORCO Force Main	2009	2041	3.68%	9,718,470
LORCO Collection Systems	2009	2041	4.08%	19,167,873
Sewer Separation	2010	2041	3.27%	2,764,620
Water Plant Expansion (*)	2013	2044	2.84%	5,086,137
Belmar Sewer Separation	2013	2044	2.94%	6,041,988
Additional Storage and Interconnection HAB (*)	2015	2038	0.18%	4,497,482

* - OWDA project remains open as of December 31, 2015

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

Changes in the City's long-term obligations during 2015 were as follows:

	Restated Outstanding 12/31/2014	Additions	Reductions	Outstanding 12/31/2015	Amount Due in One Year
Governmental activities					
General obligation bonds					
Pin Oak Parkway (2001)					
various % through 2020	\$ 84,659	\$ -	\$ 41,400	\$ 43,259	\$ 43,259
Various purpose (2009)					
various % through 2017	590,000	-	185,000	405,000	200,000
Recreational facility (2009)					
various % through 2028	3,550,000	-	2,965,000	585,000	185,000
Refunding bonds (2010)					
various through 2020	2,045,000	-	320,000	1,725,000	320,000
Unamortized premium	25,262	-	7,048	18,214	-
Refunding bonds (2012)					
various through 2028	705,000	-	45,000	660,000	45,000
Unamortized premium	9,483	-	654	8,829	-
Refunding bonds (2015)					
Recreational Facilities through 2028	-	2,705,000	20,000	2,685,000	40,000
CAB Bond		259,998	-	259,998	-
Accretion on Bond	-	22,817	-	22,817	-
Unamortized premium	-	344,216	12,293	331,923	-
Total general obligation bonds	<u>7,009,404</u>	<u>3,332,031</u>	<u>3,596,395</u>	<u>6,745,040</u>	<u>833,259</u>
Special assessment bonds					
Pin Oak Parkway (2001)					
various % through 2020	150,341	-	73,600	76,741	76,741
Refunding bonds (2010)					
various % through 2020	1,250,000	-	190,000	1,060,000	200,000
Unamortized premium	15,344	-	4,268	11,076	-
Total special assessment bonds	<u>1,415,685</u>	<u>-</u>	<u>267,868</u>	<u>1,147,817</u>	<u>276,741</u>
Long-Term Notes Payable					
Street Improvement Notes (2011)					
2.9 % through 2016	625,914	-	-	625,914	625,914
Unamortized premium	870	-	580	290	-
Total long-term notes payable	<u>626,784</u>	<u>-</u>	<u>580</u>	<u>626,204</u>	<u>625,914</u>
OPWC loan- Walker Rd/Bike Lane					
0.0% through 2024	63,333	-	6,667	56,666	6,667
OPWC loan- Walker Rd/Lear Rd Intersection					
Upgrade, 0.0% through 2034	125,000	-	6,250	118,750	6,250
OWDA loan - Jaycox Sewer					
Separation, 3.27% through 2041	232,081	-	5,779	226,302	5,969
Total loans	<u>420,414</u>	<u>-</u>	<u>18,696</u>	<u>401,718</u>	<u>18,886</u>
Net Pension Liability					
OPERS	3,278,349	75,758	-	3,354,107	-
OP&F	11,359,972	723,313	-	12,083,285	-
Total Net Pension Liability	<u>14,638,321</u>	<u>799,071</u>	<u>-</u>	<u>15,437,392</u>	<u>-</u>
Equipment loan	69,000	-	23,000	46,000	23,000
Landfill postclosure costs	532,130	4,656	66,516	470,270	67,181
Police pension liability	86,868	-	2,736	84,132	2,854
Compensated absences	1,587,084	514,747	501,782	1,600,049	503,358
Total Governmental activities	<u>\$ 26,385,690</u>	<u>\$ 4,650,505</u>	<u>\$ 4,477,573</u>	<u>\$ 26,558,622</u>	<u>\$ 2,351,193</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

	Restated Outstanding 12/31/2014	Additions	Reductions	Outstanding 12/31/2015	Amount Due in One Year
Business-type activities					
General obligation bonds					
Refunding bonds (2012)					
various % through 2028	\$ 3,175,000	\$ -	\$ 210,000	\$ 2,965,000	\$ 210,000
Unamortized premium	43,282	-	2,985	40,297	-
Total general obligation bonds	<u>3,218,282</u>	<u>-</u>	<u>212,985</u>	<u>3,005,297</u>	<u>210,000</u>
Mortgage revenue bonds					
Water system refunding (2005)					
various % through 2026	6,210,000	-	6,210,000	-	-
Water system refunding (2015)					
various % through 2026	-	4,820,000	600,000	4,220,000	285,000
Unamortized premium	-	57,399	3,189	54,210	-
Total Mortgage revenue bonds	<u>6,210,000</u>	<u>4,877,399</u>	<u>6,813,189</u>	<u>4,274,210</u>	<u>285,000</u>
OWDA					
Water plant expansion (1991)					
7.84% through 2017	1,500,021	-	721,787	778,234	778,234
Wastewater improvements (1998)					
5.76% through 2018	168,256	-	44,856	123,400	47,440
Water system improvements (2003)					
4.51% through 2025	3,018,923	-	230,534	2,788,389	241,048
Fay/Vineyard sanitary sewer (2008)					
4.15% through 2029	1,208,618	-	65,204	1,143,414	67,938
Center Road pump station (2008)					
4.28% through 2029	1,061,832	-	56,764	1,005,068	59,219
LORCO force main (2009)					
3.68% through 2041	9,327,199	-	206,601	9,120,598	214,273
LORCO collection system (2009)					
4.08% through 2041	18,121,256	-	378,017	17,743,239	393,598
Sewer separation (2010)					
3.27% through 2041	2,531,944	-	63,041	2,468,903	65,119
Water Plant Expansion (2013)					
2.84% through 2044	4,548,163	268,274	112,478	4,703,959	-
Belmar Sewer Separation (2013)					
2.94% through 2044	4,581,792	179,217	90,756	4,670,253	52,913
Additional Storage and Interconnection HAB (2015)					
0.18% through 2038	-	4,497,482	1,681	4,495,801	-
Total OWDA	<u>46,068,004</u>	<u>4,944,973</u>	<u>1,971,719</u>	<u>49,041,258</u>	<u>1,919,782</u>
Net Pension Liability - OPERS	3,486,713	80,573	-	3,567,286	-
Compensated absences	597,931	175,609	177,755	595,785	198,122
Total business-type activities	<u>\$ 59,580,930</u>	<u>\$ 10,078,554</u>	<u>\$ 9,175,648</u>	<u>\$ 60,483,836</u>	<u>\$ 2,612,904</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

General obligation bonds, other than the enterprise general obligation and mortgage revenue bonds, along with the Ohio Public Works Commission Loans will be paid from the General Bond Retirement Debt Service Fund from income taxes. Ohio Water Development Authority loans will be repaid from resources within the Water and Sewer Funds. Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The equipment loan will be paid from the Paramedic Fund. The police pension liability will be paid from taxes received in the Police Pension Special Revenue Fund. Landfill post-closure costs are based on estimates as of December 31, 2015. The actual costs may be higher due to inflation, changes in technology, or changes in regulations and they will be paid from the General Fund. Compensated absences will be paid from the fund which the employees' salaries are paid. See note 12 for further information regarding net pension liability.

On March 28, 2001, the City issued \$16,746,758 in total Various Purpose Improvement and Refunding Bonds, Series 2001. These bonds are unvoted general obligations of the City, issued to finance the permanent improvements described in the Bonds, and to advance refund existing 1994 Various Purpose General Obligation Bonds debt at a more favorable borrowing rate. \$8,752,661 of the proceeds were used to refund all of the Series 1994 outstanding in the amount of \$8,465,000. Enterprise funds are responsible for \$8,227,501, and \$525,160 is the responsibility of the governmental debt service fund. The original bonds were issued for the purpose of paying the costs of (a) constructing improvements, additions or extensions to the City's water distribution system within and without the City, including acquiring real estate and easements therefore; (b) construction improvements to the City's sewage system; (c) widening and resurfacing portions of Walker Road; and (d) issuing the bonds. All the reissued debt consists of serial bonds with final maturity in 2014, with the exception of 2010 which were capital appreciation bonds in the amount of \$695,000.

A portion of the bonds mentioned above, \$4,994,101 were used to retire \$5,000,000 in 2000 Series Notes, maturity date March 29, 2001, to pay a portion of the construction, furnishing and equipping a new City safety center along with renovations to the adjacent City fire station. Also, \$2,999,996 of bonds were issued to retire \$3,000,000 in 2000 Series Notes, maturing on March 29, 2001 to pay for the construction of a trunk storm sewer (CALDP 2001).

These bonds consisted of serial, term, and capital appreciation bonds. The capital appreciation bonds are not subject to prior redemption. The term bonds have annual mandatory sinking fund redemption requirements, and there are optional redemption provisions for the serial bonds. The term bonds mature on December 1, 2020 in the amount of \$3,270,000, at a redemption price equal to 100 percent of the principal plus accrued interest to the redemption date. The serial bonds maturing on or after December 1, 2012 are subject to redemption, by and at the sole option of the City in whole at any time or in part on any interest payment date on or after December 1, 2011 in multiples of \$5,000 at the redemption price or 100 percent of the amount to be redeemed plus accrued interest to the date of redemption.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

Mandatory Sinking Fund Redemption - The bonds maturing on December 1, 2020 are subject to mandatory redemption, pursuant to Sinking Fund Requirements, at a redemption price of 100% of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in each of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2016	\$505,000
2017	530,000
2018	560,000
2019	585,000

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

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

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

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the refunded 2001 Various Improvement Bonds. As a result, \$4,955,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. The amount still outstanding as December 31, 2015 is \$2,790,000.

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

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

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

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

On March 24, 2015, the City issued \$4,820,000 water system mortgage revenue refunding bonds, series 2015. The bonds were issued to refund certain Water System Mortgage – Revenue Refunding Serial bonds, Series 2005. The bonds were issued with interest rates ranging from 2.00 percent to 2.25 percent. The bonds were issued for a fourteen-year period with the final maturity during fiscal year 2029.

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the refunded 2005 water system mortgage revenue bonds. As a result, \$5,815,000 of these bonds was considered defeased and the liability of the refunding bonds has been removed from the City's financial statements. The amount still outstanding at December 31, 2015 is \$5,815,000.

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

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

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

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

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

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

During 2013, the City entered into a loan agreement with OWDA for the water plant expansion project. The loan has a fixed rate of 2.84 percent interest over a thirty-year period beginning July 1, 2014 through January 1, 2044. As of December 2015, the loan balance for the portion of the project completed was \$5,086,137. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2013, the City entered into a loan agreement with OWDA for the Belmar sewer separation project. The loan has a fixed rate of 2.94 percent interest over a thirty-year period beginning January 1, 2015 through July 1, 2044. As of December 2015, the loan balance for the portion of the project completed was \$6,041,988. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2015, the City entered into a loan agreement with OWDA for the Additional Storage and Interconnection HAB project. The loan has a fixed rate of 0.18 percent interest over a twenty-year period beginning July 1, 2018 through January 1, 2038. As of December 2015, the loan balance for the portion of the project completed was \$4,495,801. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

Principal and interest requirements to retire long-term obligations, except landfill post-closure costs, promissory note, compensated absences, police pension, and capital leases, at December 31, 2015 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 833,259	\$ 182,612	\$ 276,741	\$ 39,798	\$ 5,969	\$ 7,352
2017	830,000	156,425	415,000	53,638	6,166	7,155
2018	742,774	251,514	445,000	24,574	6,369	6,952
2019	517,224	258,914	-	-	6,579	6,742
2020	670,000	102,813	-	-	6,796	6,525
2021-2025	1,655,000	310,808	-	-	37,491	29,112
2026-2030	1,115,000	66,239	-	-	44,092	22,511
2031-2035	-	-	-	-	51,856	14,748
2036-2040	-	-	-	-	60,985	5,617
	<u>\$ 6,363,257</u>	<u>\$ 1,329,325</u>	<u>\$ 1,136,741</u>	<u>\$ 118,010</u>	<u>\$ 226,302</u>	<u>\$ 106,713</u>

Year Ended	Governmental Activities				
	Notes		OPWC Loan	Total	Total
	Principal	Interest	Principal	Principal	Interest
2016	\$ 625,914	\$ 15,776	\$ 12,917	\$ 1,754,800	\$ 245,538
2017	-	-	12,917	1,264,083	217,218
2018	-	-	12,917	1,207,060	283,040
2019	-	-	12,917	536,720	265,656
2020	-	-	12,917	689,713	109,338
2021-2025	-	-	54,581	1,747,072	339,920
2026-2030	-	-	31,250	1,190,342	88,750
2031-2035	-	-	25,000	76,856	14,748
2036-2040	-	-	-	60,985	5,617
	<u>\$ 625,914</u>	<u>\$ 15,776</u>	<u>\$ 175,416</u>	<u>\$ 8,527,630</u>	<u>\$ 1,569,824</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

Year Ended	Business-Type Activities			
	General Obligation Bonds		Mortgage Revenue Bond	
	Principal	Interest	Principal	Interest
2016	\$ 210,000	\$ 66,613	\$ 285,000	\$ 86,750
2017	210,000	62,413	100,000	81,050
2018	215,000	58,213	150,000	79,050
2019	215,000	53,913	600,000	76,050
2020	215,000	49,613	600,000	64,050
2021-2025	1,160,000	179,084	2,485,000	131,700
2026-2028	740,000	40,089	-	-
	<u>\$ 2,965,000</u>	<u>509,938</u>	<u>\$ 4,220,000</u>	<u>\$ 518,650</u>

Year Ended	Business-Type Activities			
	OWDA Loans		Total	Total
	Principal	Interest	Principal	Interest
2016	\$ 1,919,782	\$ 1,474,283	\$ 2,414,782	\$ 1,627,646
2017	1,242,270	1,440,440	1,552,270	1,583,903
2018	1,265,590	1,389,775	1,630,590	1,527,038
2019	1,289,438	1,338,577	2,104,438	1,468,540
2020	1,341,087	1,286,849	2,156,087	1,400,512
2021-2025	7,374,647	5,581,715	11,019,647	5,892,499
2026-2030	6,693,174	4,189,685	7,433,174	4,229,774
2031-2035	7,340,049	2,891,113	7,340,049	2,891,113
2036-2040	8,850,660	1,378,408	8,850,660	1,378,408
2040-2044	2,524,801	250,496	2,524,801	250,496
	<u>\$ 39,841,498</u>	<u>\$ 21,221,341</u>	<u>\$ 47,026,498</u>	<u>\$ 22,249,929</u>

There are two OWDA loans where the final amortization schedules have not been completed as of December 31, 2015, due to them being in the construction phase. Therefore, the previous table does not include outstanding principal and interest payments for those OWDA loans. This information will be provided once final amortization schedules are available.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 10: SHORT-TERM OBLIGATIONS

Changes in the City's short-term obligations during 2015 were as follows:

	Outstanding 12/31/2014	Additions	Reductions	Outstanding 12/31/2015
Short-Term Notes Payable				
<i>Governmental Activities</i>				
Various Purpose Improvement				
Notes (2014) 1.00% through 2015	\$ 5,329,000	\$ -	\$ 5,329,000	\$ -
Various Purpose Improvement				
Notes (2015) 2.00% through 2016	-	5,211,000	-	5,211,000
Unamortized premium	20,956	78,321	56,853	42,424
<i>Total Governmental Activities</i>	<u>5,349,956</u>	<u>5,289,321</u>	<u>5,385,853</u>	<u>5,253,424</u>
<i>Water</i>				
Various Purpose Improvement				
Notes (2014) 1.00% through 2015	1,000,000	-	1,000,000	-
Various Purpose Improvement				
Notes (2015) 2.00% through 2016	-	1,500,000	-	1,500,000
Unamortized premium	3,932	22,545	14,265	12,212
<i>Total Water</i>	<u>1,003,932</u>	<u>1,522,545</u>	<u>1,014,265</u>	<u>1,512,212</u>
<i>Sewer</i>				
Various Purpose Improvement				
Notes (2014) 1.00% through 2015	6,000,000	-	6,000,000	-
Various Purpose Improvement				
Notes (2015) 2.00% through 2016	-	5,000,000	-	5,000,000
Unamortized premium	23,595	75,150	58,039	40,706
<i>Total Sewer</i>	<u>6,023,595</u>	<u>5,075,150</u>	<u>6,058,039</u>	<u>5,040,706</u>
<i>Total Business-Type Activities</i>	<u>7,027,527</u>	<u>6,597,695</u>	<u>7,072,304</u>	<u>6,552,918</u>
Total Short-Term Notes Payable	<u>\$ 12,377,483</u>	<u>\$ 11,887,016</u>	<u>\$ 12,458,157</u>	<u>\$ 11,806,342</u>

On July 13, 2015, the City issued various purpose bond anticipation notes in the amount of \$11,711,000. These bond anticipation notes will mature on July 13, 2016 and carry an annual interest rate of 2.00 percent. The 2015 bond anticipation notes were issued to retire the 2014 bond anticipation notes.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 11: OPERATING LEASES

The City is obligated under leases accounted for as operating leases. Total lease expense for the year ended December 31, 2015, was \$14,217 for Governmental Activities and \$5,557 for Business-type Activities. The following is a schedule of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2015.

Year Ending December 31,	Governmental Activities	Business-Type Activities
2016	\$ 10,971	\$ 4,000
2017	4,581	4,000
2018	-	4,000
2019	-	4,000
2020	-	4,000
thereafter	-	348,000
Total Minimum Lease Payments	\$ 15,552	\$ 368,000

NOTE 12: DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

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

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

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

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contributions was \$867,716 for 2015. Of this amount, \$82,742 is reported as an intergovernmental payable.

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,007,282 for 2015. Of this amount, \$77,793 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2015, the specific liability of the City was \$84,132 payable in semi-annual payments through the year 2035.

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

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

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Pension Plan</u>	<u>OP&F Police</u>	<u>OP&F Fire</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability/(Asset)	\$6,921,393	(\$9,897)	\$5,195,688	\$ 6,887,597	\$18,994,781
Proportion of the Net Pension Liability/Asset	0.057386%	0.025707%	0.1002948%	0.1329545%	
Pension Expense	755,681	6,577	507,756	675,421	1,945,435

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

	<u>OPERS</u>	<u>OP&F Police</u>	<u>OP&F Fire</u>	<u>Total</u>
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$369,910	\$223,929	\$296,849	\$890,688
City contributions subsequent to the measurement date	867,716	432,260	575,022	1,874,998
Total Deferred Outflows of Resources	<u>\$1,237,626</u>	<u>\$656,189</u>	<u>\$871,871</u>	<u>\$2,765,686</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	<u>\$124,615</u>	<u>\$0</u>	<u>\$0</u>	<u>\$124,615</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

\$1,874,998 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F Police</u>	<u>OP&F Fire</u>	<u>Total</u>
2016	\$36,014	\$55,982	\$74,212	\$166,208
2017	36,014	55,982	74,212	\$166,208
2018	82,732	55,982	74,212	\$212,926
2019	92,118	55,983	74,213	\$222,314
2020	(359)	0	0	(359)
Thereafter	<u>(1,224)</u>	<u>0</u>	<u>0</u>	<u>(1,224)</u>
Total	<u>\$245,295</u>	<u>\$223,929</u>	<u>\$296,849</u>	<u>\$766,073</u>

E. Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The total pension asset in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 8.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

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

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

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

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

City's proportionate share of the net pension liability/(asset)	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Traditional Pension Plan	\$12,733,380	\$6,921,393	\$2,026,300
Combined Plan	\$1,285	(\$9,897)	(\$18,766)

F. Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2014 are summarized below:

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

* levered 2x

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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	16,713,012.95	\$12,083,285	8,163,315.48

NOTE 13: **POST-EMPLOYMENT BENEFITS**

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

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten 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 No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 13: POST-EMPLOYMENT BENEFITS

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 in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, State and Local employers contributed at a rate of 14.00 percent of earnable salary and Public Safety and Law Enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.00 percent during calendar year 2015. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.00 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA participants in the Member-Directed Plan for 2015 was 4.50 percent. The City's actual employer contributions for December 31, 2015, 2014 and 2013 which were used to fund post-employment benefits were \$150,522, \$148,229, and \$70,362, respectively. For 2015, 92.15 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2015.

A. Ohio Police and Fire Pension Fund – OP&F

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 Trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.50 percent of covered payroll from January 1, 2015 thru December 31, 2015. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of the Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$11,318 and \$12,198 for the year ended December 31, 2015, \$11,017 and \$11,866 for the year ended December 31, 2014, and \$80,444 and \$81,910 for the year ended December 31, 2013, respectively. For 2015, 92.06 percent has been contributed for police and 92.70 percent has been contributed for firefighters with the balance for both police and firefighters are being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 14: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2015, the City contracted with Argonaut Insurance Company for the following types of insurance:

Argonaut Insurance Company	Blanket Building and Content Replacement	\$ 62,954,111
	Miscellaneous Equipment	5,467,274
	Earthquake Coverage	1,000,000
	Flood Coverage	1,000,000
	Hazardous Substance	100,000
	Public Employee Dishonesty	100,000
	Faithful Performance of Duty	100,000
	Money and Securities In/Out Coverage	100,000
	Forgery and Alteration	25,000
	General Liability - Each Occurrence	1,000,000
	Employee Benefits Liability	1,000,000
	Law Enforcement Liability - Each Occurrence	1,000,000
	Public Official Liability - Each Occurrence	1,000,000
	Employment Practice - Each Occurrence	1,000,000
	Automobile Liability	1,000,000
	Excess Liability - Each Occurrence	5,000,000
	Terrorism Insurance	Included
	Cyber Liability	1,000,000

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

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

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS AND JOINT VENTURE

A. Lorain County Community Alliance Council of Governments

The City is a member of the Lorain County Community Alliance (Alliance) which is a council of governments formed under Ohio Revised Code Section 167. The Alliance is comprised of public members that have voting privileges and other citizen, business, and agency members that have no voting privileges. The Alliance includes nine cities, four villages, and nine townships members along with 38 associate members.

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

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

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

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each community then elect one person to serve on the eight-member NOPEC Board of Directors. In 2015, the City made no contributions to NOPEC. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, at 31360 Solon Road, Suite 33, Solon, Ohio 44139 or at the website www.nopecinfo.org.

C. **Medina-Lorain Water Consortium**

The City is a member of the Medina-Lorain Water Consortium (the Consortium), which is a joint venture between the City of Avon Lake, the Rural Lorain County Water Authority, Medina County, and the City of Medina. The Consortium was created in 1999 for the purpose of construction, operation and maintenance of a water transmission line to serve the members of the Consortium, and for the purpose of bulk water delivery from the City of Avon Lake. There is an ongoing financial responsibility for all parties for the maintenance and repair of the project. The Consortium is governed by representatives of the member parties. The City of Avon Lake serves as the fiscal agent for the Consortium. As of December 31, 2015, the City's equity interest in the Consortium was \$2,371,632. Financial information can be obtained from the City of Avon Lake Finance Director, 150 Avon Belden Road, Avon Lake, Ohio 44012.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 16: CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

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

NOTE 17: INTERFUND TRANSFERS AND BALANCES

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

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

Transfer To	Transfer From					Total
	Governmental Activities			Business-Type Activities		
	General Fund	Income Tax Fund	General Bond Retirement (Unvoted)	General Capital Improvement	Sewer Fund	
<i>Governmental Activities:</i>						
General Bond Retirement (Unvoted)	\$ 77,496	\$ 292,500	\$ -	\$ 995,250	\$ -	\$ 1,365,246
Capital Improvement	100,000	-	-	-	-	100,000
Non-Major Governmental Funds	255,951	-	3,586,000	-	-	3,841,951
Total Governmental Activities	433,447	292,500	3,586,000	995,250	-	5,307,197
<i>Business-Type Activities:</i>						
Water	\$ -	\$ -	\$ -	\$ -	\$ 2,350,000	\$ 2,350,000
Total Business-Type Activities	-	-	-	-	2,350,000	2,350,000
	\$ 433,447	\$ 292,500	\$ 3,586,000	\$ 995,250	\$ 2,350,000	\$ 7,657,197

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

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

	Interfund Receivable	Interfund Payable
Governmental Funds:		
General Fund	\$ 41,926	\$ -
Income Tax Transfer Fund	1,500,000	-
Capital Improvement	-	1,500,000
Non-Major Governmental Funds	193,524	235,450
Total	\$ 1,735,450	\$ 1,735,450

Interfund balances at December 31, 2015 consisted of \$41,926 due to the General Fund, with \$35,000 due from the Troy School Driveway and \$6,926 from the Lear/Krebs Intersection Capital Projects Funds, both non-major governmental funds, \$1,500,000 due to the Income Tax Transfer Fund from the Capital Improvement Fund, and \$193,524 due to the Debt Service Fund from the Cove Avenue Improvement Fund. The General Fund advanced monies to the non-major governmental fund to cover project expenditures in anticipation of payments of \$5,000 per year for ten years from the Avon Lake City School District. The Debt Service Fund issued manuscript debt for Cove Avenue Improvements in anticipation of the collection of special assessments and the Income Tax Transfer Fund issued manuscript debt for Capital Improvements Fund in anticipation of the collection of income taxes. For 2015, \$10,871 in principal payments were paid back to reduce the manuscript debt.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 18: FUND BALANCES

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

<u>Fund Balances</u>	<u>General</u>	<u>Income Tax Fund</u>	<u>General Bond Retirement (Unvoted)</u>	<u>General Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable</i>						
Prepaid Items	\$ 32,966	\$ -	\$ -	\$ 2,684	\$ 839	\$ 36,489
Materials and Supplies Inventory	-	-	-	-	292,528	292,528
Long-term Interfund Balances	35,000	-	-	-	-	35,000
<i>Total Nonspendable</i>	<u>67,966</u>	<u>-</u>	<u>-</u>	<u>2,684</u>	<u>293,367</u>	<u>364,017</u>
<i>Restricted for</i>						
Police Pension	-	-	-	-	57,969	57,969
Fire Pension	-	-	-	-	62,462	62,462
Paramedic Services	-	-	-	-	663,256	663,256
Other Law Enforcement	-	-	-	-	162,663	162,663
Streets and Highways	-	-	-	-	654,417	654,417
Courts	-	-	-	-	323,119	323,119
Debt Service - Voted	-	-	-	-	107,095	107,095
Debt Service - Special Assessments	-	-	-	-	514,058	514,058
Capital Projects	-	-	-	-	2,847,015	2,847,015
Other Purposes	-	-	-	-	15,988	15,988
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,408,042</u>	<u>5,408,042</u>
<i>Committed to</i>						
Termination Benefits	187,203	-	-	-	-	187,203
Dial-A-Bus Program	60,398	-	-	-	-	60,398
Cable TV	10,347	-	-	-	-	10,347
Office on Aging	3,432	-	-	-	-	3,432
Income Tax Allocation	-	4,826,977	-	-	-	4,826,977
Street Trees	-	-	-	-	151,221	151,221
Recreation	-	-	-	-	230,689	230,689
Capital Improvements	-	-	-	-	493,244	493,244
<i>Total Committed</i>	<u>261,380</u>	<u>4,826,977</u>	<u>-</u>	<u>-</u>	<u>875,154</u>	<u>5,963,511</u>
<i>Assigned to</i>						
Fiscal Year 2016 Appropriations	814,009	-	-	-	-	814,009
Police/Court Facility	-	-	-	-	79,494	79,494
Other Capital Projects	-	-	-	-	7,924	7,924
Purchases on Order	402,639	-	-	-	-	402,639
<i>Total Assigned</i>	<u>1,216,648</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,418</u>	<u>1,304,066</u>
<i>Unassigned (Deficit)</i>	1,220,231	-	(3,872,952)	(205,840)	(197,702)	(3,056,263)
Total Fund Balances	<u>\$ 2,766,225</u>	<u>\$ 4,826,977</u>	<u>\$ (3,872,952)</u>	<u>\$ (203,156)</u>	<u>\$ 6,466,279</u>	<u>\$ 9,983,373</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 19: LANDFILL POSTCLOSURE COSTS

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

NOTE 20: CONSTRUCTION COMMITMENTS

As of December 31, 2015, the City had the following significant contractual commitments:

<u>Contractor</u>	<u>Total Contractor Amount</u>	<u>Amount Paid as of 12/31/2015</u>	<u>Remaining on the Contract</u>
<i><u>Business-Type Activities</u></i>			
<i>Storage Improvement Project:</i>			
Storage and Interconnection HAB	\$ 23,323,313	\$ 4,494,967	\$ 18,828,346
<i>Harvey, Yoder, Midway Water Line</i>			
Underground Utilities	479,290	450,069	29,221
<i>Moorewood Area Sewer Separation</i>			
Underground Utilities	6,431,379	6,372,877	58,502
<i>Digester Cleaning Project</i>			
Gullett Sanitation	153,930	126,563	27,367
<i>Total Business-Type Activities</i>	<u>30,387,912</u>	<u>11,444,476</u>	<u>18,943,436</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015
(Continued)

NOTE 21: **OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of December 31, 2015, the City's commitments for encumbrances in the governmental and proprietary funds were as follows:

	Outstanding Encumbrances
<i>Governmental Funds</i>	
General	\$ 477,306
General Capital Improvement	904,598
All Other Governmental Funds	672,100
<i>Total Governmental Funds</i>	2,054,004
<i>Proprietary Funds</i>	
Water	858,368
Sewer	895,084
<i>Total Proprietary Funds</i>	1,753,452
<i>Total All Funds</i>	\$ 3,807,456

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

Traditional Plan	2014	2013
City's Proportion of the Net Pension Liability	0.057386%	0.057386%
City's Proportionate Share of the Net Pension Liability	\$6,921,393	\$6,765,062
City's Covered-Employee Payroll	\$7,058,833	\$6,653,592
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	98.05%	101.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%
Combined Plan	2014	2013
City's Proportion of the Net Pension (Asset)	0.025707%	0.025707%
City's Proportionate Share of the Net Pension (Asset)	(\$9,897)	(\$2,697)
City's Covered-Employee Payroll	\$94,675	\$81,677
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Employee Payroll	10.45%	3.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	114.83%	104.33%

(1) Information prior to 2013 is not available.

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

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

Police	2014	2013
City's Proportion of the Net Pension Liability	0.1002948%	0.1002948%
City's Proportionate Share of the Net Pension Liability	\$5,195,688	\$4,884,671
City's Covered-Employee Payroll	\$2,214,042	\$2,314,971
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	234.67%	211.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%
Fire	2014	2013
City's Proportion of the Net Pension Liability	0.1329545%	0.1329545%
City's Proportionate Share of the Net Pension Liability	\$6,887,597	\$6,475,301
City's Covered-Employee Payroll	\$2,382,868	\$2,348,596
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	289.05%	275.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.20%	73.00%

(1) Information prior to 2013 is not available.

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

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

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

(1) – Information prior to 2013 is not available.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Contractually Required Contributions</u>										
Police	\$432,260	\$420,668	\$364,145	\$304,719	\$296,600	\$276,708	\$288,064	\$324,103	\$415,050	\$228,421
Fire	<u>\$575,022</u>	<u>\$559,974</u>	<u>\$475,121</u>	<u>\$419,600</u>	<u>\$410,338</u>	<u>\$264,793</u>	<u>\$404,045</u>	<u>\$388,406</u>	<u>\$511,330</u>	<u>\$315,661</u>
Total Required Contributions	\$1,007,282	\$980,642	\$839,266	\$724,319	\$706,938	\$541,501	\$692,109	\$712,509	\$926,380	\$544,082
Contributions in Relation to the Contractually Required Contribution	<u>(\$1,007,282)</u>	<u>(\$980,642)</u>	<u>(\$839,266)</u>	<u>(\$724,319)</u>	<u>(\$706,938)</u>	<u>(\$541,501)</u>	<u>(\$692,109)</u>	<u>(\$712,509)</u>	<u>(\$926,380)</u>	<u>(\$544,082)</u>
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered-Employee Payroll										
Police	\$2,275,053	\$2,214,042	\$2,314,971	\$2,389,953	\$2,326,275	\$2,170,259	\$2,259,325	\$2,541,984	\$3,255,294	\$1,944,009
Fire	\$2,446,902	\$2,382,868	\$2,348,596	\$2,432,464	\$2,378,771	\$1,535,032	\$2,342,290	\$2,251,629	\$2,964,232	\$1,942,529
<u>Pension Contributions as a Percentage of Covered-Employee Payroll</u>										
Police	19.00%	19.00%	[2]	12.75%	12.75%	12.75%	12.75%	12.75%	12.75%	11.75%
Fire	23.50%	23.50%	[2]	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%	16.25%

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

Combining Statements



Fund Descriptions – Nonmajor Governmental Funds

Non-Major Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Special Revenue Funds (Continued)

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

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

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

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

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

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

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

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

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

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

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Debt Service Funds

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

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

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

Non-Major Capital Project Funds

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

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

Walker/Moore Rd. Intersection Fund – This fund accounts for the grant revenues construction and improvements to the Walker/Moore Road intersection. This fund did not have a budget in 2015 and therefore no budgetary schedule has been provided.

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

Curtis Sewer Fund – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the Curtis sewer project. This fund did not have a budget in 2015 and therefore no budgetary schedule has been provided.

Miller Rd. Breakwall Fund – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the Miller Rd. breakwall project. This fund did not have a budget in 2015 and therefore no budgetary schedule has been provided.

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

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

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

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Capital Project Funds (Continued)

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

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

City Wide Signalization Fund – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the city-wide signalization project. This fund did not have a budget in 2015 and therefore no budgetary schedule has been provided.

North Point Erosion Fund – This fund accounts for the resources provided through transfers from various funds assigned for the construction and improvement to the North Point erosion project. This fund did not have a budget in 2015 and therefore no budgetary schedule has been provided.

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

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

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

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

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

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 2,305,466	\$ 427,629	\$ 3,917,090	\$ 6,650,185
Materials and Supplies Inventory	292,528	-	-	292,528
Accrued Interest Receivable	24	-	-	24
Accounts Receivable	4,478	-	-	4,478
Interfund Receivable	-	193,524	-	193,524
Intergovernmental Receivable	643,918	19,529	30,000	693,447
Prepaid Items	839	-	-	839
Property and Other Taxes Receivable	1,918,163	309,435	-	2,227,598
Special Assessments Receivable	-	867,962	191,907	1,059,869
Total Assets	\$ 5,165,416	\$ 1,818,079	\$ 4,138,997	\$ 11,122,492
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 59,797	\$ -	\$ 438,590	\$ 498,387
Accrued Wages and Benefits	71,070	-	-	71,070
Intergovernmental Payable	39,613	-	-	39,613
Retainage Payable	-	-	13,075	13,075
Interfund Payable	-	-	235,450	235,450
<i>Total Liabilities</i>	<u>170,480</u>	<u>-</u>	<u>687,115</u>	<u>857,595</u>
Deferred Inflows of Resources:				
Property Taxes	1,864,413	300,762	-	2,165,175
Unavailable Revenue - Delinquent Property Taxes	53,750	8,673	-	62,423
Unavailable Revenue - Other	461,622	887,491	221,907	1,571,020
<i>Total Deferred Inflows of Resources</i>	<u>2,379,785</u>	<u>1,196,926</u>	<u>221,907</u>	<u>3,798,618</u>
Fund Balances:				
Nonspendable	293,367	-	-	293,367
Restricted	1,939,874	621,153	2,847,015	5,408,042
Committed	381,910	-	493,244	875,154
Assigned	-	-	87,418	87,418
Unassigned (Deficits)	-	-	(197,702)	(197,702)
<i>Total Fund Balances</i>	<u>2,615,151</u>	<u>621,153</u>	<u>3,229,975</u>	<u>6,466,279</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,165,416	\$ 1,818,079	\$ 4,138,997	\$ 11,122,492

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Property and Other Taxes	\$ 1,823,256	\$ 295,442	\$ -	\$ 2,118,698
Intergovernmental	1,300,729	19,366	-	1,320,095
Interest	334	9,264	-	9,598
Fines and Forfeitures	93,765	-	-	93,765
Charges for Services	74,494	-	89,836	164,330
Special Assessments	-	290,055	40,226	330,281
All Other Revenues	20,427	-	-	20,427
Total Revenues	<u>3,313,005</u>	<u>614,127</u>	<u>130,062</u>	<u>4,057,194</u>
EXPENDITURES				
Current:				
Security of Persons and Property	1,903,275	-	-	1,903,275
Leisure Time Activities	807	-	-	807
Community Environment	24,412	-	-	24,412
Transportation	1,331,093	-	-	1,331,093
General Government	-	17,810	1,722	19,532
Capital Outlay	-	-	1,351,503	1,351,503
Debt Service:				
Principal Retirement	25,736	468,600	-	494,336
Interest and Fiscal Charges	3,663	170,919	16,718	191,300
Debt Issuance Costs	-	72,188	-	72,188
Total Expenditures	<u>3,288,986</u>	<u>729,517</u>	<u>1,369,943</u>	<u>5,388,446</u>
Excess of Revenues Over (Under) Expenditures	<u>24,019</u>	<u>(115,390)</u>	<u>(1,239,881)</u>	<u>(1,331,252)</u>
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	-	2,964,998	-	2,964,998
Premium on Debt Issuance	-	344,216	-	344,216
Payment to Refunded Bond Escrow Account	-	(3,234,044)	-	(3,234,044)
Transfers In	255,951	-	3,586,000	3,841,951
Total Other Financing Sources (Uses)	<u>255,951</u>	<u>75,170</u>	<u>3,586,000</u>	<u>3,917,121</u>
Net Change in Fund Balances	279,970	(40,220)	2,346,119	2,585,869
Fund Balances - Beginning of Year	2,335,181	661,373	883,856	3,880,410
Fund Balances - End of Year	<u>\$ 2,615,151</u>	<u>\$ 621,153</u>	<u>\$ 3,229,975</u>	<u>\$ 6,466,279</u>

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015

	Street Construction Maintenance and Repair	State Highway	Paramedic	Law Enforcement Trust
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 503,814	\$ 33,680	\$ 772,242	\$ 58,661
Materials and Supplies Inventory	292,528	-	-	-
Accrued Interest Receivable	-	-	-	-
Accounts Receivable	-	-	-	-
Intergovernmental Receivable	475,545	36,725	92,888	-
Prepaid Items	-	-	839	-
Property Taxes Receivable	-	-	1,441,477	-
Total Assets	\$ 1,271,887	\$ 70,405	\$ 2,307,446	\$ 58,661
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 12,770	\$ -	\$ 47,027	\$ -
Accrued Wages and Benefits	29,911	-	36,757	-
Intergovernmental Payable	11,830	-	25,202	-
<i>Total Liabilities</i>	<u>54,511</u>	<u>-</u>	<u>108,986</u>	<u>-</u>
Deferred Inflows of Resources:				
Property Taxes	-	-	1,400,979	-
Unavailable Revenue - Delinquent Property Taxes	-	-	40,498	-
Unavailable Revenue - Other	311,125	29,711	92,888	-
<i>Total Deferred Inflows of Resources</i>	<u>311,125</u>	<u>29,711</u>	<u>1,534,365</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Nonspendable	292,528	-	839	-
Restricted	613,723	40,694	663,256	58,661
Committed	-	-	-	-
<i>Total Fund Balances</i>	<u>906,251</u>	<u>40,694</u>	<u>664,095</u>	<u>58,661</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,271,887	\$ 70,405	\$ 2,307,446	\$ 58,661

Law Enforcement Education	Indigent Drivers Alcohol Treatment	Municipal Court Computer	COPS	Avon Lake Bay Park	Board of Building Standards	Street Tree
\$ 28,729	\$ 57,627	\$ 146,590	\$ 12,144	\$ 432	\$ 1,691	\$ 151,221
-	-	-	-	-	-	-
-	-	-	-	-	-	-
60	379	1,905	-	-	-	-
-	-	-	10,862	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 28,789</u>	<u>\$ 58,006</u>	<u>\$ 148,495</u>	<u>\$ 23,006</u>	<u>\$ 432</u>	<u>\$ 1,691</u>	<u>\$ 151,221</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,529	-	-	-
-	310	-	1,960	-	-	-
-	310	-	5,489	-	-	-

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

-	-	-	-	-	-	-
28,789	57,696	148,495	17,517	432	1,691	-
-	-	-	-	-	-	151,221
<u>28,789</u>	<u>57,696</u>	<u>148,495</u>	<u>17,517</u>	<u>432</u>	<u>1,691</u>	<u>151,221</u>
<u>\$ 28,789</u>	<u>\$ 58,006</u>	<u>\$ 148,495</u>	<u>\$ 23,006</u>	<u>\$ 432</u>	<u>\$ 1,691</u>	<u>\$ 151,221</u>

(Continued)

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2015
(Continued)

	Continued Professional Training	Court Security	Court Interlock
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 13,865	\$ 85,160	\$ 88,514
Materials and Supplies Inventory	-	-	-
Accrued Interest Receivable	-	-	-
Accounts Receivable	-	1,884	250
Intergovernmental Receivable	-	-	-
Prepaid Items	-	-	-
Property Taxes Receivable	-	-	-
Total Assets	\$ 13,865	\$ 87,044	\$ 88,764
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Wages and Benefits	-	873	-
Intergovernmental Payable	-	311	-
<i>Total Liabilities</i>	<i>-</i>	<i>1,184</i>	<i>-</i>
Deferred Inflows of Resources:			
Property Taxes	-	-	-
Unavailable Revenue - Delinquent Property Taxes	-	-	-
Unavailable Revenue - Other	-	-	-
<i>Total Deferred Inflows of Resources</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fund Balances:			
Reserved for:			
Nonspendable	-	-	-
Restricted	13,865	85,860	88,764
Committed	-	-	-
<i>Total Fund Balances</i>	<i>13,865</i>	<i>85,860</i>	<i>88,764</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,865	\$ 87,044	\$ 88,764

Police Pension	Fire Pension	Recreation Trust	Total Nonmajor Special Revenue Funds
\$ 57,969	\$ 62,462	\$ 230,665	\$ 2,305,466
-	-	-	292,528
-	-	24	24
-	-	-	4,478
13,949	13,949	-	643,918
-	-	-	839
238,343	238,343	-	1,918,163
<u>\$ 310,261</u>	<u>\$ 314,754</u>	<u>\$ 230,689</u>	<u>\$ 5,165,416</u>
\$ -	\$ -	\$ -	\$ 59,797
-	-	-	71,070
-	-	-	39,613
<u>-</u>	<u>-</u>	<u>-</u>	<u>170,480</u>
231,717	231,717	-	1,864,413
6,626	6,626	-	53,750
13,949	13,949	-	461,622
<u>252,292</u>	<u>252,292</u>	<u>-</u>	<u>2,379,785</u>
-	-	-	293,367
57,969	62,462	-	1,939,874
-	-	230,689	381,910
<u>57,969</u>	<u>62,462</u>	<u>230,689</u>	<u>2,615,151</u>
<u>\$ 310,261</u>	<u>\$ 314,754</u>	<u>\$ 230,689</u>	<u>\$ 5,165,416</u>

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

	Street Construction Maintenance and Repair	State Highway	Paramedic	Law Enforcement Trust
REVENUES				
Property Taxes	\$ -	\$ -	\$ 1,401,196	\$ -
Intergovernmental	1,050,234	67,968	92,116	-
Interest	245	69	-	-
Fines and Forfeitures	-	-	-	2,739
Charges for Services	-	-	-	-
All Other Revenues	-	20,427	-	-
Total Revenues	<u>1,050,479</u>	<u>88,464</u>	<u>1,493,312</u>	<u>2,739</u>
EXPENDITURES				
Current:				
Security of Persons and Property:	-	-	1,365,187	-
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Transportation	1,179,347	151,746	-	-
Principal Retirement	-	-	23,000	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>1,179,347</u>	<u>151,746</u>	<u>1,388,187</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(128,868)</u>	<u>(63,282)</u>	<u>105,125</u>	<u>2,739</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	200,000	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	71,132	(63,282)	105,125	2,739
Fund Balances - Beginning of Year	835,119	103,976	558,970	55,922
Fund Balances - End of Year	<u>\$ 906,251</u>	<u>\$ 40,694</u>	<u>\$ 664,095</u>	<u>\$ 58,661</u>

<u>Law Enforcement Education</u>	<u>Indigent Drivers Alcohol Treatment</u>	<u>Municipal Court Computer</u>	<u>COPS</u>	<u>Avon Lake Bay Park</u>	<u>Board of Building Standards</u>	<u>Street Tree</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	52,165	-	-	-
-	-	-	-	-	-	-
1,280	9,539	32,454	-	-	-	-
-	-	-	-	-	3,561	21,618
-	-	-	-	-	-	-
<u>1,280</u>	<u>9,539</u>	<u>32,454</u>	<u>52,165</u>	<u>-</u>	<u>3,561</u>	<u>21,618</u>
-	-	28,744	103,888	-	-	-
-	-	-	-	-	-	807
-	20,851	-	-	-	3,561	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>20,851</u>	<u>28,744</u>	<u>103,888</u>	<u>-</u>	<u>3,561</u>	<u>807</u>
<u>1,280</u>	<u>(11,312)</u>	<u>3,710</u>	<u>(51,723)</u>	<u>-</u>	<u>-</u>	<u>20,811</u>
-	-	-	55,951	-	-	-
-	-	-	-	-	-	-
-	-	-	55,951	-	-	-
<u>1,280</u>	<u>(11,312)</u>	<u>3,710</u>	<u>4,228</u>	<u>-</u>	<u>-</u>	<u>20,811</u>
27,509	69,008	144,785	13,289	432	1,691	130,410
<u>\$ 28,789</u>	<u>\$ 57,696</u>	<u>\$ 148,495</u>	<u>\$ 17,517</u>	<u>\$ 432</u>	<u>\$ 1,691</u>	<u>\$ 151,221</u>

(Continued)

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2015
(Continued)

	Continued Professional Training	Court Security	Court Interlock
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental	2,640	-	-
Interest	-	-	-
Fines and Forfeitures	-	32,210	15,543
Charges for Services	-	-	-
All Other Revenues	-	-	-
Total Revenues	<u>2,640</u>	<u>32,210</u>	<u>15,543</u>
EXPENDITURES			
Current:			
Security of Persons and Property:	-	36,496	598
Leisure Time Activities	-	-	-
Community Environment	-	-	-
Transportation	-	-	-
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>-</u>	<u>36,496</u>	<u>598</u>
Excess of Revenues Over (Under) Expenditures	<u>2,640</u>	<u>(4,286)</u>	<u>14,945</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,640	(4,286)	14,945
Fund Balances - Beginning of Year	11,225	90,146	73,819
Fund Balances - End of Year	<u>\$ 13,865</u>	<u>\$ 85,860</u>	<u>\$ 88,764</u>

Police Pension	Fire Pension	Recreation Trust	Total Nonmajor Special Revenue Funds
\$ 211,030	\$ 211,030	\$ -	\$ 1,823,256
17,803	17,803	-	1,300,729
-	-	20	334
-	-	-	93,765
-	-	49,315	74,494
-	-	-	20,427
<u>228,833</u>	<u>228,833</u>	<u>49,335</u>	<u>3,313,005</u>
176,619	191,743	-	1,903,275
-	-	-	807
-	-	-	24,412
-	-	-	1,331,093
2,736	-	-	25,736
3,663	-	-	3,663
<u>183,018</u>	<u>191,743</u>	<u>-</u>	<u>3,288,986</u>
<u>45,815</u>	<u>37,090</u>	<u>49,335</u>	<u>24,019</u>
-	-	-	255,951
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>255,951</u>
45,815	37,090	49,335	279,970
12,154	25,372	181,354	2,335,181
<u>\$ 57,969</u>	<u>\$ 62,462</u>	<u>\$ 230,689</u>	<u>\$ 2,615,151</u>

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2015

	GO Bond Retirement (Voted)	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 107,095	\$ 320,534	\$ 427,629
Interfund Receivable	-	193,524	193,524
Intergovernmental Receivable	19,529	-	19,529
Property Taxes Receivable	309,435	-	309,435
Special Assessments Receivable	-	867,962	867,962
Total Assets	\$ 436,059	\$ 1,382,020	\$ 1,818,079
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred Inflows of Resources:			
Property Taxes and Payments in Lieu of Taxes	300,762	-	300,762
Unavailable Revenue - Delinquent Property Taxes	8,673	-	8,673
Unavailable Revenue - Other	19,529	867,962	887,491
<i>Total Deferred Inflows of Resources</i>	<i>328,964</i>	<i>867,962</i>	<i>1,196,926</i>
Fund Balances:			
Restricted	107,095	514,058	621,153
<i>Total Fund Balances</i>	<i>107,095</i>	<i>514,058</i>	<i>621,153</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 436,059	\$ 1,382,020	\$ 1,818,079

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2015

	GO Bond Retirement (Voted)	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
REVENUES			
Property Taxes	\$ 295,442	\$ -	\$ 295,442
Intergovernmental	19,366	-	19,366
Interest	-	9,264	9,264
Special Assessments	-	290,055	290,055
Total Revenues	314,808	299,319	614,127
EXPENDITURES			
Current:			
General Government	4,909	12,901	17,810
Debt Service:			
Principal Retirement	205,000	263,600	468,600
Interest and Fiscal Charges	122,663	48,256	170,919
Debt Issuance Costs	72,188	-	72,188
Total Expenditures	404,760	324,757	729,517
Excess Revenues Over Expenditures	(89,952)	(25,438)	(115,390)
OTHER FINANCING SOURCES			
General Obligation Bonds Issued	2,964,998	-	2,964,998
Premium on Debt Issuance	344,216	-	344,216
Payment to Refunded Bond Escrow Account	(3,234,044)	-	(3,234,044)
Total Other Financing Sources	75,170	-	75,170
Net Change in Fund Balances	(14,782)	(25,438)	(40,220)
Fund Balances - Beginning of Year	121,877	539,496	661,373
Fund Balances - End of Year	\$ 107,095	\$ 514,058	\$ 621,153

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2015

	<u>Walker/ Moore Rd. Intersection</u>	<u>Sewer Separation Projects</u>	<u>Curtis Sewer</u>	<u>Miller Rd Park Breakwall</u>
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 13,685	\$ 1,446,654	\$ 1,477	\$ 1,646
Intergovernmental Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	-
Total Assets	<u>\$ 13,685</u>	<u>\$ 1,446,654</u>	<u>\$ 1,477</u>	<u>\$ 1,646</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 438,590	\$ -	\$ -
Retainage Payable	-	13,075	-	-
Interfund Payable	-	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>451,665</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Other	-	-	-	-
<i>Total Deferred Inflows of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	13,685	994,989	-	-
Committed	-	-	-	-
Assigned	-	-	1,477	1,646
Unassigned (Deficits)	-	-	-	-
<i>Total Fund Balances (Deficits)</i>	<u>13,685</u>	<u>994,989</u>	<u>1,477</u>	<u>1,646</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,685</u>	<u>\$ 1,446,654</u>	<u>\$ 1,477</u>	<u>\$ 1,646</u>

<u>Police Court Facility</u>	<u>Canterbury Road Improvement</u>	<u>Troy School Driveway</u>	<u>Bicycle Trails</u>	<u>Walker Rd. Widening</u>
\$ 79,494	\$ 177,092	\$ 5,000	\$ 200	\$ 1,048,289
-	-	30,000	-	-
-	-	-	-	-
<u>\$ 79,494</u>	<u>\$ 177,092</u>	<u>\$ 35,000</u>	<u>\$ 200</u>	<u>\$ 1,048,289</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	35,000	-	-
<u>-</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
-	-	30,000	-	-
<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
-	177,092	-	-	1,048,289
-	-	-	200	-
79,494	-	-	-	-
-	-	(30,000)	-	-
<u>79,494</u>	<u>177,092</u>	<u>(30,000)</u>	<u>200</u>	<u>1,048,289</u>
<u>\$ 79,494</u>	<u>\$ 177,092</u>	<u>\$ 35,000</u>	<u>\$ 200</u>	<u>\$ 1,048,289</u>

(Continued)

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2015
(Continued)

	City Wide Signalization	North Point Erosion Control	Pool Renovation
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 1,030	\$ 3,771	\$ 53,938
Intergovernmental Receivable	-	-	-
Special Assessments Receivable	-	-	-
Total Assets	\$ 1,030	\$ 3,771	\$ 53,938
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Retainage Payable	-	-	-
Interfund Payable	-	-	-
<i>Total Liabilities</i>	-	-	-
Deferred Inflows of Resources:			
Unavailable Revenue - Other	-	-	-
<i>Total Deferred Inflows of Resources</i>	-	-	-
Fund Balances:			
Restricted	-	-	53,938
Committed	-	-	-
Assigned	1,030	3,771	-
Unassigned (Deficits)	-	-	-
<i>Total Fund Balances (Deficits)</i>	1,030	3,771	53,938
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,030	\$ 3,771	\$ 53,938

Walker Rd Sewer/Lear Rd East	Titus- Pitts-Hill Ditch	Sidewalk/ Street Lighting	Cove Ave Improvement	Lear/ Krebs Intersection	Total Nonmajor Capital Projects Funds
\$ 420,617	\$ 493,044	\$ 138,405	\$ 32,748	\$ -	3,917,090
-	-	-	-	-	30,000
56,295	-	45,942	89,670	-	191,907
<u>\$ 476,912</u>	<u>\$ 493,044</u>	<u>\$ 184,347</u>	<u>\$ 122,418</u>	<u>-</u>	<u>4,138,997</u>
\$ -	\$ -	\$ -	\$ -	\$ -	438,590
-	-	-	-	-	13,075
-	-	-	193,524	6,926	235,450
-	-	-	193,524	6,926	687,115
56,295	-	45,942	89,670	-	221,907
<u>56,295</u>	<u>-</u>	<u>45,942</u>	<u>89,670</u>	<u>-</u>	<u>221,907</u>
420,617	-	138,405	-	-	2,847,015
-	493,044	-	-	-	493,244
-	-	-	-	-	87,418
-	-	-	(160,776)	(6,926)	(197,702)
<u>420,617</u>	<u>493,044</u>	<u>138,405</u>	<u>(160,776)</u>	<u>(6,926)</u>	<u>3,229,975</u>
<u>\$ 476,912</u>	<u>\$ 493,044</u>	<u>\$ 184,347</u>	<u>\$ 122,418</u>	<u>\$ -</u>	<u>4,138,997</u>

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

	Walker/ Moore Rd. Intersection	Sewer Separation Projects	Curtis Sewer	Miller Rd Park Breakwall
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Capital Outlay	-	1,304,329	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,304,329</u>	<u>-</u>	<u>-</u>
Excess of Revenues (Under) Expenditures	<u>-</u>	<u>(1,304,329)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	2,600,000	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,600,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	1,295,671	-	-
Fund Balances (Deficits)- Beginning of Year	13,685	(300,682)	1,477	1,646
Fund Balances (Deficits) - End of Year	<u>\$ 13,685</u>	<u>\$ 994,989</u>	<u>\$ 1,477</u>	<u>\$ 1,646</u>

Police Court Facility	Canterbury Road Improvement	Troy School Driveway	Bicycle Trails	Walker Rd. Widening
\$ -	\$ 42,912	\$ 5,000	\$ -	\$ -
-	-	-	-	-
-	42,912	5,000	-	-
-	-	-	-	-
503	-	-	-	19,641
-	10,555	-	-	-
503	10,555	-	-	19,641
(503)	32,357	5,000	-	(19,641)
-	-	-	-	986,000
-	-	-	-	986,000
(503)	32,357	5,000	-	966,359
79,997	144,735	(35,000)	200	81,930
<u>\$ 79,494</u>	<u>\$ 177,092</u>	<u>\$ (30,000)</u>	<u>\$ 200</u>	<u>\$ 1,048,289</u>

(Continued)

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2015
(Continued)

	<u>City Wide Signalization</u>	<u>North Point Erosion Control</u>	<u>Pool Renovation</u>
REVENUES			
Charges for Services	\$ -	\$ -	\$ -
Special Assessments	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
General Government	-	-	-
Capital Outlay	-	-	20,104
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>20,104</u>
Excess of Revenues (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(20,104)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	(20,104)
Fund Balances (Deficits)- Beginning of Year	1,030	3,771	74,042
Fund Balances (Deficits) - End of Year	<u>\$ 1,030</u>	<u>\$ 3,771</u>	<u>\$ 53,938</u>

Walker Rd Sewer/Lear Rd East	Titus- Pitts-Hill Ditch	Sidewalk/ Street Lighting	Cove Ave Improvement	Lear/ Krebs Intersection	Total Nonmajor Capital Projects Funds
\$ -	\$ 41,924	\$ -	\$ -	\$ -	\$ 89,836
23,919	-	973	15,334	-	40,226
<u>23,919</u>	<u>41,924</u>	<u>973</u>	<u>15,334</u>	<u>-</u>	<u>130,062</u>
941	-	135	646	-	1,722
-	-	-	-	6,926	1,351,503
-	-	-	6,163	-	16,718
<u>941</u>	<u>-</u>	<u>135</u>	<u>6,809</u>	<u>6,926</u>	<u>1,369,943</u>
<u>22,978</u>	<u>41,924</u>	<u>838</u>	<u>8,525</u>	<u>(6,926)</u>	<u>(1,239,881)</u>
-	-	-	-	-	3,586,000
-	-	-	-	-	3,586,000
<u>22,978</u>	<u>41,924</u>	<u>838</u>	<u>8,525</u>	<u>(6,926)</u>	<u>2,346,119</u>
397,639	451,120	137,567	(169,301)	-	883,856
<u>\$ 420,617</u>	<u>\$ 493,044</u>	<u>\$ 138,405</u>	<u>\$ (160,776)</u>	<u>\$ (6,926)</u>	<u>\$ 3,229,975</u>

Fund Descriptions – Fiduciary Funds

Fiduciary Funds

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

Agency Funds

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

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

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

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

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

City of Avon Lake, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2014

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
<u>Deposit Trust</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 34,535	\$ 62,713	\$ -	\$ 97,248
Liabilities				
Due to Others	\$ 34,535	\$ 62,713	\$ -	\$ 97,248
<u>Unclaimed Monies</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 5,021	\$ 952	\$ -	\$ 5,973
Liabilities				
Due to Others	\$ 5,021	\$ 952	\$ -	\$ 5,973
<u>Transfer</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,704	\$ 17,230	\$ 13,081	\$ 5,853
Liabilities				
Due to Other Governments	\$ 1,704	\$ 17,230	\$ 13,081	\$ 5,853
<u>ETL 2 MOR</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,085,120	\$ 5,081,388	\$ 4,797,021	\$ 1,369,487
Liabilities				
Due to Others	\$ 1,085,120	\$ 5,081,388	\$ 4,797,021	\$ 1,369,487
<u>Municipal Court</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 69,639	\$ 965,326	\$ 983,488	\$ 51,477
Liabilities				
Due to Others	\$ 69,639	\$ 965,326	\$ 983,488	\$ 51,477
<u>Total - All Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,196,019	\$ 6,127,609	\$ 5,793,590	\$ 1,530,038
<i>Total Assets</i>	<u>\$ 1,196,019</u>	<u>\$ 6,127,609</u>	<u>\$ 5,793,590</u>	<u>\$ 1,530,038</u>
Liabilities				
Due to Other Governments	\$ 1,704	\$ 17,230	\$ 13,081	\$ 5,853
Due to Others	1,194,315	6,110,379	5,780,509	1,524,185
<i>Total Liabilities</i>	<u>\$ 1,196,019</u>	<u>\$ 6,127,609</u>	<u>\$ 5,793,590</u>	<u>\$ 1,530,038</u>

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



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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 3,121,855	\$ 3,121,855	\$ 3,013,308	\$ (108,547)
Municipal Income Taxes	7,312,500	7,312,500	7,312,500	-
Other Taxes	472,644	472,644	402,277	(70,367)
Intergovernmental	1,859,158	1,859,158	1,365,154	(494,004)
Fees, Licenses, and Permits	343,624	343,624	292,465	(51,159)
Fines and Forfeitures	327,651	327,651	278,870	(48,781)
Charges for Services	1,024,133	1,024,133	871,660	(152,473)
Rentals	96,597	96,597	82,216	(14,381)
Contributions and Donations	2,352	2,352	2,002	(350)
All Other Revenues	89,017	89,017	75,763	(13,254)
Total Revenues	14,649,701	14,649,701	13,696,360	(953,341)
Expenditures:				
Current:				
Security of Persons and Property				
Police				
Personal Services	3,753,065	3,753,065	3,678,317	74,748
Other	377,170	377,170	315,035	62,135
Total Police	4,130,235	4,130,235	3,993,352	136,883
Fire				
Personal Services	2,342,875	2,399,375	2,452,140	(52,765)
Other	225,314	205,314	189,770	15,544
Total Fire	2,568,189	2,604,689	2,641,910	(37,221)
Total Security of Persons and Property	6,698,424	6,734,924	6,635,262	99,662
Public Health Services				
Public Health				
Other	120,000	96,000	95,417	583
Total Public Health Services	120,000	96,000	95,417	583
Leisure Time Activities				
Recreation				
Personal Services	529,965	529,965	454,793	75,172
Other	341,663	341,663	302,385	39,278
Total Leisure Time Activities	871,628	871,628	757,178	114,450

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community Environment				
Building Inspection				
Personal Services	355,845	380,845	384,594	(3,749)
Other	34,886	34,886	26,756	8,130
Total Building Inspection	<u>390,731</u>	<u>415,731</u>	<u>411,350</u>	<u>4,381</u>
Planning Commission				
Other	<u>2,031</u>	<u>2,031</u>	<u>1,070</u>	<u>961</u>
Historical Preservation Committee				
Other	<u>1,000</u>	<u>1,000</u>	<u>484</u>	<u>516</u>
EEAB				
Personal Services	580	455	351	104
Other	1,040	1,165	1,163	2
Total EEAB	<u>1,620</u>	<u>1,620</u>	<u>1,514</u>	<u>106</u>
Total Community Environment	<u>395,382</u>	<u>420,382</u>	<u>414,418</u>	<u>5,964</u>
Transportation				
Service				
Personal Services	2,039,745	1,864,745	1,874,788	(10,043)
Other	1,185,177	1,285,177	1,064,213	220,964
Total Transportation	<u>3,224,922</u>	<u>3,149,922</u>	<u>2,939,001</u>	<u>210,921</u>
General Government				
Legislative - Council				
Personal Services	181,005	181,005	180,341	664
Other	33,266	23,266	14,943	8,323
Total Legislative - Council	<u>214,271</u>	<u>204,271</u>	<u>195,284</u>	<u>8,987</u>
Judicial - Court				
Personal Services	310,405	347,905	345,216	2,689
Other	83,166	90,666	82,635	8,031
Total Judicial - Court	<u>393,571</u>	<u>438,571</u>	<u>427,851</u>	<u>10,720</u>
Legal Counsel				
Personal Services	230,220	220,220	222,997	(2,777)
Other	198,073	258,073	263,295	(5,222)
Total Legal Counsel	<u>428,293</u>	<u>478,293</u>	<u>486,292</u>	<u>(7,999)</u>
Civil Service				
Personal Services	5,825	5,825	4,877	948
Other	17,652	32,652	28,062	4,590
Total Civil Service	<u>23,477</u>	<u>38,477</u>	<u>32,939</u>	<u>5,538</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Mayor				
Personal Services	253,045	253,045	251,392	1,653
Other	461,331	366,331	298,032	68,299
Total Mayor	<u>714,376</u>	<u>619,376</u>	<u>549,424</u>	<u>69,952</u>
Finance				
Personal Services	391,160	351,160	354,875	(3,715)
Other	322,579	332,579	326,936	5,643
Total Finance	<u>713,739</u>	<u>683,739</u>	<u>681,811</u>	<u>1,928</u>
City Engineering				
Personal Services	-	-	-	-
Other	24,893	24,893	26,106	(1,213)
Total City Engineering	<u>24,893</u>	<u>24,893</u>	<u>26,106</u>	<u>(1,213)</u>
Other General Government				
Other	614,048	639,048	572,235	66,813
Total General Government	<u>3,126,668</u>	<u>3,126,668</u>	<u>2,971,942</u>	<u>154,726</u>
Total Expenditures	<u>14,437,024</u>	<u>14,399,524</u>	<u>13,813,218</u>	<u>586,306</u>
Excess of Revenues Over (Under) Expenditures	212,677	250,177	(116,858)	(367,035)
Other Financing Sources (Uses)				
Sale of Capital Assets	200	200	200	-
Advances In	5,000	5,000	5,000	-
Transfers Out	(650,820)	(750,820)	(600,819)	150,001
Total Other Financing Sources (Uses)	<u>(645,620)</u>	<u>(745,620)</u>	<u>(595,619)</u>	<u>150,001</u>
Net Change in Fund Balance	(432,943)	(495,443)	(712,477)	(217,034)
Fund Balance - Beginning of Year	1,219,361	1,219,361	1,219,361	-
Prior Year Encumbrances Appropriated	566,489	566,489	566,489	-
Fund Balance - End of Year	<u>\$ 1,352,907</u>	<u>\$ 1,290,407</u>	<u>\$ 1,073,373</u>	<u>\$ (217,034)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Income Tax Transfer Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$ -	\$ -	\$ 503,084	\$ 503,084
Total Revenues	<u>-</u>	<u>-</u>	<u>503,084</u>	<u>503,084</u>
Expenditures:				
Current:				
General Government				
Income Tax				
Other	150,000	150,000	247,377	(97,377)
Total General Government	<u>150,000</u>	<u>150,000</u>	<u>247,377</u>	<u>(97,377)</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>247,377</u>	<u>(97,377)</u>
Excess of Revenues Over (Under) Expenditures	(150,000)	(150,000)	255,707	405,707
Other Financing Uses				
Transfers Out	\$ (350,000)	\$ (350,000)	\$ (292,500)	\$ 57,500
Total Other Financing Uses	<u>(350,000)</u>	<u>(350,000)</u>	<u>(292,500)</u>	<u>57,500</u>
Net Change in Fund Balance	(500,000)	(500,000)	(36,793)	463,207
Fund Balance - Beginning of Year	4,863,770	4,863,770	4,863,770	-
Fund Balance - End of Year	<u>\$ 4,363,770</u>	<u>\$ 4,363,770</u>	<u>\$ 4,826,977</u>	<u>\$ 463,207</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Bond Retirement (Unvoted) Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Contributions and Donations	\$ 8,421	\$ 8,421	\$ 8,207	\$ (214)
Total Revenues	<u>8,421</u>	<u>8,421</u>	<u>8,207</u>	<u>(214)</u>
Expenditures:				
Debt Service:				
Principal	12,304,982	12,304,982	5,939,096	6,365,886
Interest & Fiscal Charges	166,940	166,940	166,940	-
Debt Issuance Costs	11,265	11,265	11,265	-
Total Expenditures	<u>12,483,187</u>	<u>12,483,187</u>	<u>6,117,301</u>	<u>6,365,886</u>
Excess of Revenues Over (Under) Expenditures	(12,474,766)	(12,474,766)	(6,109,094)	6,365,672
Other Financing Sources				
Bond Anticipation Notes Issued	5,211,000	5,211,000	5,211,000	-
Premium on Debt Issuance	-	-	78,321	78,321
Transfers In	1,135,069	1,135,069	1,852,746	717,677
Total Other Financing Sources	<u>6,346,069</u>	<u>6,346,069</u>	<u>7,142,067</u>	<u>795,998</u>
Net Change in Fund Balance	(6,128,697)	(6,128,697)	1,032,973	7,161,670
Fund Balance - Beginning of Year	148,399	148,399	148,399	-
Fund Balance - End of Year	<u>\$ (5,980,298)</u>	<u>\$ (5,980,298)</u>	<u>\$ 1,181,372</u>	<u>\$ 7,161,670</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Capital Improvement Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$ 1,881,988	\$ 1,881,988	\$ 1,950,000	\$ 68,012
Intergovernmental	4,638	4,638	4,582	(56)
Interest	150,850	150,850	242,532	91,682
All Other Revenues	-	-	33,823	33,823
Total Revenues	<u>2,037,476</u>	<u>2,037,476</u>	<u>2,230,937</u>	<u>193,461</u>
Expenditures:				
Capital Outlay:				
Other	225,133	225,133	100,030	125,103
Capital Outlay	3,280,583	3,235,333	3,131,363	103,970
Total Capital Outlay	<u>3,505,716</u>	<u>3,460,466</u>	<u>3,231,393</u>	<u>229,073</u>
Debt Service:				
Principal	29,200	29,200	23,704	5,496
Interest & Fiscal Charges	2,584	2,584	2,584	-
Total Debt Service	<u>31,784</u>	<u>31,784</u>	<u>26,288</u>	<u>5,496</u>
Total Expenditures	<u>3,537,500</u>	<u>3,492,250</u>	<u>3,257,681</u>	<u>234,569</u>
Excess of Revenues Over (Under) Expenditures	(1,500,024)	(1,454,774)	(1,026,744)	428,030
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	27,705	27,705
Bond Anticipation Notes Issued	3,754,659	3,654,659	1,500,000	(2,154,659)
Transfers In	-	-	185,166	185,166
Transfers Out	(68,667)	(1,080,416)	(1,080,416)	-
Total Other Financing Sources (Uses)	<u>3,685,992</u>	<u>2,574,243</u>	<u>632,455</u>	<u>(1,941,788)</u>
Net Change in Fund Balance	2,185,968	1,119,469	(394,289)	(1,513,758)
Fund Balance - Beginning of Year	574,355	574,355	574,355	-
Prior Year Encumbrances Appropriated	435,971	435,971	435,971	-
Fund Balance - End of Year	<u>\$ 3,196,294</u>	<u>\$ 2,129,795</u>	<u>\$ 616,037</u>	<u>\$ (1,513,758)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual*
Water Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 398,071	\$ 333,048	\$ 283,647	\$ (49,401)
Interest	516	358	239	(119)
Charges for Services	24,016,069	16,693,934	11,130,972	(5,562,962)
All Other Revenues	341,915	237,671	158,471	(79,200)
Total Revenues	<u>24,756,571</u>	<u>17,265,011</u>	<u>11,573,329</u>	<u>(5,691,682)</u>
Expenses:				
Current:				
Personal Services	2,489,000	2,602,500	2,534,576	67,924
Other	5,260,240	6,192,240	6,114,108	78,132
Capital Outlay	5,790,765	5,790,765	4,707,315	1,083,450
Debt Service:				
Principal	2,209,850	9,385,800	9,098,428	287,372
Interest & Fiscal Charges	1,059,684	898,734	646,264	252,470
Total Debt Service	<u>3,269,534</u>	<u>10,284,534</u>	<u>9,744,692</u>	<u>539,842</u>
Total Expenses	<u>16,809,539</u>	<u>24,870,039</u>	<u>23,100,691</u>	<u>1,769,348</u>
Excess of Revenues Over (Under) Expenses	7,947,032	(7,605,028)	(11,527,362)	(3,922,334)
Other Financing Sources (Uses)				
Bond Anticipation Notes Issued	-	-	6,546,006	6,546,006
Premium on Debt Issuance	-	-	79,944	79,944
Advances Out	(1,450,000)	(1,450,000)	(950,000)	500,000
Transfers In	2,747,044	5,238,604	-	(5,238,604)
Transfers Out	(3,874,121)	(8,608,371)	(1,600,000)	7,008,371
Total Other Financing Sources (Uses)	<u>(2,577,077)</u>	<u>(4,819,767)</u>	<u>4,075,950</u>	<u>8,895,717</u>
Net Change in Fund Equity	5,369,955	(12,424,795)	(7,451,412)	4,973,383
Fund Equity - Beginning of Year	10,102,831	10,102,831	10,102,831	-
Prior Year Encumbrances Appropriated	566,005	566,005	566,005	-
Fund Equity - End of Year	<u>\$ 16,038,791</u>	<u>\$ (1,755,959)</u>	<u>\$ 3,217,424</u>	<u>\$ 4,973,383</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenses and Changes in Fund Equity -
 Budget (Non-GAAP Basis) and Actual*
Sewer Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	1,135	695	695	-
Charges for Services	9,488,462	6,169,262	6,169,035	(227)
Special Assessments	48,668	29,815	29,814	(1)
Total Revenues	<u>9,538,265</u>	<u>6,199,772</u>	<u>6,199,544</u>	<u>(228)</u>
Expenses:				
Current:				
Personal Services	2,486,500	2,506,700	2,387,955	118,745
Other	2,710,003	3,071,003	2,502,357	568,646
Capital Outlay	19,668,501	19,303,501	4,710,570	14,592,931
Debt Service:				
Principal	6,000,000	9,375,750	6,365,239	3,010,511
Interest & Fiscal Charges	2,968,620	2,947,370	749,247	2,198,123
Total Debt Service	<u>8,968,620</u>	<u>12,323,120</u>	<u>7,114,486</u>	<u>5,208,634</u>
Total Expenses	<u>33,833,624</u>	<u>37,204,324</u>	<u>16,715,368</u>	<u>20,488,956</u>
Excess of Revenues Over (Under) Expenses	(24,295,359)	(31,004,552)	(10,515,824)	20,488,728
Other Financing Sources (Uses)				
General Obligation Bonds Issued	5,000,000	5,000,000	5,000,000	-
Premium on Debt Issuance	75,150	75,150	75,150	-
Advances In	950,000	950,000	950,000	-
Transfers In	(3,032,005)	(5,444,512)	1,600,000	7,044,512
Total Other Financing Sources (Uses)	<u>2,993,145</u>	<u>580,638</u>	<u>7,625,150</u>	<u>7,044,512</u>
Net Change in Fund Equity	(21,302,214)	(30,423,914)	(2,890,674)	27,533,240
Fund Equity - Beginning of Year	4,380,785	4,380,785	4,380,785	-
Prior Year Encumbrances Appropriated	1,047,517	1,047,517	1,047,517	-
Fund Equity - End of Year	<u>\$ (15,873,912)</u>	<u>\$ (24,995,612)</u>	<u>\$ 2,537,628</u>	<u>\$ 27,533,240</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 846,250	\$ 1,049,890	\$ 203,640
Total Revenues	<u>846,250</u>	<u>1,049,890</u>	<u>203,640</u>
Expenditures:			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Personal Services	832,670	835,484	(2,814)
Other	526,250	429,922	96,328
Total Expenditures	<u>1,358,920</u>	<u>1,265,406</u>	<u>93,514</u>
Excess of Revenues Over (Under) Expenditures	(512,670)	(215,516)	297,154
Other Financing Sources			
Transfers In	200,000	200,000	-
Total Other Financing Sources	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balance	(312,670)	(15,516)	297,154
Fund Balance - Beginning of Year	361,504	361,504	-
Prior Year Encumbrances Appropriated	132,850	132,850	-
Fund Balance - End of Year	<u>\$ 181,684</u>	<u>\$ 478,838</u>	<u>\$ 297,154</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
State Highway Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 72,250	\$ 73,450	\$ 1,200
All Other Revenues	-	20,427	20,427
Total Revenues	<u>72,250</u>	<u>93,877</u>	<u>21,627</u>
Expenditures:			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Other	152,100	152,096	4
Total Expenditures	<u>152,100</u>	<u>152,096</u>	<u>4</u>
Net Change in Fund Balance	(79,850)	(58,219)	21,631
Fund Balance - Beginning of Year	91,549	91,549	-
Fund Balance - End of Year	<u>\$ 11,699</u>	<u>\$ 33,330</u>	<u>\$ 21,631</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Paramedic Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Property Taxes	\$ 1,379,768	\$ 1,401,196	\$ 21,428
Intergovernmental	181,052	92,116	(88,936)
Total Revenues	<u>1,560,820</u>	<u>1,493,312</u>	<u>(67,508)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	1,176,825	1,184,592	(7,767)
Other	297,506	217,163	80,343
Total Security of Persons & Property	<u>1,474,331</u>	<u>1,401,755</u>	<u>72,576</u>
Debt Service:			
Principal	23,000	23,000	-
Total Expenditures	<u>1,497,331</u>	<u>1,424,755</u>	<u>72,576</u>
Excess of Revenues Over (Under) Expenditures	<u>63,489</u>	<u>68,557</u>	<u>5,068</u>
Other Financing Sources (Uses)			
Transfers Out	(184,834)	(184,834)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(184,834)</u>	<u>-</u>
Net Change in Fund Balance	63,489	(116,277)	5,068
Fund Balance - Beginning of Year	597,936	597,936	-
Prior Year Encumbrances Appropriated	52,746	52,746	-
Fund Balance - End of Year	<u>\$ 714,171</u>	<u>\$ 534,405</u>	<u>\$ 5,068</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Office on Aging Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Public Health Services			
Other	43,000	41,732	1,268
Total Expenditures	43,000	41,732	1,268
Excess of Revenues Over (Under) Expenditures	(43,000)	(41,732)	1,268
Other Financing Sources			
Transfers In	40,500	42,542	2,042
Total Other Financing Sources	40,500	42,542	2,042
Net Change in Fund Balance	(2,500)	810	3,310
Fund Balance - Beginning of Year	2,622	2,622	-
Fund Balance - End of Year	\$ 122	\$ 3,432	\$ 3,310

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Dial-A-Bus Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Transportation			
Service			
Personal Services	36,090	14,804	21,286
Other	3,000	459	2,541
Total Expenditures	39,090	15,263	23,827
Excess of Revenues Over (Under) Expenditures	(39,090)	(15,263)	23,827
Other Financing Sources			
Transfers In	5,200	30,000	24,800
Total Other Financing Sources	5,200	30,000	24,800
Net Change in Fund Balance	(33,890)	14,737	48,627
Fund Balance - Beginning of Year	46,571	46,571	-
Fund Balance - End of Year	\$ 12,681	\$ 61,308	\$ 48,627

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Cable TV Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
All Other Revenues	\$ 600	\$ 823	\$ 223
Total Revenues	600	823	223
Expenditures:			
Current:			
Leisure Time Activities			
Cable TV			
Personal Services	78,370	72,728	5,642
Other	39,005	35,113	3,892
Total Expenditures	117,375	107,841	9,534
Excess of Revenues Over (Under) Expenditures	(116,775)	(107,018)	9,757
Other Financing Sources			
Transfers In	102,900	92,000	(10,900)
Total Other Financing Sources	102,900	92,000	(10,900)
Net Change in Fund Balance	(13,875)	(15,018)	(1,143)
Fund Balance - Beginning of Year	14,478	14,478	-
Prior Year Encumbrances Appropriated	13,455	13,455	-
Fund Balance - End of Year	\$ 14,058	\$ 12,915	\$ (1,143)

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Law Enforcement Trust Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 1,900	\$ 2,814	\$ 914
Total Revenues	<u>1,900</u>	<u>2,814</u>	<u>914</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	2,000	-	2,000
Total Expenditures	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net Change in Fund Balance	(100)	2,814	2,914
Fund Balance - Beginning of Year	55,847	55,847	-
Fund Balance - End of Year	<u>\$ 55,747</u>	<u>\$ 58,661</u>	<u>\$ 2,914</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Law Enforcement and Education Fund
For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 1,000	\$ 1,320	\$ 320
Total Revenues	1,000	1,320	320
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	1,000	-	1,000
Total Expenditures	1,000	-	1,000
Net Change in Fund Balance	-	1,320	1,320
Fund Balance - Beginning of Year	27,409	27,409	-
Fund Balance - End of Year	\$ 27,409	\$ 28,729	\$ 1,320

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Indigent Drivers Alcohol Treatment Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 15,000	\$ 9,799	\$ (5,201)
Total Revenues	<u>15,000</u>	<u>9,799</u>	<u>(5,201)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	43,505	29,883	13,622
Total Expenditures	<u>43,505</u>	<u>29,883</u>	<u>13,622</u>
Net Change in Fund Balance	(28,505)	(20,084)	8,421
Fund Balance - Beginning of Year	61,444	61,444	-
Prior Year Encumbrances Appropriated	8,505	8,505	-
Fund Balance - End of Year	<u>\$ 41,444</u>	<u>\$ 49,865</u>	<u>\$ 8,421</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Municipal Court Computer Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 16,500	\$ 33,018	\$ 16,518
Total Revenues	<u>16,500</u>	<u>33,018</u>	<u>16,518</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	33,567	26,041	7,526
Total Expenditures	<u>33,567</u>	<u>26,041</u>	<u>7,526</u>
Net Change in Fund Balance	(17,067)	6,977	24,044
Fund Balance - Beginning of Year	138,546	138,546	-
Prior Year Encumbrances Appropriated	1,067	1,067	-
Fund Balance - End of Year	<u>\$ 122,546</u>	<u>\$ 146,590</u>	<u>\$ 24,044</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 COPS Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Intergovernmental	\$ 52,950	\$ 54,521	\$ 1,571
Total Revenues	<u>52,950</u>	<u>54,521</u>	<u>1,571</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	105,440	104,328	1,112
Total Expenditures	<u>105,440</u>	<u>104,328</u>	<u>1,112</u>
Excess of Revenues Over (Under) Expenditures	(52,490)	(49,807)	2,683
Other Financing Sources			
Transfers In	55,951	55,951	-
Total Other Financing Sources	<u>55,951</u>	<u>55,951</u>	<u>-</u>
Net Change in Fund Balance	3,461	6,144	2,683
Fund Balance - Beginning of Year	6,000	6,000	-
Fund Balance - End of Year	<u>\$ 9,461</u>	<u>\$ 12,144</u>	<u>\$ 2,683</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Avon Lake/Bay Park Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 300	\$ -	\$ (300)
Total Revenues	<u>300</u>	<u>-</u>	<u>(300)</u>
Expenditures:			
Current:			
General Government			
City Engineering			
Other	207	-	207
Total Expenditures	<u>207</u>	<u>-</u>	<u>207</u>
Net Change in Fund Balance	93	-	(93)
Fund Balance - Beginning of Year	432	432	-
Fund Balance - End of Year	<u>\$ 525</u>	<u>\$ 432</u>	<u>\$ (93)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Board of Building Standards Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fees, Licenses, and Permits	\$ 4,000	\$ 3,561	\$ (439)
Total Revenues	<u>4,000</u>	<u>3,561</u>	<u>(439)</u>
Expenditures:			
Current:			
Community Environment			
Building Inspection			
Other	4,857	4,769	88
Total Expenditures	<u>4,857</u>	<u>4,769</u>	<u>88</u>
Net Change in Fund Balance	(857)	(1,208)	(351)
Fund Balance - Beginning of Year	1,614	1,614	-
Prior Year Encumbrances Appropriated	1,157	1,157	-
Fund Balance - End of Year	<u>\$ 1,914</u>	<u>\$ 1,563</u>	<u>\$ (351)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Employee Sick Time Buy Back Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	50,000	4,608	45,392
Fire			
Personal Services	50,000	32,148	17,852
Total Security of Persons & Property	<u>100,000</u>	<u>36,756</u>	<u>63,244</u>
Leisure Time Activities			
Parks & Playground			
Personal Services	-	620	(620)
Transportation			
Service			
Personal Services	15,000	14,182	818
Total Expenditures	<u>115,000</u>	<u>51,558</u>	<u>63,442</u>
Excess of Revenues Over (Under) Expenditures	(115,000)	(51,558)	63,442
Other Financing Sources			
Transfers In	30,000	-	(30,000)
Total Other Financing Sources	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Net Change in Fund Balance	(85,000)	(51,558)	33,442
Fund Balance - Beginning of Year	238,761	238,761	-
Fund Balance - End of Year	<u>\$ 153,761</u>	<u>\$ 187,203</u>	<u>\$ 33,442</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
Street Tree Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Charges for Services	\$ -	\$ 21,619	\$ 21,619
Total Revenues	<u>-</u>	<u>21,619</u>	<u>21,619</u>
Expenditures:			
Current:			
Leisure Time Activities			
Parks and Recreation			
Other	5,807	807	5,000
Total Expenditures	<u>5,807</u>	<u>807</u>	<u>5,000</u>
Net Change in Fund Balance	(5,807)	20,812	26,619
Fund Balance - Beginning of Year	129,603	129,603	-
Fund Balance - End of Year	<u>\$ 124,603</u>	<u>\$ 151,222</u>	<u>\$ 26,619</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Continued Professional Training - Police Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ -	\$ 5,280	\$ 5,280
Total Revenues	<u>-</u>	<u>5,280</u>	<u>5,280</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	5,780	-	5,780
Total Expenditures	<u>5,780</u>	<u>-</u>	<u>5,780</u>
Net Change in Fund Balance	(5,780)	5,280	11,060
Fund Balance - Beginning of Year	8,585	8,585	-
Fund Balance - End of Year	<u>\$ 2,805</u>	<u>\$ 13,865</u>	<u>\$ 11,060</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Court Security Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 30,000	\$ 32,818	\$ 2,818
Total Revenues	30,000	32,818	2,818
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	36,370	30,089	6,281
Other	3,746	5,112	(1,366)
Total Expenditures	40,116	35,201	4,915
Net Change in Fund Balance	(10,116)	(2,383)	7,733
Fund Balance - Beginning of Year	85,397	85,397	-
Prior Year Encumbrances Appropriated	1,746	1,746	-
Fund Balance - End of Year	\$ 77,027	\$ 84,760	\$ 7,733

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Court Interlock Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 12,500	\$ 15,795	\$ 3,295
Total Revenues	<u>12,500</u>	<u>15,795</u>	<u>3,295</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	15,000	598	14,402
Total Expenditures	<u>15,000</u>	<u>598</u>	<u>14,402</u>
Net Change in Fund Balance	(2,500)	15,197	17,697
Fund Balance - Beginning of Year	73,317	73,317	-
Fund Balance - End of Year	<u>\$ 70,817</u>	<u>\$ 88,514</u>	<u>\$ 17,697</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Police Pension Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Property Taxes	\$ 187,063	\$ 211,030	\$ 23,967
Intergovernmental	27,987	17,803	(10,184)
Total Revenues	<u>215,050</u>	<u>228,833</u>	<u>13,783</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	213,600	211,167	2,433
Other	5,545	3,873	1,672
Total Expenditures	<u>219,145</u>	<u>215,040</u>	<u>4,105</u>
Net Change in Fund Balance	(4,095)	13,793	17,888
Fund Balance - Beginning of Year	44,176	44,176	-
Fund Balance - End of Year	<u>\$ 40,081</u>	<u>\$ 57,969</u>	<u>\$ 17,888</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Fire Pension Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Property Taxes	\$ 191,108	\$ 211,030	\$ 19,922
Intergovernmental	28,592	17,803	(10,789)
Total Revenues	<u>219,700</u>	<u>228,833</u>	<u>9,133</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	216,000	215,831	169
Other	5,555	3,876	1,679
Total Expenditures	<u>221,555</u>	<u>219,707</u>	<u>1,848</u>
Net Change in Fund Balance	(1,855)	9,126	10,981
Fund Balance - Beginning of Year	53,336	53,336	-
Fund Balance - End of Year	<u>\$ 51,481</u>	<u>\$ 62,462</u>	<u>\$ 10,981</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Recreation Trust Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Interest	\$ 54	\$ 96	\$ 42
Charges for Services	27,646	49,315	21,669
Total Revenues	<u>27,700</u>	<u>49,411</u>	<u>21,711</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	27,700	49,411	21,711
Fund Balance - Beginning of Year	181,370	181,370	-
Fund Balance - End of Year	<u>\$ 209,070</u>	<u>\$ 230,781</u>	<u>\$ 21,711</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Bond Retirement (Voted) Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Property Taxes	\$ 620,700	\$ 295,442	\$ (325,258)
Intergovernmental	40,686	19,366	(21,320)
Total Revenues	<u>661,386</u>	<u>314,808</u>	<u>(346,578)</u>
Expenditures:			
Current:			
General Government			
Other General Government			
Other	9,900	4,909	4,991
Debt Service:			
Principal	507,568	205,000	302,568
Interest & Fiscal Charges	155,251	122,663	32,588
Bond Issuance Costs	72,188	72,188	-
Total Debt Service	<u>735,007</u>	<u>399,851</u>	<u>335,156</u>
Total Expenditures	<u>744,907</u>	<u>404,760</u>	<u>340,147</u>
Excess of Revenues Over (Under) Expenditures	(83,521)	(89,952)	(6,431)
Other Financing Sources			
General Obligation Bonds Issued	2,962,016	2,962,016	-
Premium on Debt Issuance	347,198	347,198	-
Payment to Refunded Bond Escrow Account	(3,234,044)	(3,234,044)	-
Total Other Financing Sources	<u>75,170</u>	<u>75,170</u>	<u>-</u>
Net Change in Fund Balance	(8,351)	(14,782)	(6,431)
Fund Balance- Beginning of Year	121,877	121,877	-
Fund Balance- End of Year	<u>\$ 113,526</u>	<u>\$ 107,095</u>	<u>\$ (6,431)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Special Assessment Bond Retirement Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Special Assessments	-	290,055	290,055
Total Revenues	<u>-</u>	<u>290,055</u>	<u>290,055</u>
Expenditures:			
Current:			
General Government			
Other General Government			
Other	14,050	12,901	1,149
Debt Service:			
Principal	290,284	263,600	26,684
Interest & Fiscal Charges	79,115	48,256	30,859
Total Debt Service	<u>369,399</u>	<u>311,856</u>	<u>57,543</u>
Total Expenditures	<u>383,449</u>	<u>324,757</u>	<u>58,692</u>
Net Change in Fund Balance	(383,449)	(34,702)	348,747
Fund Balance - Beginning of Year	550,179	550,179	-
Fund Balance - End of Year	<u>\$ 166,730</u>	<u>\$ 515,477</u>	<u>\$ 348,747</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Lear/Krebs Intersection Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	1,046,000	6,926	1,039,074
Total Expenditures	<u>1,046,000</u>	<u>6,926</u>	<u>1,039,074</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,046,000)</u>	<u>(6,926)</u>	<u>1,039,074</u>
Other Financing Sources			
Bond Anticipation Notes Issued	1,382,000	-	(1,382,000)
Total Other Financing Sources	<u>1,382,000</u>	<u>-</u>	<u>(1,382,000)</u>
Net Change in Fund Balance	336,000	(6,926)	(342,926)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ 336,000</u>	<u>\$ (6,926)</u>	<u>\$ (342,926)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
Sewer Separation Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	1,826,870	1,826,870	-
Total Expenditures	<u>1,826,870</u>	<u>1,826,870</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(1,826,870)	(1,826,870)	-
Other Financing Sources			
Bond Anticipation Notes Issued	950,000	-	(950,000)
Total Other Financing Sources	<u>950,000</u>	<u>-</u>	<u>(950,000)</u>
Net Change in Fund Balance	(876,870)	(1,826,870)	(950,000)
Fund Balance - Beginning of Year	950,722	950,722	-
Fund Balance - End of Year	<u>\$ 1,900,722</u>	<u>\$ 950,722</u>	<u>\$ (950,000)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Police/Court Facility Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	<u>78,655</u>	<u>503</u>	<u>78,152</u>
Total Expenditures	<u>78,655</u>	<u>503</u>	<u>78,152</u>
Net Change in Fund Balance	(78,655)	(503)	78,152
Fund Balance - Beginning of Year	79,309	79,309	-
Prior Year Encumbrances Appropriated	<u>688</u>	<u>688</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 1,342</u>	<u>\$ 79,494</u>	<u>\$ 78,152</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Canterbury Road Improvement Fund
For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive (Negative)
Revenues:			
Charges for Services	\$ 10,555	\$ 64,368	\$ 53,813
Total Revenues	<u>10,555</u>	<u>64,368</u>	<u>53,813</u>
Expenditures:			
Debt Service:			
Interest & Fiscal Charges	10,560	10,555	5
Total Expenditures	<u>10,560</u>	<u>10,555</u>	<u>5</u>
 Net Change in Fund Balance	 (5)	 53,813	 53,818
 Fund Balance - Beginning of Year	 123,279	 123,279	 -
Fund Balance - End of Year	<u><u>\$ 123,274</u></u>	<u><u>\$ 177,092</u></u>	<u><u>\$ 53,818</u></u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Troy School Driveway Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Charges for Services	\$ 5,000	\$ 5,000	\$ -
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	5,000	5,000	-
Other Financing Uses			
Advances Out	<u>(10,000)</u>	<u>(5,000)</u>	<u>5,000</u>
Total Other Financing Uses	<u>(10,000)</u>	<u>(5,000)</u>	<u>5,000</u>
Net Change in Fund Balance	(5,000)	-	5,000
Fund Balance - Beginning of Year	5,000	5,000	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
Bicycle Trails Fund
For the Year Ended December 31, 2015

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

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Walker Rd. Widening Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	58,214	58,214	-
Total Expenditures	<u>58,214</u>	<u>58,214</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(58,214)	(58,214)	-
Other Financing Sources			
Bond Anticipation Notes Issued	1,152,250	-	(1,152,250)
Total Other Financing Sources	<u>1,152,250</u>	<u>-</u>	<u>(1,152,250)</u>
Net Change in Fund Balance	1,094,036	(58,214)	(1,152,250)
Fund Balance - Beginning of Year	1,009,716	1,009,716	-
Prior Year Encumbrances Appropriated	58,214	58,214	-
Fund Balance - End of Year	<u>\$ 2,161,966</u>	<u>\$ 1,009,716</u>	<u>\$ (1,152,250)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Pool Renovation Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	<u>74,512</u>	<u>31,382</u>	<u>43,130</u>
Total Expenditures	<u>74,512</u>	<u>31,382</u>	<u>43,130</u>
Net Change in Fund Balance	(74,512)	(31,382)	43,130
Fund Balance - Beginning of Year	68,197	68,197	-
Prior Year Encumbrances Appropriated	5,845	5,845	-
Fund Balance - End of Year	<u>\$ (470)</u>	<u>\$ 42,660</u>	<u>\$ 43,130</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Walker Rd. Sewer/Lear Rd. East Fund
For the Year Ended December 31, 2015*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Special Assessments	\$ 24,000	\$ 23,919	\$ (81)
Total Revenues	<u>24,000</u>	<u>23,919</u>	<u>(81)</u>
Expenditures:			
Current:			
General Government			
Other	-	941	(941)
Total Expenditures	<u>-</u>	<u>941</u>	<u>(941)</u>
Net Change in Fund Balance	24,000	22,978	(1,022)
Fund Balance - Beginning of Year	<u>397,639</u>	<u>397,639</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 421,639</u>	<u>\$ 420,617</u>	<u>\$ (1,022)</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Titus-Pitts-Hill Ditch Fund
For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget Positive (Negative)</u>
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Charges for Services	\$ 54,500	\$ 41,923	\$ (12,577)
Total Revenues	<u>54,500</u>	<u>41,923</u>	<u>(12,577)</u>
Expenditures:			
Capital Outlay:			
Other	14,000	14,000	-
Total Expenditures	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>40,500</u>	<u>27,923</u>	<u>(12,577)</u>
Other Financing Uses			
Transfers Out	(40,121)	-	40,121
Total Other Financing Uses	<u>(40,121)</u>	<u>-</u>	<u>40,121</u>
Net Change in Fund Balance	379	27,923	27,544
Fund Balance - Beginning of Year	451,121	451,121	-
Fund Balance - End of Year	<u>\$ 451,500</u>	<u>\$ 479,044</u>	<u>\$ 27,544</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Sidewalk/Street Lighting Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Special Assessments	\$ 1,000	\$ 973	\$ (27)
Total Revenues	<u>1,000</u>	<u>973</u>	<u>(27)</u>
Expenditures:			
Current:			
General Government			
Other	440	135	305
Total Expenditures	<u>440</u>	<u>135</u>	<u>305</u>
Net Change in Fund Balance	560	838	278
Fund Balance - Beginning of Year	137,567	137,567	-
Fund Balance - End of Year	<u>\$ 138,127</u>	<u>\$ 138,405</u>	<u>\$ 278</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Cove Ave. Improvements Fund
 For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Special Assessments	\$ 15,500	\$ 15,334	\$ (166)
Total Revenues	<u>15,500</u>	<u>15,334</u>	<u>(166)</u>
Expenditures:			
Current:			
General Government			
Other	2,100	646	1,454
Total Expenditures	<u>2,100</u>	<u>646</u>	<u>1,454</u>
Excess of Revenues Over (Under) Expenditures	13,400	14,688	1,288
Other Financing Uses			
Transfers Out	-	(17,034)	(17,034)
Total Other Financing Uses	<u>-</u>	<u>(17,034)</u>	<u>(17,034)</u>
Net Change in Fund Balance	13,400	(2,346)	(15,746)
Fund Balance - Beginning of Year	35,094	35,094	-
Fund Balance - End of Year	<u>\$ 48,494</u>	<u>\$ 32,748</u>	<u>\$ (15,746)</u>

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STATISTICAL SECTION



City of Avon Lake, Ohio

Statistical Section

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

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

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

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

	2015	2014 (1)	2013
<u>Governmental Activities</u>			
Net Investment in Capital Assets	\$ 47,819,200	\$ 47,692,149	\$ 44,445,366
Restricted	8,126,696	7,513,366	9,152,098
Unrestricted	(10,251,230)	(8,629,554)	6,929,989
Total Governmental Activities Net Position	<u>\$ 45,694,666</u>	<u>\$ 46,575,961</u>	<u>\$ 60,527,453</u>
<u>Business Type - Activities</u>			
Net Investment in Capital Assets	\$ 51,279,270	\$ 43,880,621	\$ 38,036,092
Restricted	0	1,343,581	1,353,870
Unrestricted	117,369	7,891,672	15,355,883
Total Business-Type Activities Net Position	<u>\$ 51,396,639</u>	<u>\$ 53,115,874</u>	<u>\$ 54,745,845</u>
<u>Primary Government</u>			
Net Investment in Capital Assets	\$ 99,098,470	\$ 91,572,770	\$ 82,481,458
Restricted	8,126,696	8,856,947	10,505,968
Unrestricted	(10,133,861)	(737,882)	22,285,872
Total Primary Government Net Position	<u>\$ 97,091,305</u>	<u>\$ 99,691,835</u>	<u>\$ 115,273,298</u>

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

2012	2011	2010	2009	2008	2007	2006
\$ 44,703,908	\$ 46,558,254	\$ 46,549,247	\$ 45,910,786	\$ 49,477,777	\$ 46,314,994	\$ 45,673,857
7,833,010	7,757,417	8,350,517	10,625,576	9,609,593	5,686,481	4,906,549
7,930,749	6,860,542	8,380,284	8,602,963	7,756,771	14,049,795	10,171,350
<u>\$ 60,467,667</u>	<u>\$ 61,176,213</u>	<u>\$ 63,280,048</u>	<u>\$ 65,139,325</u>	<u>\$ 66,844,141</u>	<u>\$ 66,051,270</u>	<u>\$ 60,751,756</u>
\$ 35,920,203	\$ 34,565,370	\$ 28,756,401	\$ 26,741,033	\$ 24,000,628	\$ 22,247,782	\$ 20,489,445
1,383,230	1,304,490	1,305,583	1,305,570	1,316,165	1,514,933	1,449,347
15,180,871	14,224,028	14,382,693	13,596,723	13,149,864	13,008,301	12,569,758
<u>\$ 52,484,304</u>	<u>\$ 50,093,888</u>	<u>\$ 44,444,677</u>	<u>\$ 41,643,326</u>	<u>\$ 38,466,657</u>	<u>\$ 36,771,016</u>	<u>\$ 34,508,550</u>
\$ 80,624,111	\$ 81,123,624	\$ 75,305,648	\$ 72,651,819	\$ 73,478,405	\$ 68,562,776	\$ 66,163,302
9,216,240	9,061,907	9,656,100	11,931,146	10,925,758	7,201,414	6,355,896
23,111,620	21,084,570	22,762,977	22,199,686	20,906,635	27,058,096	22,741,108
<u>\$ 112,951,971</u>	<u>\$ 111,270,101</u>	<u>\$ 107,724,725</u>	<u>\$ 106,782,651</u>	<u>\$ 105,310,798</u>	<u>\$ 102,822,286</u>	<u>\$ 95,260,306</u>

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

	2015	2014	2013
<u>Program Revenues</u>			
Governmental Activities:			
Charges for Services:			
Security of Persons and Property	\$ 460,031	\$ 618,555	\$ 476,704
Public Health	0	0	0
Leisure Time Activities	495,657	493,336	470,814
Community Environment	11,515	3,812	0
Basic Utility Services	0	0	7,490
Transportation	206,922	300,721	156,440
General Government	743,508	575,566	866,938
Subtotal - Charges for Services	<u>1,917,633</u>	<u>1,991,990</u>	<u>1,978,386</u>
Operating Grants and Contributions:			
Security of Persons and Property	54,107	1,327	31,444
Leisure Time Activities	21,618	8,646	9,092
Community Environment	11,768	0	0
Basic Utility Services	0	0	0
Transportation	974,559	875,929	934,353
General Government	7,282	13,214	24,340
Subtotal - Operating Grants and Contributions	<u>1,069,334</u>	<u>899,116</u>	<u>999,229</u>
Capital Grants and Contributions:			
Security of Persons and Property	0	0	0
Public Health	0	0	0
Leisure Time Activities	0	0	0
Transportation	0	1,179,656	397,058
General Government	0	0	697
Subtotal - Capital Grants and Contributions	<u>0</u>	<u>1,179,656</u>	<u>397,755</u>
Total Governmental Activities Program Revenues	<u><u>2,986,967</u></u>	<u><u>4,070,762</u></u>	<u><u>3,375,370</u></u>
<u>Business-Type Activities</u>			
Charges for Services:			
Water	11,300,714	10,225,815	10,965,314
Sewer	5,515,053	5,070,984	4,963,589
Operating Grants and Contributions:			
Water	230,280	314,822	324,886
Sewer	322,352	0	5,056
Capital Grants and Contributions			
Water	0	224,212	73,200
Sewer	0	291,625	72,150
Total Business-Type Activities Program Revenues	<u><u>17,368,399</u></u>	<u><u>16,127,458</u></u>	<u><u>16,404,195</u></u>
Total Primary Government Program Revenues	<u><u>\$ 20,355,366</u></u>	<u><u>\$ 20,198,220</u></u>	<u><u>\$ 19,779,565</u></u>

2012	2011	2010	2009	2008	2007	2006
\$ 395,176	\$ 458,276	\$ 328,839	\$ 360,755	\$ 269,107	\$ 254,720	\$ 253,671
0	0	0	53,723	0	0	0
499,203	463,375	463,739	304,145	25,010	229,817	295,961
0	0	0	1,922	6,276	45,932	358,208
144,040	10,471	7,189	0	0	0	0
158,564	197,409	160,049	2,766	31,692	0	67,031
636,803	760,510	857,767	224,022	834,381	575,069	255,959
<u>1,833,786</u>	<u>1,890,041</u>	<u>1,817,583</u>	<u>947,333</u>	<u>1,166,466</u>	<u>1,105,538</u>	<u>1,230,830</u>
0	1,200	2,348	1,184	118,647	0	32,198
7,782	10,575	11,038	0	86,412	0	0
0	22,481	0	0	0	0	0
0	0	10,000	0	0	0	0
909,418	900,321	1,393,473	29,105	0	0	0
30,421	21,938	6,959	0	0	0	34,599
<u>947,621</u>	<u>956,515</u>	<u>1,423,818</u>	<u>30,289</u>	<u>205,059</u>	<u>0</u>	<u>66,797</u>
0	0	0	0	2,425	0	3,563
0	0	0	86,412	0	0	0
225,000	0	229,000	159,966	11,893	0	0
90,084	769,020	93,042	487,552	1,717,268	3,196,696	2,004,198
0	0	0	0	0	0	90,302
<u>315,084</u>	<u>769,020</u>	<u>322,042</u>	<u>733,930</u>	<u>1,731,586</u>	<u>3,196,696</u>	<u>2,098,063</u>
<u>3,096,491</u>	<u>3,615,576</u>	<u>3,563,443</u>	<u>1,711,552</u>	<u>3,103,111</u>	<u>4,302,234</u>	<u>3,395,690</u>
11,344,168	9,766,739	9,614,319	8,907,934	10,070,403	9,519,996	8,655,571
5,408,552	5,223,139	3,028,479	2,995,026	3,181,306	2,963,673	2,908,284
222,175	473,053	0	0	0	0	0
0	39,954	0	0	0	0	0
32,000	75,640	0	0	186,339	376,084	162,592
123,422	2,886,826	2,959,058	1,083,193	147,764	679,566	317,511
<u>17,130,317</u>	<u>18,465,351</u>	<u>15,601,856</u>	<u>12,986,153</u>	<u>13,585,812</u>	<u>13,539,319</u>	<u>12,043,958</u>
<u>\$ 20,226,808</u>	<u>\$ 22,080,927</u>	<u>\$ 19,165,299</u>	<u>\$ 14,697,705</u>	<u>\$ 16,688,923</u>	<u>\$ 17,841,553</u>	<u>\$ 15,439,648</u>

(Continued)

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

	2015	2014	2013
<u>Expenses</u>			
Governmental Activities:			
Security of Persons and Property	\$ 9,003,214	\$ 8,933,432	\$ 8,465,633
Public Health	29,823	88,023	188,239
Leisure Time Activities	1,153,093	1,312,553	1,158,288
Community Environment	459,925	461,484	487,654
Basic Utility Services (1)	0	0	0
Transportation	6,739,622	7,473,350	6,236,676
General Government	3,515,818	3,325,069	3,391,591
Interest & Fiscal Charges	488,696	431,533	470,790
Total Governmental Activities Expenses	<u>21,390,191</u>	<u>22,025,444</u>	<u>20,398,871</u>
<u>Business-Type Activities</u>			
Water	12,176,431	9,325,575	9,109,859
Sewer	7,079,585	6,058,831	5,796,151
Total Business-Type Activities Expenses	<u>19,256,016</u>	<u>15,384,406</u>	<u>14,906,010</u>
Total Primary Government Program Expenses	<u>40,646,207</u>	<u>37,409,850</u>	<u>35,304,881</u>
<u>Net (Expense)/Revenue</u>			
Governmental Activities	(18,403,224)	(17,954,682)	(17,023,501)
Business-Type Activities	(1,887,617)	743,052	1,498,185
Total Primary Government Net Expense	<u>(20,290,841)</u>	<u>(17,211,630)</u>	<u>(15,525,316)</u>

2012	2011	2010	2009	2008	2007	2006
\$ 8,534,837	\$ 8,503,399	\$ 8,431,818	\$ 8,116,714	\$ 8,081,408	\$ 7,549,732	\$ 6,877,385
140,705	153,410	128,170	111,728	136,490	84,207	97,659
1,239,644	1,266,323	628,833	1,653,617	1,370,665	1,329,943	934,262
473,952	395,885	429,459	302,258	327,723	395,427	343,834
388,614	621,573	628,726	44,730	68,840	28,484	25,135
6,157,639	7,264,429	7,195,981	6,538,060	6,866,122	6,989,020	6,898,804
3,136,087	2,941,143	2,833,799	3,324,095	3,303,881	3,210,104	2,639,522
473,463	523,145	649,798	523,512	408,718	484,948	450,294
<u>20,544,941</u>	<u>21,669,307</u>	<u>20,926,584</u>	<u>20,614,714</u>	<u>20,563,847</u>	<u>20,071,865</u>	<u>18,266,895</u>
9,214,574	9,785,666	7,912,953	7,294,819	7,640,691	7,854,970	8,397,714
5,259,464	3,834,849	6,115,362	3,140,757	5,284,361	4,158,545	3,595,535
<u>14,474,038</u>	<u>13,620,515</u>	<u>14,028,315</u>	<u>10,435,576</u>	<u>12,925,052</u>	<u>12,013,515</u>	<u>11,993,249</u>
<u>35,018,979</u>	<u>35,289,822</u>	<u>34,954,899</u>	<u>31,050,290</u>	<u>33,488,899</u>	<u>32,085,380</u>	<u>30,260,144</u>
(17,448,450)	(18,053,731)	(17,363,141)	(18,903,162)	(17,460,736)	(15,769,631)	(14,871,205)
2,656,279	4,844,836	1,573,541	2,550,577	660,760	1,525,804	50,709
<u>(14,792,171)</u>	<u>(13,208,895)</u>	<u>(15,789,600)</u>	<u>(16,352,585)</u>	<u>(16,799,976)</u>	<u>(14,243,827)</u>	<u>(14,820,496)</u>

(Continued)

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

	2015	2014	2013
<u>General Revenues and Other Changes in Net Position</u>			
Governmental Activities			
Property Taxes Levied For:			
General Purposes	\$ 3,393,633	\$ 3,272,816	\$ 3,716,672
Debt Service Purpose	292,499	285,751	300,607
Other Purposes	1,805,298	1,774,044	1,813,852
Municipal Income Taxes Levied For:			
General Purposes	10,232,789	9,929,219	9,746,498
Sewer	0	0	0
Special Assessments	0	0	0
Intergovernmental	0	0	0
Grants and Entitlements not Restricted to			
Specific Programs	1,505,059	1,556,651	1,195,278
Investment Income	133,216	143,406	58,145
Gain on Sale of Capital Assets	27,905	2,731	1,469
All Other Revenues	131,530	278,953	263,925
Transfers	0	0	(13,159)
Total Governmental	17,521,929	17,243,571	17,083,287
Business-Type Activities			
Municipal Income Taxes Levied For:			
Sewer	0	214,650	512,524
Special Assessments	0	0	0
Intergovernmental	0	0	0
Investment Income	9,911	18,659	7,034
All Other Revenues	158,471	436,561	230,639
Transfers	0	0	13,159
Total Business-Type Activities	168,382	669,870	763,356
Total Primary Government General Revenues and Other Changes in Net Position	17,690,311	17,913,441	17,846,643
<u>Change in Net Position</u>			
Governmental Activities	(881,295)	(711,111)	59,786
Business-Type Activities	(1,719,235)	1,412,922	2,261,541
Total Primary Government Change in Net Position	\$ (2,600,530)	\$ 701,811	\$ 2,321,327

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

2012	2011	2010	2009	2008	2007	2006
3,876,214	4,913,620	\$ 6,132,324	\$ 5,571,368	\$ 5,427,231	\$ 5,566,092	\$ 5,207,484
285,046	0	0	0	0	0	0
1,352,126	0	0	0	0	0	0
9,763,450	9,001,318	8,118,314	7,559,236	9,721,195	10,013,692	9,602,798
0	0	0	0	0	0	0
0	0	0	328,542	7,336	901,641	412,572
0	0	0	0	0	3,363,079	3,343,650
2,056,510	2,026,080	1,781,735	3,765,072	3,177,253	0	0
123,385	259,795	267,001	161,242	740,381	1,377,075	860,731
0	37,061	0	0	0	0	0
370,066	28,696	86,562	221,817	222,278	288,235	67,816
25,703	4,137	(882,072)	(408,931)	(545,323)	(440,669)	(434,854)
<u>17,852,500</u>	<u>16,270,707</u>	<u>15,503,864</u>	<u>17,198,346</u>	<u>18,750,351</u>	<u>21,069,145</u>	<u>19,060,197</u>
473,049	258,615	0	0	0	0	0
0	0	0	0	0	26,685	0
0	0	0	0	0	0	19,039
72,661	127,307	220,757	119,890	121,309	224,866	225,736
337,426	101,779	124,981	97,271	0	0	30,170
(25,703)	(4,137)	882,072	408,931	545,323	485,111	483,376
<u>857,433</u>	<u>483,564</u>	<u>1,227,810</u>	<u>626,092</u>	<u>666,632</u>	<u>736,662</u>	<u>758,321</u>
<u>18,709,933</u>	<u>16,754,271</u>	<u>16,731,674</u>	<u>17,824,438</u>	<u>19,416,983</u>	<u>21,805,807</u>	<u>19,818,518</u>
404,050	(1,783,024)	(1,859,277)	(1,704,816)	1,289,615	5,299,514	4,188,992
3,513,712	5,328,400	2,801,351	3,176,669	1,327,392	2,262,466	809,030
<u>\$ 3,917,762</u>	<u>\$ 3,545,376</u>	<u>\$ 942,074</u>	<u>\$ 1,471,853</u>	<u>\$ 2,617,007</u>	<u>\$ 7,561,980</u>	<u>\$ 4,998,022</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>General Fund</u>				
Nonspendable	\$ 67,966	\$ 112,319	\$ 149,282	\$ 154,115
Committed	261,380	278,633	384,401	365,421
Assigned	1,216,648	1,710,552	2,203,130	1,971,632
Unassigned	1,220,231	760,805	331,507	636,982
Reserved For:				
Encumbrances	0	0	0	0
Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Unreserved Reported In:				
General Fund	0	0	0	0
Total General Fund	<u>2,766,225</u>	<u>2,862,309</u>	<u>3,068,320</u>	<u>3,128,150</u>
<u>All Other Governmental Funds</u>				
Nonspendable	296,051	234,170	70,355	80,426
Restricted	5,408,042	3,302,014	5,303,791	2,603,420
Committed	5,702,131	6,698,389	6,365,290	6,635,452
Assigned	87,418	87,921	143,428	145,545
Unassigned (Deficit)	(4,276,494)	(2,120,540)	(230,119)	(240,094)
Reserved For:				
Encumbrances	0	0	0	0
Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Debt Service Funds	0	0	0	0
Unreserved Reported In:				
General Fund	0	0	0	0
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Project Funds	0	0	0	0
Total All Other Governmental Funds	<u>7,217,148</u>	<u>8,201,954</u>	<u>11,652,745</u>	<u>9,224,749</u>
Total Governmental Funds	<u>\$ 9,983,373</u>	<u>\$ 11,064,263</u>	<u>\$ 14,721,065</u>	<u>\$ 12,352,899</u>

2011	2010	2009	2008	2007	2006
\$ 147,081	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
390,996	0	0	0	0	0
2,145,213	0	0	0	0	0
671,702	0	0	0	0	0
0	137,555	260,041	125,120	90,264	118,604
0	59,093	59,717	34,857	17,540	17,243
0	34,016	534,720	0	0	0
0	2,956,952	2,587,648	2,870,052	2,370,440	1,186,573
<u>3,354,992</u>	<u>3,187,616</u>	<u>3,442,126</u>	<u>3,030,029</u>	<u>2,478,244</u>	<u>1,322,420</u>
90,173	0	0	0	0	0
2,463,198	0	0	0	0	0
5,743,801	0	0	0	0	0
145,515	0	0	0	0	0
(302,207)	0	0	0	0	0
0	179,810	1,948,154	529,223	814,946	804,854
0	130,486	103,997	95,362	84,265	88,859
0	7,766	0	0	0	0
0	0	0	0	526,437	523,965
0	0	0	0	5,621,051	4,600,655
0	5,827,991	6,960,348	7,398,236	2,257,454	2,028,258
0	587,008	582,506	559,965	0	0
0	1,964,956	1,644,416	1,148,631	1,452,282	385,175
<u>8,140,480</u>	<u>8,698,017</u>	<u>11,239,421</u>	<u>9,731,417</u>	<u>10,756,435</u>	<u>8,431,766</u>
<u>\$ 11,495,472</u>	<u>\$ 11,885,633</u>	<u>\$ 14,681,547</u>	<u>\$ 12,761,446</u>	<u>\$ 13,234,679</u>	<u>\$ 9,754,186</u>

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

	2015	2014	2013
<u>Revenues</u>			
Property and Other Taxes	\$ 5,542,344	\$ 5,393,371	\$ 5,823,203
Municipal Income Taxes	10,537,547	10,424,202	9,528,994
Intergovernmental	2,677,043	2,975,550	2,768,724
Interest	133,216	143,406	58,145
Fees, Licenses and Permits	292,465	283,496	314,258
Fines and Forfeitures	391,869	379,546	363,806
Charges for Services	1,095,404	1,088,715	1,094,002
Contributions and Donations	10,209	10,005	13,619
Special Assessments	330,281	398,003	376,113
All Other Revenues	131,530	279,397	513,815
Total Revenues	21,141,908	21,375,691	20,854,679
<u>Expenditures</u>			
Current:			
Security of Persons and Property	8,580,683	8,284,112	8,043,110
Public Health Services	81,250	80,000	176,361
Leisure Time Activities	834,646	898,760	899,472
Community Environment	474,261	452,526	472,910
Basic Utility Services (1)	0	0	0
Transportation	4,079,694	3,980,188	3,896,164
General Government	3,083,760	2,860,068	2,921,343
Capital Outlay	3,673,188	5,255,871	2,130,676
Debt Service:			
Principal Retirement	1,104,432	2,958,998	1,260,302
Interest and Fiscal Charges	330,506	379,746	414,542
Bond Issuance Costs	83,453	9,955	10,650
Total Expenditures	22,325,873	25,160,224	20,225,530
Excess of Revenues Over (Under) Expenditures	(1,183,965)	(3,784,533)	629,149

2012	2011	2010	2009	2008	2007	2006
\$ 5,452,174	\$ 5,492,222	\$ 5,378,941	\$ 5,650,803	\$ 5,168,414	\$ 5,566,092	\$ 4,888,308
9,407,646	9,404,479	7,308,383	7,766,597	9,543,714	9,896,822	9,087,129
2,860,391	3,904,539	4,559,299	4,052,249	3,663,561	3,363,079	3,807,429
123,385	259,795	333,840	278,211	556,573	1,377,075	860,731
264,386	248,856	344,963	243,696	480,964	427,811	566,125
343,231	349,213	443,945	314,370	280,896	254,720	238,286
1,102,449	908,736	662,193	355,073	404,574	423,007	355,336
12,335	0	0	0	0	51,765	95,538
465,612	410,275	402,899	417,206	422,505	901,641	412,572
117,416	139,565	157,988	190,038	167,194	327,340	67,746
<u>20,149,025</u>	<u>21,117,680</u>	<u>19,592,451</u>	<u>19,268,243</u>	<u>20,688,395</u>	<u>22,589,352</u>	<u>20,379,200</u>
8,375,212	8,309,778	8,546,321	7,826,875	7,972,125	7,126,210	6,515,984
150,834	153,410	128,170	111,728	136,490	84,207	97,659
917,967	919,497	1,143,540	1,545,296	998,018	796,172	882,536
482,536	396,484	387,038	300,413	325,405	392,594	341,008
388,614	667,103	635,832	25,164	43,757	0	0
4,456,045	6,031,554	5,183,094	5,318,815	6,438,048	5,318,742	4,975,361
2,553,332	2,720,378	2,504,806	2,831,674	2,792,067	2,451,021	2,180,755
508,078	1,795,595	1,466,267	3,723,312	1,010,865	1,467,186	2,646,888
1,136,937	1,062,842	942,966	839,715	573,350	557,541	517,981
462,746	481,950	649,378	505,510	376,314	484,948	474,461
20,069	0	92,319	0	0	0	0
<u>19,452,370</u>	<u>22,538,591</u>	<u>21,679,731</u>	<u>23,028,502</u>	<u>20,666,439</u>	<u>18,678,621</u>	<u>18,632,633</u>
<u>696,655</u>	<u>(1,420,911)</u>	<u>(2,087,280)</u>	<u>(3,760,259)</u>	<u>21,956</u>	<u>3,910,731</u>	<u>1,746,567</u>

(Continued)

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

	2015	2014	2013
<u>Other Financing Sources (Uses)</u>			
Loans Issued	0	0	0
Refunding Bonds Issued	0	0	0
Premium on Bond Issuance	0	0	0
Payment to Refunded Bond Escrow Account	(3,234,044)	0	0
Transfers In	5,307,197	1,810,984	3,677,999
Transfers Out	(5,307,197)	(1,810,984)	(3,714,762)
Sale of Capital Assets	27,905	2,731	21,138
Bond Anticipation Notes Issued	0	0	1,743,000
Premium on Notes Issued	344,216	0	11,642
Inception of Capital Lease	0	0	0
Promissory Notes Issued	0	0	0
Bond Proceeds	2,964,998	0	0
Loan Proceeds	0	125,000	0
Capital Lease Proceeds	0	0	0
Total Other Financing Sources (Uses)	<u>103,075</u>	<u>127,731</u>	<u>1,739,017</u>
Net Change in Fund Balances	<u>\$ (1,080,890)</u>	<u>\$ (3,656,802)</u>	<u>\$ 2,368,166</u>
 Debt Service as a Percentage of Noncapital Expenditures	 7.45%	 15.36%	 9.08%

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

2012	2011	2010	2009	2008	2007	2006
115,000	0	0	0	0	0	0
765,000	0	4,980,000	0	0	0	0
11,122	0	109,961	0	0	0	0
(756,053)	0	(4,993,270)	0	0	0	0
1,747,894	2,291,517	8,939,484	9,864,998	10,569,353	10,712,250	8,687,295
(1,722,191)	(2,287,380)	(9,821,556)	(10,273,929)	(11,064,542)	(11,142,488)	(9,157,033)
0	37,061	0	0	0	0	0
0	1,071,000	0	0	0	0	0
0	2,900	0	0	0	0	0
0	0	12,247	0	0	0	0
0	0	64,500	0	0	0	0
0	0	0	5,930,000	0	0	0
0	0	0	100,000	0	0	0
0	0	0	59,291	0	0	0
<u>160,772</u>	<u>1,115,098</u>	<u>(708,634)</u>	<u>5,680,360</u>	<u>(495,189)</u>	<u>(430,238)</u>	<u>(469,738)</u>
<u>\$ 857,427</u>	<u>\$ (305,813)</u>	<u>\$ (2,795,914)</u>	<u>\$ 1,920,101</u>	<u>\$ (473,233)</u>	<u>\$ 3,480,493</u>	<u>\$ 1,276,829</u>
8.82%	8.10%	8.60%	7.37%	5.94%	7.64%	7.24%

City of Avon Lake, Ohio
*Assessed Valuations and Estimated
 Actual Values of Taxable Property
 Last Ten Years*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Other Real Estate		Assessed Value	Estimated Actual Value
2015	\$ 656,953,220	\$ 91,620,740	\$2,138,782,743	\$ 39,187,470	\$44,531,216
2014	647,831,640	91,423,030	2,112,156,200	38,214,330	43,425,375
2013	639,492,550	89,718,790	2,083,460,971	56,087,710	63,736,034
2012	685,489,510	88,643,530	2,211,808,686	55,420,640	62,978,000
2011	679,942,600	88,859,130	2,196,576,371	57,136,730	64,928,102
2010	673,103,030	87,597,840	2,173,431,057	56,889,809	64,647,510
2009	696,704,860	87,612,390	2,240,906,429	78,619,679	89,340,544
2008	675,269,400	89,124,220	2,183,981,771	80,254,830	91,198,670
2007	648,700,950	84,229,750	2,094,087,714	82,074,850	93,266,875
2006	558,227,510	80,772,810	1,825,715,200	89,484,090	101,686,466

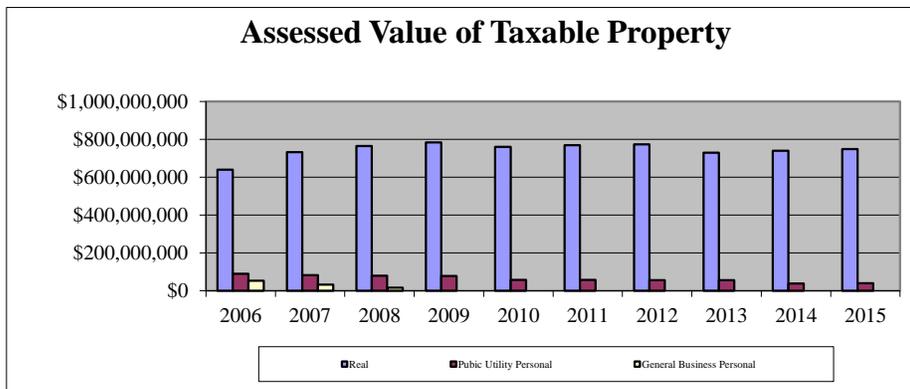
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

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

Source: Lorain County Auditor

<u>Tangible Personal Property</u>		<u>Total</u>				<u>Ratio</u>	<u>Direct Tax Rate</u>
<u>General Business</u>		<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
\$ -	\$ -	\$ 787,761,430	\$2,183,313,959	36.08%	\$ 8.12		
-	-	777,469,000	2,155,581,575	36.07%	8.13		
-	-	785,299,050	2,147,197,005	36.57%	8.13		
-	-	829,553,680	2,274,786,686	36.47%	7.34		
-	-	825,938,460	2,261,504,474	36.52%	7.34		
-	-	817,590,679	2,238,078,567	36.53%	7.35		
-	-	862,936,929	2,330,246,973	37.03%	7.36		
16,228,352	86,551,211	860,876,802	2,361,731,653	36.45%	6.95		
32,948,472	175,725,184	847,954,022	2,363,079,773	35.88%	6.95		
52,701,113	210,804,452	781,185,523	2,138,206,118	36.53%	6.95		



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

	Collection Year 2015	Collection Year 2014	Collection Year 2013	Collection Year 2012
<u>Unvoted Millage</u>				
General	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60
Fireman's Fund	0.30	0.30	0.30	0.30
Police Pension	0.30	0.30	0.30	0.30
Total Unvoted Millage	4.20	4.20	4.20	4.20
<u>Voted Millage</u>				
2000 Charter Current Expense	1.50	1.50	1.50	1.50
2003 Ambulance & EMS	-	-	-	-
2008 Bond	0.42	0.43	0.43	0.39
2009 Ambulance & EMS	-	-	-	1.25
2012 Ambulance & EMS	2.00	2.00	2.00	-
Total Voted Millage	3.92	3.93	3.93	3.14
Total Millage	\$ 8.12	\$ 8.13	\$ 8.13	\$ 7.34
<u>Overlapping Rates by Taxing District</u>				
City of Avon Lake				
Residential/Agricultural Effective Rate	\$ 7.7490	\$ 7.7610	\$ 7.7630	\$ 6.8917
Commercial/Industrial and Public Utility Effective Rate	7.9884	8.0016	8.0090	7.2862
General Business and Public Utility Personal Property	8.1200	8.1300	8.1300	7.3400
Avon Lake School District				
Residential/Agricultural Effective Rate	41.4590	47.1799	39.3201	36.3220
Commercial/Industrial and Public Utility Effective Rate	39.2247	57.3566	49.5474	48.4658
General Business and Public Utility Personal Property	56.8300	75.1000	67.2300	65.5700
Lorain County				
Residential/Agricultural Effective Rate	14.0857	14.0927	12.8534	12.2226
Commercial/Industrial and Public Utility Effective Rate	13.7749	13.7186	12.5193	12.4841
General Business and Public Utility Personal Property	14.4820	14.4820	13.6550	13.6900
Special Taxing Districts (1)				
Residential/Agricultural Effective Rate	5.1100	5.1134	5.1161	4.9184
Commercial/Industrial and Public Utility Effective Rate	4.7956	4.7728	4.7762	4.8177
General Business and Public Utility Personal Property	5.2500	5.2500	5.2500	5.2500

Source: Lorain County Auditor

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

Collection Year 2011	Collection Year 2010	Collection Year 2009	Collection Year 2008	Collection Year 2007	Collection Year 2006
\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60	\$ 3.60
0.30	0.30	0.30	0.30	0.30	0.30
0.30	0.30	0.30	0.30	0.30	0.30
<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>	<u>4.20</u>
1.50	1.50	1.50	1.50	1.50	1.50
-	-	-	1.25	1.25	1.25
0.39	0.40	0.41	-	-	-
1.25	1.25	1.25	-	-	-
-	-	-	-	-	-
<u>3.14</u>	<u>3.15</u>	<u>3.16</u>	<u>2.75</u>	<u>2.75</u>	<u>2.75</u>
<u>\$ 7.34</u>	<u>\$ 7.35</u>	<u>\$ 7.36</u>	<u>\$ 6.95</u>	<u>\$ 6.95</u>	<u>\$ 6.95</u>
\$ 6.8907	\$ 6.8994	\$ 6.5797	\$ 6.1844	\$ 6.1954	\$ 6.4782
7.2847	7.2967	7.2115	6.7832	6.7885	6.9157
7.3400	7.3500	7.3600	6.9500	6.9500	6.9500
36.6250	36.7441	33.7194	33.8538	34.2071	30.1817
48.7681	48.9317	46.2283	46.1552	46.5637	43.8663
65.8900	66.0300	66.0300	64.0200	64.3700	60.2600
12.2143	11.5436	10.9380	10.9618	10.9270	12.1745
12.3890	11.9718	11.8436	11.9061	11.8184	12.7796
13.6900	13.3900	13.3900	13.3900	13.4900	13.4900
3.7588	3.7556	3.5562	3.5679	3.5766	3.5858
3.7564	3.7780	3.7243	3.7192	3.7157	3.7775
4.2500	4.2500	4.2500	4.2500	4.2500	4.2500

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

Year	Current Tax Levy	Current Tax Collections (1)	Percent of Current Tax Collections to Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Current Tax Levy
2015	\$ 6,141,076	\$ 6,056,711	98.63%	\$ 152,679	\$ 6,209,390	101.11%	\$ 164,684	2.68%
2014	6,070,204	5,959,788	98.18%	130,919	6,090,707	100.34%	215,597	3.55%
2013	6,138,888	6,024,471	98.14%	139,194	6,163,665	100.40%	303,289	4.94%
2012	5,776,842	5,634,246	97.53%	119,655	5,753,901	99.60%	303,401	5.25%
2011	5,751,945	5,574,744	96.92%	129,590	5,704,334	99.17%	286,221	4.98%
2010	5,698,741	5,314,413	93.26%	115,039	5,429,452	95.27%	531,893	9.33%
2009	5,787,865	5,637,584	97.40%	95,795	5,733,379	99.06%	186,606	3.22%
2008	5,313,751	5,218,434	98.21%	87,601	5,306,035	99.85%	130,373	2.45%
2007	5,161,168	4,497,052	87.13%	75,444	4,572,496	88.59%	725,209	14.05%
2006	4,786,307	4,712,326	98.45%	53,400	4,765,726	99.57%	102,763	2.15%

Source: Lorain County Auditor

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

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

City of Avon Lake, Ohio
Principal Taxpayers – Real Estate Tax
 2015 and 2006

Taxpayer	2015	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Orion Power Midwest LP	\$ 19,034,690	2.55 %
Genon Power Midwest LP	14,918,120	1.99 %
Cleveland Electric Illuminating Co	12,497,650	1.67 %
American Transmission Systems Inc	9,424,020	1.26 %
Ford Motor Company	4,739,550	0.63 %
181 Somerset Realty LLC	4,356,650	0.58 %
Polyone Corporation	3,977,040	0.53 %
Health Care REIT Inc	3,756,040	0.50 %
Legacy Pointe LTD	3,699,300	0.49 %
Columbia Gas of Ohio Inc	2,391,500	0.32 %
Total	<u>\$ 78,794,560</u>	<u>10.52 %</u>
Total Assessed Valuation	<u>\$ 748,573,960</u>	

Taxpayer	2006	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Orion Power Midwest LP	\$ 90,366,460	14.14 %
Ford Motor Company	9,945,200	1.56 %
Cleveland Electric	9,284,430	1.45 %
American Landmark Ltd	4,886,930	0.76 %
American Transmission Systems Inc	4,154,700	0.65 %
Geon Co	4,084,290	0.64 %
Kopf Properties II LTD	2,430,940	0.38 %
Legacy Pointe LTD	2,174,100	0.34 %
Centurytel of Ohio Inc	2,065,130	0.32 %
Learwood Square Co LLC	1,935,420	0.29 %
Total	<u>\$ 131,327,600</u>	<u>20.53 %</u>
Total Assessed Valuation	<u>\$ 639,000,320</u>	

Source: Lorain County Auditor

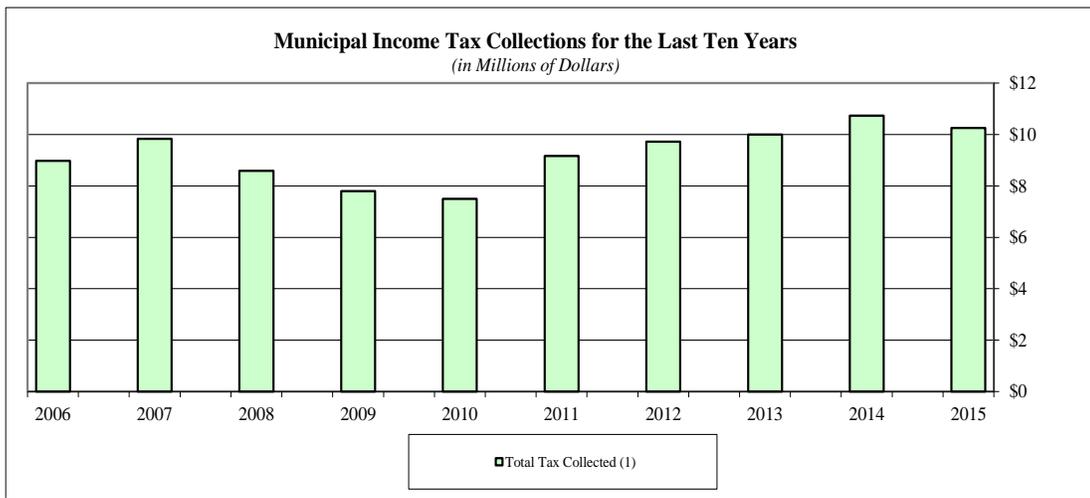
(1) The amounts presented represent the assessed values upon which 2015 and 2006 collections were based.

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

Tax Year	Tax Rate	Total Tax Collected (1)
2015	1.50%	\$10,253,084
2014	1.50%	10,732,138
2013	1.50%	9,999,500
2012	1.50%	9,726,367
2011	1.50%	9,167,096
2010	1.50%	7,492,129
2009	1.50%	7,798,625
2008	1.50%	8,585,458
2007	1.50%	9,830,694
2006	1.50%	8,972,882

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

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





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

Year	Governmental Activities						
	General Obligation Bonds (1)	Special Assessment Bonds	OWDA Loans	OPWC Loans	Notes Payable	Capital Leases	Other Debt
2015	\$6,745,040	\$1,147,817	\$226,302	\$175,416	\$626,204	\$0	\$130,132
2014	7,009,404	1,415,685	232,081	188,333	626,784	0	155,868
2013	7,807,179	1,675,983	237,675	70,000	2,510,728	0	181,491
2012	8,595,954	1,928,697	0	76,666	938,972	0	227,006
2011	9,063,612	2,055,283	0	83,333	1,073,610	7,821	134,418
2010	9,725,770	2,271,423	65,835	90,000	0	38,048	163,770
2009	10,234,263	2,404,937	126,919	100,000	0	54,741	201,545
2008	4,858,877	2,602,537	183,599	0	0	23,481	303,727
2007	5,175,065	2,794,011	236,193	0	0	0	220,484
2006	5,472,691	2,975,485	284,994	0	0	0	323,069

(1) Amounts include associated premiums

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

Business-Type Activities							
General Obligation Bonds (1)	Capital Leases	OWDA Loans	Other Debt	Mortgage Revenue Bond	Total Debt	Percentage of Personal Income	Per Capita
\$3,005,297	\$0	\$49,041,258	\$0	\$4,727,210	\$65,824,676	7.13%	\$2,915
3,218,282	0	46,068,004	0	6,210,000	65,124,441	7.06%	2,884
4,225,645	8,870	40,682,410	0	6,595,000	63,994,981	6.94%	2,834
5,177,681	36,017	39,988,768	0	7,545,000	64,514,761	6.99%	2,857
5,727,803	4,711	38,472,429	247,638	8,460,000	65,330,658	7.08%	2,893
6,535,221	60,534	33,899,521	0	9,340,000	62,190,122	6.74%	2,754
7,294,431	102,571	15,141,625	0	10,195,000	45,856,032	7.82%	2,527
8,025,710	150,389	12,335,034	0	11,020,000	39,503,354	6.73%	2,177
8,725,728	0	10,520,581	0	11,825,000	39,497,062	6.73%	2,177
9,212,729	0	11,197,531	0	12,605,000	42,071,499	7.17%	2,319

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

Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property	Net Bonded Debt Per Capita
2015	22,581	\$ 2,183,313,959	\$5,770,290	0.26 %	\$256
2014	22,581	2,155,581,575	10,227,686	0.47 %	453
2013	22,581	2,147,197,005	22,380,176	1.04 %	991
2012	22,581	2,274,786,686	13,635,388	0.60 %	604
2011	22,581	2,261,504,474	14,672,215	0.65 %	650
2010	22,581	2,238,078,567	16,164,605	0.72 %	716
2009	18,145	2,330,246,973	17,528,694	0.75 %	966
2008	18,145	2,361,731,653	12,884,587	0.55 %	710
2007	18,145	2,363,079,773	13,900,793	0.59 %	766
2006	18,145	2,138,206,118	14,685,420	0.69 %	809

Sources:

(1) Source: U. S. Census

(a) Years 2006 through 2009 - 2000 Federal Census

(b) Years 2010 through 2015 - 2010 Federal Census

(2) Lorain County Auditor

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

City of Avon Lake, Ohio
*Computation of Direct and Overlapping
 Governmental Activities Debt
 December 31, 2015*

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to City</u>
Direct - City of Avon Lake			
General Obligation Bonds, net	\$6,745,040	100.00%	\$ 6,745,040
Special Assessment Bonds, net	1,147,817	100.00%	1,147,817
OPWC Loan	175,416	100.00%	175,416
OWDA Loan	226,302	100.00%	226,302
Long-Term Notes Payable	626,204	100.00%	626,204
Other Loans	<u>130,132</u>	100.00%	<u>130,132</u>
Total Direct Debt	<u>9,050,911</u>		<u>9,050,911</u>
Overlapping			
Avon Lake City School District (2)	48,722,802	100.00%	48,722,802
Lorain County	<u>23,460,000</u>	12.61%	<u>2,958,306</u>
Total Overlapping Debt	<u>72,182,802</u>		<u>51,681,108</u>
Total	<u>\$ 81,233,713</u>		<u>\$ 60,732,019</u>

Source: Lorain County Auditor

- (1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.
 (2) Debt outstanding is as of June 30, 2015

City of Avon Lake, Ohio

Legal Debt Margin

Last Ten Years

	2015	2014	2013	2012
Total Assessed Property Value	<u>\$ 787,761,430</u>	<u>\$ 777,469,000</u>	<u>\$ 785,299,050</u>	<u>\$ 829,553,680</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>82,714,950</u>	<u>81,634,245</u>	<u>82,456,400</u>	<u>87,103,136</u>
Debt Outstanding:				
General Obligation Bonds	\$ 6,745,040	\$ 7,009,404	\$ 7,807,179	\$ 8,595,954
General Obligation Bonds - Enterprise	3,005,297	3,218,282	4,225,645	5,177,681
Special Assessment Bonds	1,147,817	1,415,685	1,675,983	1,928,697
Notes Payable	5,879,628	5,976,740	2,717,728	938,972
OPWC Loans	175,416	188,333	70,000	76,666
OWDA Loans	226,302	232,081	237,675	0
OWDA Loans - Enterprise	49,041,258	46,068,004	40,682,410	39,988,768
Mortgage Revenue Bonds	4,274,210	6,210,000	6,595,000	7,545,000
Total Gross Indebtedness	<u>70,494,968</u>	<u>70,318,529</u>	<u>64,011,620</u>	<u>64,251,738</u>
Less:				
General Obligation Bonds - Enterprise	(3,005,297)	(3,218,282)	(4,225,645)	(5,177,681)
Special Assessment Bonds	(1,147,817)	(1,415,685)	(1,675,983)	(1,928,697)
OPWC Loans	(175,416)	(188,333)	(70,000)	(76,666)
OWDA Loans	(226,302)	(232,081)	(237,675)	0
OWDA Loans - Enterprise	(49,041,258)	(46,068,004)	(40,682,410)	(39,988,768)
Mortgage Revenue Bonds	(4,274,210)	(6,210,000)	(6,595,000)	(7,545,000)
General Obligation Bond Retirement Fund Balance	(3,980,047)	(1,737,434)	(177,555)	(138,247)
Total Net Debt Applicable to Debt Limit	<u>8,644,621</u>	<u>11,248,710</u>	<u>10,347,352</u>	<u>9,396,679</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$ 74,070,329</u>	<u>\$ 70,385,535</u>	<u>\$ 72,109,048</u>	<u>\$ 77,706,457</u>
Legal Debt Margin as a Percentage of the Debt Limit	89.55%	86.22%	87.45%	89.21%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$ 43,326,879</u>	<u>\$ 42,760,795</u>	<u>\$ 43,191,448</u>	<u>\$ 45,625,452</u>
Total Gross Indebtedness	\$ 70,494,968	\$ 70,318,529	\$ 64,011,620	\$ 64,251,738
Less:				
General Obligation Bonds - Enterprise	(3,005,297)	(3,218,282)	(4,225,645)	(5,177,681)
Special Assessment Bonds	(1,147,817)	(1,415,685)	(1,675,983)	(1,928,697)
OPWC Loans	(175,416)	(188,333)	(70,000)	(76,666)
OWDA Loans	(226,302)	(232,081)	(237,675)	0
OWDA Loans - Enterprise	(49,041,258)	(46,068,004)	(40,682,410)	(39,988,768)
Mortgage Revenue Bonds	(4,274,210)	(6,210,000)	(6,595,000)	(7,545,000)
General Obligation Bond Retirement Fund Balance	(3,980,047)	(1,737,434)	(177,555)	(138,247)
Net Debt Within 5 ½ % Limitations	<u>8,644,621</u>	<u>11,248,710</u>	<u>10,347,352</u>	<u>9,396,679</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$ 34,682,258</u>	<u>\$ 31,512,085</u>	<u>\$ 32,844,096</u>	<u>\$ 36,228,773</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	80.05%	73.69%	76.04%	79.40%

Source: City Financial Records

2011	2010	2009	2008	2007	2006
<u>\$ 825,938,460</u>	<u>\$ 817,590,679</u>	<u>\$ 862,936,929</u>	<u>\$ 860,876,802</u>	<u>\$ 847,954,022</u>	<u>\$ 781,185,523</u>
86,723,538	85,847,021	90,608,378	90,392,064	89,035,172	82,024,480
\$ 9,063,612	\$ 9,725,770	\$ 10,234,263	\$ 4,858,877	\$ 5,175,065	\$ 5,472,691
5,727,803	6,535,221	7,294,431	8,025,710	8,725,728	9,212,729
2,055,283	2,271,423	2,404,937	2,602,537	2,794,011	2,975,485
1,073,610	0	0	0	0	0
83,333	90,000	100,000	0	0	0
0	65,835	126,919	183,599	236,193	284,994
38,472,429	33,899,521	15,141,625	12,335,034	10,520,581	11,197,531
8,460,000	9,340,000	10,195,000	11,020,000	11,825,000	12,605,000
<u>64,936,070</u>	<u>61,927,770</u>	<u>45,497,175</u>	<u>39,025,757</u>	<u>39,276,578</u>	<u>41,748,430</u>
(5,727,803)	(6,535,221)	(7,294,431)	(8,025,710)	(8,725,728)	(9,212,729)
(2,055,283)	(2,271,423)	(2,404,937)	(2,602,537)	(2,794,011)	(2,975,485)
(83,333)	(90,000)	(100,000)	0	0	0
0	(65,835)	(126,919)	(183,599)	(236,193)	(284,994)
(38,472,429)	(33,899,521)	(15,141,625)	(12,335,034)	(10,520,581)	(11,197,531)
(8,460,000)	(9,340,000)	(10,195,000)	(11,020,000)	(11,825,000)	(12,605,000)
(119,200)	(96,386)	0	0	0	0
<u>10,018,022</u>	<u>9,629,384</u>	<u>10,234,263</u>	<u>4,858,877</u>	<u>5,175,065</u>	<u>5,472,691</u>
<u>\$ 76,705,516</u>	<u>\$ 76,217,637</u>	<u>\$ 80,374,115</u>	<u>\$ 85,533,187</u>	<u>\$ 83,860,107</u>	<u>\$ 76,551,789</u>
88.45%	88.78%	88.70%	94.62%	94.19%	93.33%
<u>\$ 45,426,615</u>	<u>\$ 44,967,487</u>	<u>\$ 47,461,531</u>	<u>\$ 47,348,224</u>	<u>\$ 46,637,471</u>	<u>\$ 42,965,204</u>
\$ 64,936,070	\$ 61,927,770	\$ 45,497,175	\$ 39,025,757	\$ 39,276,578	\$ 41,748,430
(5,727,803)	(6,535,221)	(7,294,431)	(8,025,710)	(8,725,728)	(9,212,729)
(2,055,283)	(2,271,423)	(2,404,937)	(2,602,537)	(2,794,011)	(2,975,485)
(83,333)	(90,000)	(100,000)	0	0	0
0	(65,835)	(126,919)	(183,599)	(236,193)	(284,994)
(38,472,429)	(33,899,521)	(15,141,625)	(12,335,034)	(10,520,581)	(11,197,531)
(8,460,000)	(9,340,000)	(10,195,000)	(11,020,000)	(11,825,000)	(12,605,000)
(119,200)	(96,386)	0	0	0	0
<u>10,018,022</u>	<u>9,629,384</u>	<u>10,234,263</u>	<u>4,858,877</u>	<u>5,175,065</u>	<u>5,472,691</u>
<u>\$ 35,408,593</u>	<u>\$ 35,338,103</u>	<u>\$ 37,227,268</u>	<u>\$ 42,489,347</u>	<u>\$ 41,462,406</u>	<u>\$ 37,492,513</u>
77.95%	78.59%	78.44%	89.74%	88.90%	87.26%

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>	<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>
2015	22,581	\$922,614,498	\$40,858	\$77,060	41.9	49.3%
2014	22,581	922,614,498	40,858	77,060	41.9	49.3%
2013	22,581	922,614,498	40,858	77,060	41.9	49.3%
2012	22,581	922,614,498	40,858	77,060	41.9	49.3%
2011	22,581	922,614,498	40,858	77,060	41.9	49.3%
2010	22,581	922,614,498	40,858	77,060	41.9	49.3%
2009	18,145	586,736,720	32,336	65,988	38.4	43.0%
2008	18,145	586,736,720	32,336	65,988	38.4	43.0%
2007	18,145	586,736,720	32,336	65,988	38.4	43.0%
2006	18,145	586,736,720	32,336	65,988	38.4	43.0%

(1) Source: U. S. Census

(a) Years 2006 through 2009 - 2000 Federal Census

(b) Years 2010 through 2015 - 2010 Federal Census

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

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

(4) Source: Lorain County Auditor

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

<u>School Enrollment (2)</u>	<u>Lorain County Unemployment Rate (3)</u>	<u>Average Value of Residential Property (4)</u>	<u>Total Assessed Property Value (4)</u>
3,640	4.5%	\$218,583	\$ 787,761,430
3,543	5.7%	218,758	\$ 777,469,000
3,575	8.1%	217,034	785,299,050
3,718	8.1%	217,406	829,553,680
3,781	8.3%	231,737	825,938,460
3,689	9.4%	230,941	817,590,679
3,616	9.9%	230,180	862,936,929
3,487	7.2%	239,740	860,876,802
3,446	6.3%	236,930	847,954,022
3,401	5.9%	233,540	781,185,523

City of Avon Lake, Ohio
Principal Municipal Income Tax Withholders
Current and Eight Years Ago (1)

2015

Employer	Number of Employees
Ford Motor Company	1,844
Polyone Corporation	699
Avon Lake City Schools	545
City of Avon Lake	393
Lubrizol Advances Materials	243
Grace Management Svcs Inc	200
Thogus Products	196
CSIG Property Solutions	196
Riser Foods Company/DBA	188
Allumalloy Metal Casting Company	145
Total	4,649
Total Estimated Employment within the City	N/A

2007 (1)

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

Source: Regional Income Tax Agency (RITA)
(1) - Information prior to 2007 is unavailable
N/A - Information not available

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

Function/Program	2015	2014	2013	2012	2011	2010
General Government						
Council	5.00	5.00	5.00	5.00	5.00	5.00
Finance	6.50	6.50	5.00	4.50	4.50	5.50
Law	2.50	2.50	3.00	3.50	3.00	3.50
Administration	3.00	3.00	3.00	5.00	3.00	3.00
Engineer	5.50	5.50	5.00	5.00	4.50	5.00
Court	8.50	8.50	6.50	6.50	6.50	7.50
Security of Persons and Property						
Police	31.00	34.00	33.00	32.00	31.50	31.00
Police - Dispatchers/Office/Other	15.50	15.50	13.50	15.50	14.00	14.00
Police - Animal Wardens	0.50	0.50	1.00	0.50	0.50	0.50
Fire	28.00	28.00	28.00	29.00	29.00	30.00
Fire - Secretary - Other	2.00	2.00	2.00	2.00	2.00	2.00
Leisure Time Activities						
Recreation	13.50	24.50	27.50	24.50	24.50	27.00
Municipal Pool	46.50	46.50	51.00	45.50	40.00	35.00
Cable Television	4.50	4.50	4.00	3.50	4.00	4.50
Community Environment						
Building	5.00	5.00	7.00	4.50	5.00	5.00
Economic Development	0.50	0.50	0.50	-	-	-
Transportation						
Service	28.00	27.50	27.00	31.00	28.00	25.50
Streets	11.00	11.50	11.00	11.00	11.00	12.50
Basic Utility Services						
Water	22.00	21.00	23.00	19.00	22.50	21.00
Sewer	28.00	27.50	25.50	32.50	26.50	30.50
Totals:	<u>267.00</u>	<u>279.50</u>	<u>281.50</u>	<u>280.00</u>	<u>265.00</u>	<u>268.00</u>

Source: City Payroll Department

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

(1) Information prior to 2010 is not available

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

Function/Program	2015	2014	2013
General Government			
<i>Council and Clerk</i>			
Number of Ordinances Introduced	158	148	157
Number of Resolutions Introduced	14	18	13
<i>Finance Department</i>			
Number of checks issued	5,420	5,020	4,921
Amount of checks issued	\$ 31,395,228	\$ 23,547,741	\$ 18,807,358
Community Environment			
<i>Building Department Indicators</i>			
Construction Permits Issued	1,888	1,786	1,431
Estimated Value of Construction	\$ 41,058,238	\$ 39,275,086	\$ 44,513,459
Amount of Revenue generated from permits	\$ 302,660	\$ 275,925	\$ 309,563
Number of contract registrations issued (A)	754	747	695
Annual Apartment/Rooming House License Fees (B)	0	0	0
Revenue generated from above (A, B)	\$ 75,700	\$ 75,775	\$ 47,575
Security of Persons & Property			
<i>Police</i>			
Total Calls for Services	14,571	14,882	13,057
Number of traffic citations issued	777	434	438
Number of parking citations issued	263	227	144
Number of criminal arrests	144	717	596
Number of accident reports completed	276	298	375
Part 1 Offenses (major offenses)	158	71	37
Animal Warden service calls responded to per annual report	62	105	128
DUI Arrests	46	48	40
Prisoners	68	341	282
Prisoner meal costs	\$ 468	\$ 926	\$ 2,227
Property damage accidents	59	52	63
Fatalities from Motor Vehicle Accidents	0	0	0
<i>Fire</i>			
Fire Calls	54	48	35
Overpressure, Overhear (no fire)	4	3	1
Rescue & EMS Incident	1,650	1,423	1,416
Hazardous Condition (no fire)	94	71	62
Service Call	327	294	233
Good Intent Call	129	91	80
False Alarm & False Call	173	211	174
Severe Weather & Natural Disaster	3	0	3
Special Incident Type	5	1	4
Miscellaneous Calls	0	0	0
Total Calls	<u>2,439</u>	<u>2,142</u>	<u>2,008</u>
Number of times Mutual Aid given to Fire and EMS	62	59	58
Number of times Mutual Aid received for Fire and EMS	54	44	37

2012	2011	2010	2009	2008	2007	2006
148	123	104	105	n/a	n/a	n/a
22	19	26	21	n/a	n/a	n/a
4,951	5,105	5,120	4,963	4,819	4,786	5,017
\$ 18,060,712	\$ 23,132,288	\$ 21,580,223	\$ 21,755,452	\$ 19,384,724	\$ 17,151,900	\$ 16,612,235
1,117	1,036	1,662	906	980	1,113	1,115
\$ 38,500,941	\$ 32,298,388	\$ 49,964,911	\$ 30,158,897	\$ 57,517,152	\$ 65,254,112	\$ 66,609,676
\$ 237,941	\$ 192,688	\$ 269,941	\$ 183,048	\$ 375,113	\$ 386,443	\$ 431,772
656	743	810	734	606	770	884
0	0	0	0	0	0	0
\$ 43,477	\$ 49,650	\$ 54,140	\$ 47,931	\$ 39,800	\$ 49,725	\$ 56,250
12,444	13,866	14,005	14,308	14,902	14,737	14,588
489	397	514	534	408	450	545
191	137	90	268	150	201	160
405	412	460	344	523	535	509
311	352	345	291	355	377	374
33	49	33	53	56	64	30
115	94	184	194	513	308	155
43	36	56	53	36	43	75
319	283	391	342	392	450	433
\$ 1,029	n/a	n/a	n/a	n/a	n/a	n/a
74	43	92	54	46	140	122
0	0	0	0	0	0	0
65	50	58	61	n/a	n/a	n/a
0	1	1	1	n/a	n/a	n/a
1,476	1,443	1,364	1,390	n/a	n/a	n/a
70	107	81	47	n/a	n/a	n/a
224	229	203	139	n/a	n/a	n/a
91	126	78	62	n/a	n/a	n/a
182	197	170	162	n/a	n/a	n/a
4	0	3	0	n/a	n/a	n/a
9	5	3	4	n/a	n/a	n/a
0	0	0	0	n/a	n/a	n/a
<u>2,121</u>	<u>2,158</u>	<u>1,961</u>	<u>1,866</u>	<u>0</u>	<u>0</u>	<u>0</u>
58	67	45	52	n/a	n/a	n/a
61	50	51	37	n/a	n/a	n/a

(Continued)

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

Function/Program	2015	2014	2013
Leisure Time Activities			
<i>Recreation</i>			
Pool:			
Total Attendance	35,761	75,761	39,784
Total Admission Income	\$ 164,271	\$ 150,363	\$ 137,257
Total Pass Sales	1,143	930	641
Total Pool Parties	0	41	55
Total Pool Party Income	\$ 1,950	\$ 6,158	\$ 8,160
Other Recreation Programs:			
Total Income from Sport related Programs	\$ 101,348	\$ 70,207	\$ 49,972
Total Income from Non-Sport related Programs	\$ 20,194	\$ 3,940	\$ 4,039
Total Income from Food Programs	\$ 66,530	\$ 2,421	\$ 2,972
Total Income from Youth & Family related Programs	\$ 6,141	\$ 892	\$ 2,723
Rental of Facilities:			
Total Income from Pavilion Rentals	\$ 8,225	\$ 9,325	\$ 9,475
Total Income from Lake House Rentals	\$ 18,708	\$ 40,972	n/a
<i>Cable Television</i>			
Bulletin Boards	406	544	350
Program Hours	388h 56m	386h 33m	414h 35m
Community Producers	24	20	21
Series:			
Public	16	15	12
Government	8	12	11
One Time/Specials:			
Public	8	16	15
Government	57	39	33
Studio Tours	1	1	1
Public Editor Used	25	6	11
Water			
Water rates per 1000 gallons, 1st 50,000 gallons of water used (2)	\$ 1.73	\$ 1.68	\$ 1.61
Total accounts within Avon Lake	8,355	8,311	8,251
Bulk customers outside of Avon Lake	7	7	7
Total water sales (billions of gallons)	7,000.000	6.831	7.159
Average daily production (millions of gallons)	20	19	20
Total miles of water line in Avon Lake	134	134	133
Total water revenues from within Avon Lake	\$ 1,437,738	\$ 1,557,478	\$ 1,493,529
Total water revenues from bulk customers outside of Avon Lake	\$ 8,712,715	\$ 7,860,528	\$ 7,320,250
Sewer			
Wastewater rates per 1000 gallons	\$ 3.63	\$ 3.39	\$ 3.17
Total accounts within Avon Lake	8,185	8,140	8,054
Bulk customers outside of Avon Lake	2	2	2
Total flow of wastewater treatment plant (billions of gallons)	1.699	1.699	1.942
Average daily flow (millions of gallons per day)	5	5	5
Tons of dry sludge removed	2,492	2,492	7,245
Total miles of sanitary and combined sewer in Avon Lake	103	103	102
Total wastewater pumping stations in Avon Lake	5	5	5
Total wastewater revenues from within Avon Lake	\$ 3,047,574	\$ 3,247,971	\$ 3,019,221
Total wastewater revenues from bulk customers outside of Avon Lake	\$ 502,313	\$ 444,078	\$ 411,844

Source: Information provided by the City's various departments.
n/a - Information is unavailable

	2012	2011	2010	2009	2008	2007	2006
	51,810	25,871	27,283	6,885	9,715	8,573	9,158
\$	143,946	\$ 140,962	\$ 119,160	\$ 36,969	\$ 58,327	\$ 58,847	\$ 57,743
	642	793	555	300	354	401	503
	53	46	59	9	23	n/a	n/a
\$	8,348	\$ 10,066	\$ 8,850	\$ 1,350	\$ 995	n/a	n/a
\$	41,000	\$ 34,626	\$ 35,079	\$ 21,432	\$ 17,210	\$ 8,023	\$ 9,315
\$	4,112	\$ 6,283	n/a	n/a	n/a	n/a	n/a
\$	2,568	\$ 2,948	n/a	n/a	n/a	n/a	n/a
\$	3,134	\$ 2,317	\$ 1,987	\$ 2,605	n/a	n/a	n/a
\$	8,500	\$ 8,000	n/a	n/a	n/a	n/a	n/a
\$	37,135	\$ 35,168	n/a	n/a	\$ 21,460	\$ 17,286	\$ 15,805
	229	386	306	334	227	392	204
	387h 29m	392h 40m	376h 31m	315h 16m	465h 55m	n/a	n/a
	17	16	11	15	24	19	20
	12	13	13	15	20	14	19
	11	12	11	15	15	9	9
	11	7	11	11	10	14	18
	22	23	21	22	30	23	24
	5	0	0	3	3	n/a	n/a
	13	7	3	13	80	n/a	n/a
\$	1.55	\$ 1.37	\$ 1.19	\$ 1.19	\$ 1.19	\$ 1.10	\$ 1.10
	8,192	8,124	8,082	8,034	7,962	7,884	7,748
	7	7	7	7	7	7	7
	8.086	7.548	7.532	7.314	7.676	8.207	7.515
	22	21	21	21	22	23	21
	133	132	131	131	131	130	128
\$	1,563,952	\$ 1,315,101	\$ 1,279,250	\$ 1,134,044	\$ 1,212,929	\$ 1,214,969	\$ 1,131,490
\$	7,557,323	\$ 6,306,417	\$ 6,020,174	\$ 5,960,861	\$ 6,054,225	\$ 5,924,925	\$ 5,510,386
\$	2.84	\$ 2.51	\$ 2.18	\$ 2.18	\$ 2.18	\$ 1.98	\$ 1.98
	7,990	7,929	7,885	7,831	7,768	7,684	7,548
	2	2	1	1	1	1	1
	2.042	2.229	1.760	1.663	1.835	1.688	1.602
	6	6	5	5	5	5	4
	8,426	6,768	5,730	6,191	5,471	5,747	5,050
	102	102	101	101	97	95	92
	5	5	5	5	5	5	5
\$	2,900,898	\$ 2,590,456	\$ 2,425,504	\$ 2,255,238	\$ 2,302,068	\$ 2,298,781	\$ 2,202,310
\$	385,622	\$ 323,587	\$ 257,500	\$ 252,431	\$ 240,316	\$ 153,665	\$ 131,927

City of Avon Lake, Ohio
Capital Asset Statistics by Function/Program
Last Seven Years (1)

Function/Program	2015	2014	2013	2012	2011	2010	2009
General Government							
Administrative Building	1	1	1	1	1	1	1
Police							
Stations	1	1	1	1	1	1	1
Vehicles	31	31	26	24	24	23	24
Fire							
Stations	1	1	1	1	1	1	1
Vehicles	15	15	13	13	11	11	11
Personal Water Craft (PWC)	2	2	2	2	2	2	2
Recreation							
Number of Parks	14	14	14	14	14	14	14
Parks (in acres)	226	226	226	226	226	226	226
Number of Lighted Tennis Courts (1 location)	4	4	4	4	4	4	4
Baseball/Softball Diamonds (2 locations)	11	11	11	11	11	11	11
Pool	1	1	1	1	1	1	1
Transportation							
Streets (miles)	117	117	116	114	113	108	108
Water							
Water Lines (miles)	134	134	133	133	132	131	131
Sewer and Storm Sewer							
Sanitary Sewers (miles)	103	103	102	102	102	101	101
Storm Sewers (miles)	88	88	87	86	86	86	86

Source: City's Department records
(1) - Information prior to 2009 is unavailable.



Dave Yost • Auditor of State

CITY OF AVON LAKE

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 22, 2016