

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

AUDIT REPORT

**FOR THE YEAR
ENDED DECEMBER 31, 2018**

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

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Members of 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, 2018 through December 31, 2018. 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 cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 22, 2019

This page intentionally left blank.

**CITY OF AVON LAKE
LORAIN COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	Under Separate Cover
Comprehensive Annual Financial Report	Under Separate Cover
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Schedule of Prior Findings and Recommendations	3

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

**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 Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Lake, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2018, 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 25, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and the City restated its net position at December 31, 2017 to reallocate the OWDA loans payable and related capital assets and to properly record special assessments receivable.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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



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

June 25, 2019

**CITY OF AVON LAKE
LORAIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2018**

The prior audit report, as of December 31, 2017, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

CITY OF AVON LAKE, OHIO



Comprehensive Annual Financial Report

**For the Year Ended
December 31, 2018**

Issued by the Finance Department

**Steven J. Presley
Director of Finance**

This page is intentionally left blank

INTRODUCTORY SECTION



City of Avon Lake, Ohio
Basic Financial Statements
For the Year Ended December 31, 2018
Table of Contents

I. Introductory Section

Table of Contents.....	i
Letter of Transmittal.....	vii
GFOA Certificate of Achievement.....	xv
Directory of Officials.....	xvi
Organizational Chart - City.....	xvii
Organizational Chart – Avon Lake Regional Water.....	xviii

II. Financial Section

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	5
Basic Financial Statements	
Government Financial Statements:	
Statement of Net Position.....	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	22
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities.....	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	26
Statement of Fund Net Position – Proprietary Funds.....	27
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	28
Statement of Cash Flows – Proprietary Funds.....	30

City of Avon Lake, Ohio
Basic Financial Statements
For the Year Ended December 31, 2018
Table of Contents

II. Financial Section (Continued)

Statement of Fiduciary Assets and Liabilities – Fiduciary Funds 31

Notes to the Basic Financial Statements:

Note 1: Description of the City and the Reporting Entity 32

Note 2: Summary of Significant Accounting Policies..... 32

Note 3: Changes in Accounting Principles..... 45

Note 4: Budgetary Basis of Accounting..... 46

Note 5: Accountability and Compliance 47

Note 6: Deposits and Investments 48

Note 7: Receivables..... 52

Note 8: Capital Assets 55

Note 9: Long-Term Obligations 57

Note 10: Short-Term Obligations..... 66

Note 11: Operating Leases 67

Note 12: Defined Benefit Pension Plans 67

Note 13: Defined Benefits OPEB Plans 80

Note 14: Risk Management..... 91

Note 15: Jointly Governed Organizations and Joint Venture..... 91

Note 16: Contingent Liabilities 92

Note 17: Interfund Transfers and Balances..... 93

Note 18: Fund Balances 94

Note 19: Landfill Postclosure Costs..... 96

Note 20: Construction Commitments..... 97

Note 21: Other Commitments 97

Note 22: Capital Lease 97

City of Avon Lake, Ohio
Basic Financial Statements
For the Year Ended December 31, 2018
Table of Contents

II. Financial Section (Continued)

Required Supplementary Information:

Schedule of the City’s Proportionate Share of the Net Pension Liability	99
Schedule of City Contributions - Pension.....	101
Schedule of the City’s Proportionate Share of the Net OPEB Liability	103
Schedule of City Contributions – OPEB	105
Notes to the Required Supplementary Information	107

Combining Statements and Individual Fund Schedules:

Combining Statements – Nonmajor Governmental Funds:

Fund Descriptions.....	110
Combining Balance Sheet – Nonmajor Governmental Funds.....	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	115
Combining Balance Sheet – Nonmajor Special Revenue Funds	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	120
Combining Balance Sheet – Nonmajor Debt Service Funds.....	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	125
Combining Balance Sheet – Nonmajor Capital Projects Funds	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	130

Combining Statement – Fiduciary Funds:

Fund Descriptions.....	134
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	135

City of Avon Lake, Ohio
Basic Financial Statements
For the Year Ended December 31, 2018
Table of Contents

II. Financial Section (Continued)

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

Major Funds:

General Fund.....	137
Capital Improvement Fund.....	140
45's Sewer Separation Fund.....	141

Nonmajor Funds:

Street Construction, Maintenance and Repair Fund	142
State Highway Fund.....	143
Income Tax Transfer Fund.....	144
Paramedic Fund	145
Office on Aging Fund	146
Dial-A-Bus Fund.....	147
Cable TV Fund.....	148
Law Enforcement Trust Fund	149
Law Enforcement and Education Fund.....	150
Indigent Drivers Alcohol Treatment Fund.....	151
Municipal Court Computer Fund.....	152
COPS Fund	153
Avon Lake/Bay Park Fund.....	154
Board of Building Standards Fund	155
Employee Sick Time Buy Back Fund.....	156
Street Tree Fund.....	157
Continued Professional Training - Police Fund.....	158

City of Avon Lake, Ohio
Basic Financial Statements
For the Year Ended December 31, 2018
Table of Contents

II. Financial Section (Continued)

Court Security Fund.....	159
Court Interlock Fund.....	160
Police Pension Fund.....	161
Fire Pension Fund.....	162
Recreation Trust Fund.....	163
Recreation Fund	164
General Bond Retirement (Unvoted) Fund.....	165
General Bond Retirement (Voted) Fund	166
Special Assessment Bond Retirement Fund.....	167
Walker/Moore Breakwall Fund.....	168
Sewer Separation Fund	169
Curtis Sewer Fund.....	170
Miller Road Park Breakwall Fund.....	171
Police/Court Facility Fund	172
Troy School Driveway Fund	173
Bicycle Trails Fund.....	174
Walker Road Widening Fund.....	175
City Wide Signalization Fund	176
North Point Erosion Fund.....	177
Pool Renovation Control Fund.....	178
Walker Rd. Sewer/Lear Rd. East Fund	179
Titus-Pitts-Hill Ditch Fund.....	180
Sidewalk/Street Lighting Fund.....	181
Cove Ave. Improvements Fund.....	182

City of Avon Lake, Ohio
Basic Financial Statements
For the Year Ended December 31, 2018
Table of Contents

Curtis Road Sewer Improvements Fund.....	183
Lear/Krebs Intersection Fund.....	184
Fairfield/Brookfield Improvement Fund	185

III. Statistical Section

Statistical Section Description and Table of Contents.....	S1
Net Position by Component – Last Ten Years	S2
Changes in Net Position – Last Ten Years	S4
Fund Balances, Governmental Funds - Last Ten Years.....	S10
Changes in Fund Balances, Governmental Funds – Last Ten Years	S12
Assessed Valuations and Estimated Actual Values of Taxable Property – Last Ten Years.....	S16
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years	S18
Property Tax Levies and Collections – Last Ten Years.....	S20
Principal Taxpayers – Real Estate Tax – 2018 and 2009.....	S21
Municipal Income Tax Revenue Base and Collections (Cash Basis) – Last Ten Years	S22
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita - Last Ten Years.....	S24
Ratio of General Obligation Bonded Debt to Estimated Actual Value and Net Bonded Debt Per Capita - Last Ten Years.....	S26
Computation of Direct and Overlapping Governmental Activities Debt	S27
Legal Debt Margin - Last Ten Years	S28
Demographic and Economic Statistics – Last Ten Years	S30
Principal Municipal Income Tax Withholders – Current and Nine Years Ago.....	S32
Full-Time City Employees by Function/Program - Last Nine Years	S33
Operating Indicators by Function/Program - Last Ten Years.....	S34
Capital Assets Statistics by Function/Program – Last Ten Years.....	S38



CITY OF AVON LAKE, OHIO

150 AVON BELDEN ROAD • AVON LAKE, OHIO 44012-1699

Telephone: (440) 933-6141

Fax: (440) 930-4107

www.avonlake.org

Building Department
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
933-8306

Human Resources
933-6141

Law Director
930-4122

Mayor's Office
930-4100

Municipal Court
930-4103

Municipal Utilities
933-6226

Planning Department
930-4101

Police Department
933-4567

Recreation Department
930-4130

Service Department
930-4126

Zoning Department
930-4143

June 25, 2019

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, 2018.

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, 2018. 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 11.5 square miles and is located in Lorain County in northeastern Ohio, approximately 18 miles west of the City of Cleveland. The City split from Avon Township in 1915 and was formed as a new political division as the Township of Avon Lake shortly thereafter. Avon Lake became a city in 1951 under the laws of the State of Ohio. In 2010, the U.S. Census Bureau reported that Avon Lake has a population of 22,581.

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

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

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

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

The City of Avon Lake has an elected City Council, Mayor and Board of Municipal Utilities. The Board of Utilities governs the City's water filtration (drinking) and water reclamation (sanitary) facilities, along with the sanitary sewers and waterlines. In order to provide the residents of Avon Lake with exceptional services at reasonable costs, the Board entered into agreements with other jurisdictions to capitalize on economy of scale. Avon Lake Regional Water now produces drinking water for more than 200,000 and treats wastewater for more than 30,000 people in Northeast Ohio.

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

Profile of the City

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

Within a 30-minute drive from the City are the locations of the Rock and Roll Hall of Fame, Progressive Field, Quicken 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 many corporations. Major industries located within the government's boundaries or in close proximity include hospitals, shopping, large retail stores, Ford Motor Company, PolyOne with its world headquarters and NRG Energy. The school district and The City of Avon Lake also have a significant economic presence. The school system educates over 3,800 students with 525 contracted employees including teachers, professionals, and support staff working to offer quality educational opportunities. It issued 449 W-2 forms in 2018 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 15 years. The City of Avon Lake has 147 full time employees on it payroll and benefits from many part time workers who fill various recreational and infrastructure maintenance jobs in the summer months.

The City of Avon Lake owns and manages 15 park areas that total 226.16 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. The City is pleased to announce its most recent addition, a .49 acre pocket park located on Lake Erie at the intersection of Moore Rd. and Lake Rd.

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

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

Major Initiatives

The City of Avon Lake has several ongoing initiatives to improve roadway conditions and water quality in Lake Erie. The road projects within the city rank all streets in order of priority needs. This ranking is updated yearly and provided the Mayor and Council with estimated budget amounts for current and future year needs. The City annually spends between \$1 million to \$1.8 million on road maintenance and upkeep every year. Supplementing the yearly street program are projects that the City pursues OPWC grant funding and ODOT LTIP funding. In 2015, the City widened a major intersection to improve traffic flow to the new Nagle Road interchange on I-90 in Avon, to our south. It continues to be a major artery to allow access to I-90. The Walker Road and Lear Road intersection project added right turn lanes and new traffic signals with LED lights, emergency pre-emption and emergency battery power. The Lear Road and Krebs Road intersection project was completed in 2017. It added new turn lanes and a new traffic signal to an existing intersection that saw a drastic increase in traffic due to the new interchange. Like the other intersection on Lear Road both projects received partial funding through OPWC and will be a major traffic improvement within our City.

The City continues to work on the sewer separation projects to meet our EPA obligation of 2020 to be fully separated. The Fairfield- Brookfield Sewer Separation Project was completed in 2018. The \$14.5 million project was started in 2017 as a joint effort between Avon Lake Regional Water and the City of Avon Lake and included water line replacement, construction of new sanitary and storm sewers and the rebuilding of streets. Also in 2017, the 2 year, \$17.4 million Stop 45 sewer separation project began. This project also includes water line replacement along with the rebuilding of the streets in the project area.

Additionally the \$35 million rehabilitation of Avon Lake's Water Reclamation Facility was substantially completed, which replaced much of the equipment that was originally installed in 1960 or 1972. The project will help protect Lake Erie from biological and nutrient pollution, as well as help reduce chances for sewer surcharges. Much of the project was financed using 0%- interest free loans that will save approximately \$9 million in interest expenses over the duration of the loan.

Economic Development

The city benefits from a solid industrial tax base with several major industries located in the southwest portion of the city. Many small and large industries are located along Moore, Walker and Miller Roads. They include PolyOne Corporation, a Fortune 1000 company; Ford Motor Company; a division of Lubrizol and many smaller businesses. These smaller but important companies include Thogus Enterprises, Mexichem Specialty Resins, Inc., Western Enterprises, and Fontaine Modifications. The Master Plan is currently being modified to accommodate changes in the economic climate. The total number of acres in our industrial areas is over 1,400 acres.

The industrial southwest corner of the city got its start in the 1950s with a B.F. Goodrich research facility. The industrial campus of that facility now houses PolyOne, Lubrizol and Mexichem, and is located along Walker Road. All three of those businesses deal with polymer research or production. Pin Oak Parkway runs through the industrial area of the City and was expanded about 16 years ago. It can now 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 industrial parcels 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 a coal powered electric plant that has been in operation since the 1920's. The plant is located on the north side of Lake Road with over 2,600 linear feet of Lake Erie shoreline. At one point, the coal powered plant was scheduled to be converted to natural gas, but changed its direction as it decided to continue to use coal and to implement pollution control technology to fall within the new MATS (Mercury and Air Toxics Standards) set by the federal government.

The plant began operations in June of 2016 using cleaner coal technology. The construction of the natural gas pipeline remains in the planning stages for the future.

There are commercial districts on Walker Road as it intersects a number of north/south roads. 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. Towne 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 businesses and also a senior living complex that provides both independent living and assisted living along with a rehabilitation facility. Beach Park Station is located near the NRG plant along Lake Road and is the home of the post office, restaurants, The Anchor, and other businesses. Finally, there is a shopping plaza at the corner of Walker Rd. and Moore Rd. that has about fifteen businesses, anchored by Discount Drug Mart.

Community Reinvestment Area (CRA) Program

The City has a Pre-1994 CRA program. Approved new construction and expansion projects are granted an exemption from real estate property taxes for a percentage of the incremental increase in assessed value for a period of up to 15 years based on meeting certain goals in job creation and investment.

Community Improvement Corporation

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

In its first six years of existence, the CIC has held a business plan competition which required that the applicants attend a series of workshops to help them improve their business practices. They also ran a grant program for small businesses which awarded up to ten businesses \$2,500 each to achieve their goals.

Jobs Growth Incentive Program

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 with this incentive. Home-based businesses and non-profit organizations are not eligible. The program is in its seventh year. It was evaluated at the end of 2017 and extended another five years.

Because of its location in a region with a varied economic base, unemployment has been relatively stable. The City of Avon Lake continues to experience unemployment rates consistently lower than national averages. This is consistent with an increase in income tax revenues

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 \$81,840, while the state's was \$46,829. Housing prices in the vicinity of the City of Avon Lake continue to remain strong. At the end of the second quarter of 2015, the median price of a single family home in the vicinity of the City of Avon Lake was \$217,400 with a projected increase in the coming year. The sale of homes and home sale prices began to increase in 2016 and at the end of 2018 were \$258,200.

Long-Term Financial Planning

Moody's Investors Service has rated the City's General Obligation debt at an A1 as of December 2018. This is a slight reduction from the previous rating of an Aa3. Substantial improvements in the city's infrastructure focusing on the separation of combined sewer and an expansion of the water and wastewater plants required the issuing of substantial debt caused the rating to drop from Aa3. These EPA mandated changes are being done in order to comply with strict environmental standards. While the debt is General Obligation the majority of the repayment is owed by Avon Lake Region Water.

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

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Avon Lake for its comprehensive annual financial report for the year ended December 31, 2017. 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 fifth 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, 2017

Christopher P. Morrill

Executive Director/CEO

City of Avon Lake, Ohio

Directory of Officials

December 31, 2018

COUNCIL

At-Large:

Zach Arnold

K.C. Zuber

Martin O'Donnell

Wards:

Robert James (Ward I)

Jennifer Fenderbosch (Ward II)

Eileen Campo (Ward III)

David Kos (Ward IV)

Clerk of Council:

Valerie Rosmarin

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 Streater

Police Chief

Jeremy Betsa

Fire Chief

Ted Esborn

Director of Economic Development

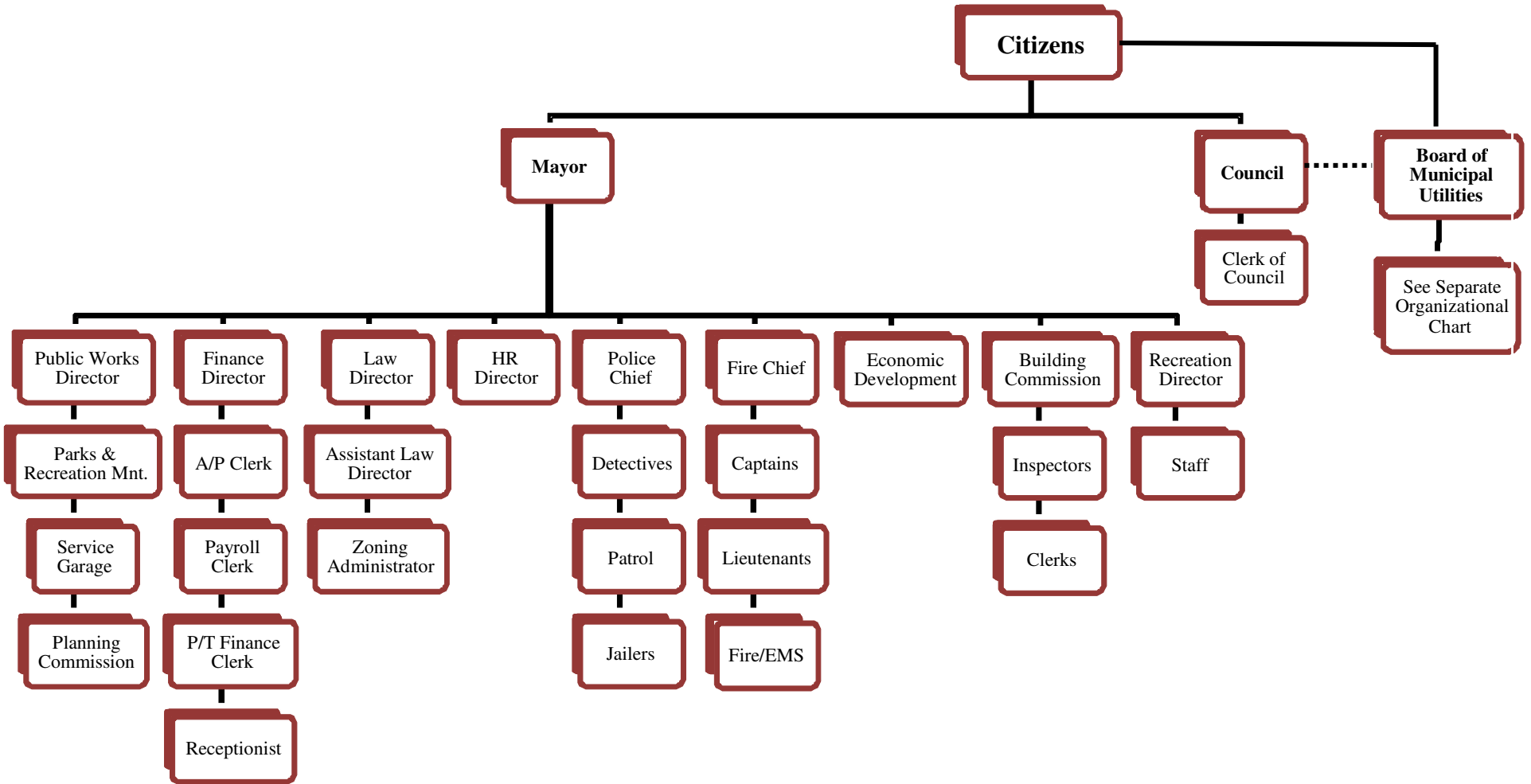
Tim Pinchek

Recreation Director

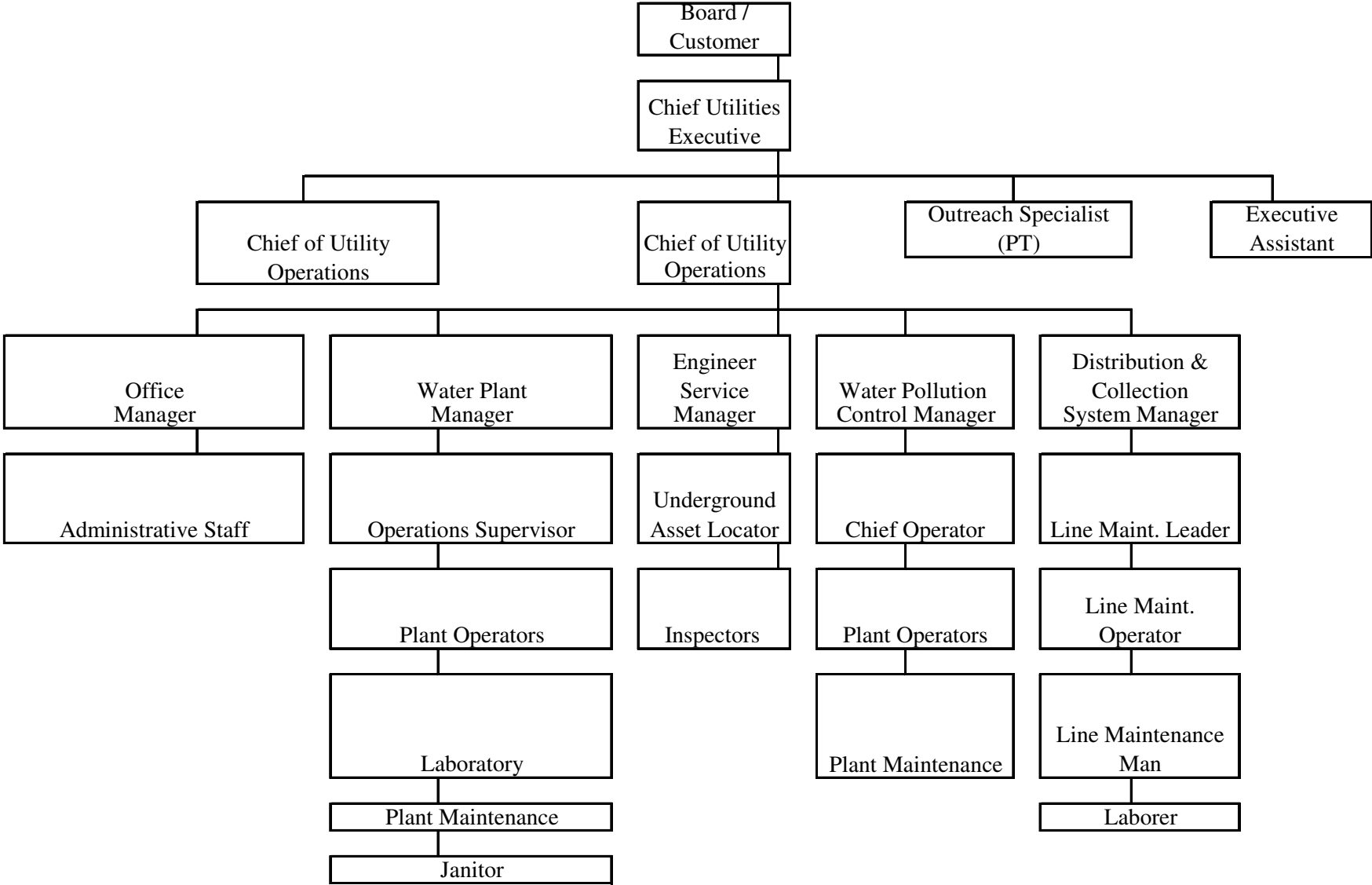
Darrel Bilancini

Judge of Municipal Court

City of Avon Lake, Ohio
Organizational Chart – City
 December 31, 2018



City of Avon Lake, Ohio
Organizational Chart – Avon Lake Regional Water
 December 31, 2018



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 Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Lake, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon Lake as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the basic financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Also, the City restated its net position at December 31, 2017 to reallocate the OWDA loans payable and related capital assets and to properly record special assessments receivable. Our opinion is not modified with respect to these matters.

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

June 25, 2019

This page intentionally left blank.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(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, 2018. 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 2018 are as follows:

- The City's economic condition continued to improve as total revenues increased by \$3,718,278 or 8.36 percent over 2017.
- Total Net Position increased \$2,249,672 in 2018 over 2017.
- In 2018, the City issued \$14,500,000 in bond anticipation notes, which were utilized to retire the 2017 bond anticipation notes and provide resources for new projects.

Overview of the Comprehensive Annual Financial Report (CAFR)

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

Government-wide Financial Statements

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

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

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

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(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. Municipal income taxes, property taxes, undivided local government, fees, licenses and permits, and state and federal grants finance most of these activities.

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

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(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.

The City of Avon Lake as a Whole

Analysis of Net Position

The City's total Net Position changed from a year ago, increasing from \$82,109,511 to \$84,359,183.

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	
	2018	2017 *	2018	2017 *	2018	2017 *
ASSETS						
Current and other assets	\$ 29,348,902	\$ 30,729,762	\$ 16,848,536	\$ 14,368,419	\$ 46,197,438	\$ 45,098,181
Net Pension Asset	29,647	13,255	23,144	9,902	52,791	23,157
Capital assets, net	70,913,304	63,947,723	181,653,975	168,755,492	252,567,279	232,703,215
Total Assets	100,291,853	94,690,740	198,525,655	183,133,813	298,817,508	277,824,553
DEFERRED OUTFLOWS OF RESOURCES						
Deferral on Refunding	366,274	447,656	127,425	139,561	493,699	587,217
Pension	3,748,819	5,935,234	1,141,328	2,202,362	4,890,147	8,137,596
OPEB	1,757,753	74,969	204,641	38,966	1,962,394	113,935
Total Deferred Outflows of Resources	5,872,846	6,457,859	1,473,394	2,380,889	7,346,240	8,838,748
LIABILITIES						
Current and other liabilities	9,461,983	10,623,037	8,226,817	9,643,856	17,688,800	20,266,893
Long-term liabilities:						
Due within one year	1,523,329	1,657,559	4,244,448	1,990,092	5,767,777	3,647,651
Due in More Than One Year:						
Net Pension Liability	19,192,456	21,871,921	3,973,952	5,694,859	23,166,408	27,566,780
Net OPEB Liability	16,494,943	13,982,503	2,714,061	2,579,290	19,209,004	16,561,793
Other Amounts	21,400,283	16,766,361	123,909,737	112,861,786	145,310,020	129,628,147
Total Liabilities	68,072,994	64,901,381	143,069,015	132,769,883	211,142,009	197,671,264
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	6,529,752	5,943,083	-	-	6,529,752	5,943,083
Pension	2,181,688	517,513	1,253,273	421,930	3,434,961	939,443
OPEB	458,261	-	239,582	-	697,843	-
Total Deferred Inflows of Resources	9,169,701	6,460,596	1,492,855	421,930	10,662,556	6,882,526
NET POSITION						
Net Investment in						
Capital Assets	42,910,011	40,084,385	47,469,992	47,110,023	90,380,003	87,194,408
Restricted	12,190,510	11,788,817	-	-	12,190,510	11,788,817
Unrestricted	(26,178,517)	(22,086,580)	7,967,187	5,212,866	(18,211,330)	(16,873,714)
Total Net Position	\$ 28,922,004	\$ 29,786,622	\$ 55,437,179	\$ 52,322,889	\$ 84,359,183	\$ 82,109,511

* - Restated

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$43,175,540 to \$29,786,622 for Governmental Activities and from \$54,711,252 to \$52,322,889 for Business Type Activities (which includes a restatement to long term liabilities between governmental and business type funds in the amount of \$1,056,462, restatement of special assessment in the amount of \$892,287, and restatement of Depreciable Capital assets in amount of \$221,710). See Note 3 for further information regarding the restatement.

Total assets increased by \$20,992,955 in 2018. 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 \$19,864,064. This increase was mainly attributed to several new construction projects beginning in 2018 which were offset by current year depreciation expenses.

Current and other assets increased \$1,099,257 mainly from an increase in equity in pooled cash and cash equivalents in the business-type activities.

Total liabilities increased by \$13,470,745 in 2018 with current liabilities decreasing \$2,578,093 and long-term liabilities increasing \$16,048,838. The increase in long-term liabilities is due to increase in loans payable.

Investments in capital assets (land, construction in progress, buildings and improvements, machinery and equipment, vehicles and infrastructure, net of depreciation) less any debt related to acquire those assets that is still outstanding represents the largest portion of net position which increased \$3,185,595 from 2017 to 2018. Restricted net position increased \$401,693 and unrestricted net position decreased \$1,337,616.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Table 2 shows the Changes in Net Position for governmental activities and business-type activities for the year ended December 31, 2018 compared to December 31, 2017.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
REVENUES						
Program Revenues:						
Charges for services	\$ 1,976,933	\$ 2,054,519	\$ 20,708,688	\$ 19,764,613	\$ 22,685,621	\$ 21,819,132
Operating grants and contributions	1,398,967	1,619,216	261,737	282,043	1,660,704	1,901,259
Capital grants and contributions	2,017,170	762,187	1,643,850	332,377	3,661,020	1,094,564
Total Program Revenues	5,393,070	4,435,922	22,614,275	20,379,033	28,007,345	24,814,955
General Revenues:						
Property taxes	5,767,791	5,887,591	-	-	5,767,791	5,887,591
Municipal income taxes	11,890,667	11,305,374	-	-	11,890,667	11,305,374
Other taxes	431,779	425,941	-	-	431,779	425,941
Grants and entitlements	1,152,476	1,116,923	-	-	1,152,476	1,116,923
Investment income	292,217	197,265	93,443	3,240	385,660	200,505
All other revenues	207,122	462,940	341,488	251,821	548,610	714,761
Total General Revenues	19,742,052	19,396,034	434,931	255,061	20,176,983	19,651,095
Total Revenues	25,135,122	23,831,956	23,049,206	20,634,094	48,184,328	44,466,050
EXPENSES						
Program Expenses:						
Security of persons and property	11,330,517	10,372,536	-	-	11,330,517	10,372,536
Leisure time activities	1,979,149	1,776,435	-	-	1,979,149	1,776,435
Community environment	580,475	553,662	-	-	580,475	553,662
Transportation	7,461,591	9,078,916	-	-	7,461,591	9,078,916
General government	4,272,344	3,777,011	-	-	4,272,344	3,777,011
Interest and fiscal charges	375,664	470,588	-	-	375,664	470,588
Capital Outlay	-	-	-	-	-	-
Water	-	-	11,778,764	10,024,654	11,778,764	10,024,654
Sewer	-	-	8,156,152	7,194,231	8,156,152	7,194,231
Total Expenses	25,999,740	26,029,148	19,934,916	17,218,885	45,934,656	43,248,033
Changes in Net Position	(864,618)	(2,197,192)	3,114,290	3,415,209	2,249,672	1,218,017
Net Position - Beginning of Year, restated	29,786,622	N/A	52,322,889	N/A	82,109,511	N/A
Net Position - End of Year	\$ 28,922,004	\$ 29,786,622	\$ 55,437,179	\$ 52,322,889	\$ 84,359,183	\$ 82,109,511

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$113,935 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$1,534,075.

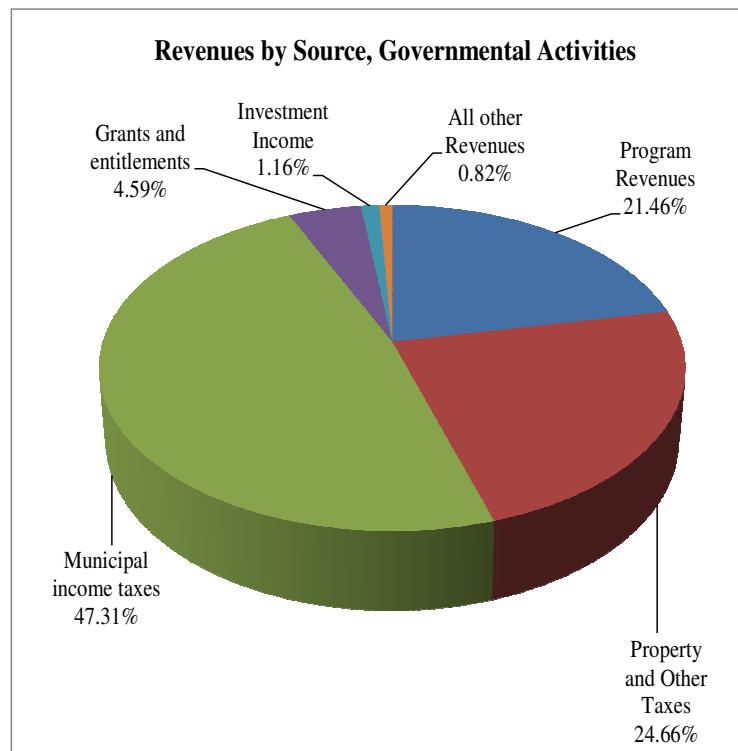
City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities	Total
Total 2018 program expenses under GASB 75	\$ 25,999,740	\$ 19,934,916	\$ 45,934,656
OPEB expense under GASB 75	(1,320,482)	(213,593)	(1,534,075)
2018 contractually required pension contribution	32,565	4,915	37,480
Adjusted 2018 program expenses	24,711,823	19,726,238	44,438,061
Total 2017 program expenses under GASB 45	26,029,148	17,218,885	43,248,033
Increase/(Decrease) in program expenses not related to OPEB	<u>\$ (1,317,325)</u>	<u>\$ 2,507,353</u>	<u>\$ 1,190,028</u>

Governmental Activities

Revenues by source of governmental activities for 2018 were comprised of:



Revenues

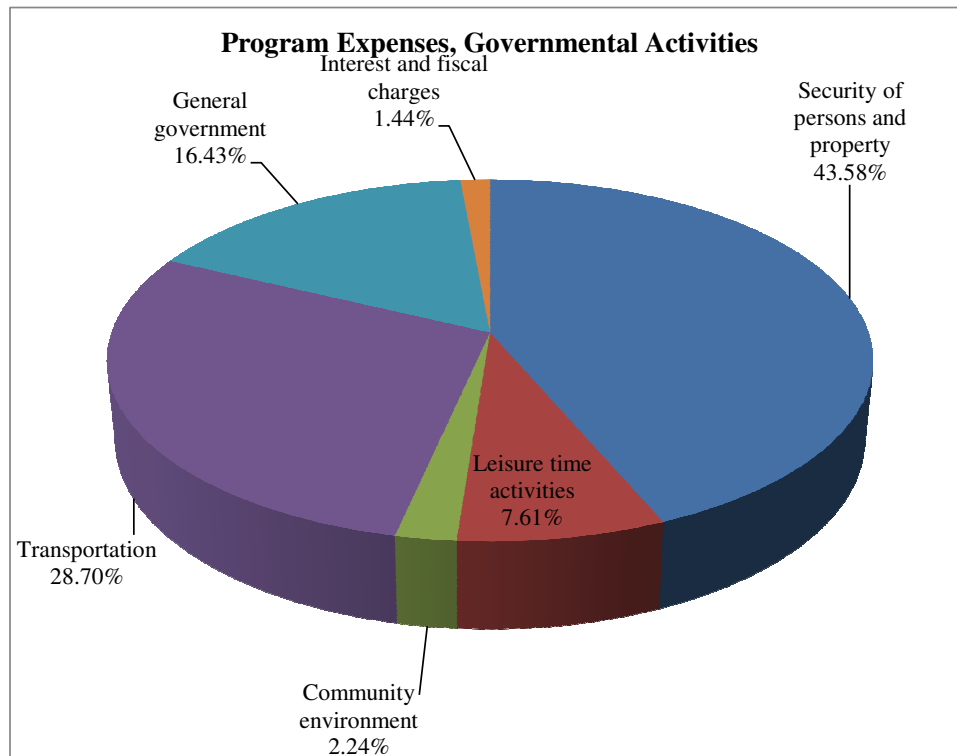
Total revenues increased by \$1,303,166 or 5.47%. The 1.5% municipal income tax is the largest revenue source totaling \$11,890,667 or 47.31%. Municipal income tax increased by \$585,293 or 5.18%. The municipal income tax revenue is received into the Income Tax Transfer Fund and then allocated by Ordinance to other funds on an annual basis. For 2018 the Capital Improvement Fund, General Bond Retirement Fund, and General Fund received \$2,250,000, \$1,550,000, and \$7,978,857 respectively.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

The next largest general revenue source is property taxes totaling \$5,767,791 or 22.95%. Property taxes decreased slightly by \$119,800 or 2.03%. Charges for services decreased by \$77,586 or 3.78 percent, operating grants and contributions decreased by \$220,249 or 13.60 percent, and capital grants and contributions increased by 1,254,983. The increase in capital grants and contributions is mainly due to contributions from developers.

Expenses

Program expenses of governmental activities for 2018 were comprised of:



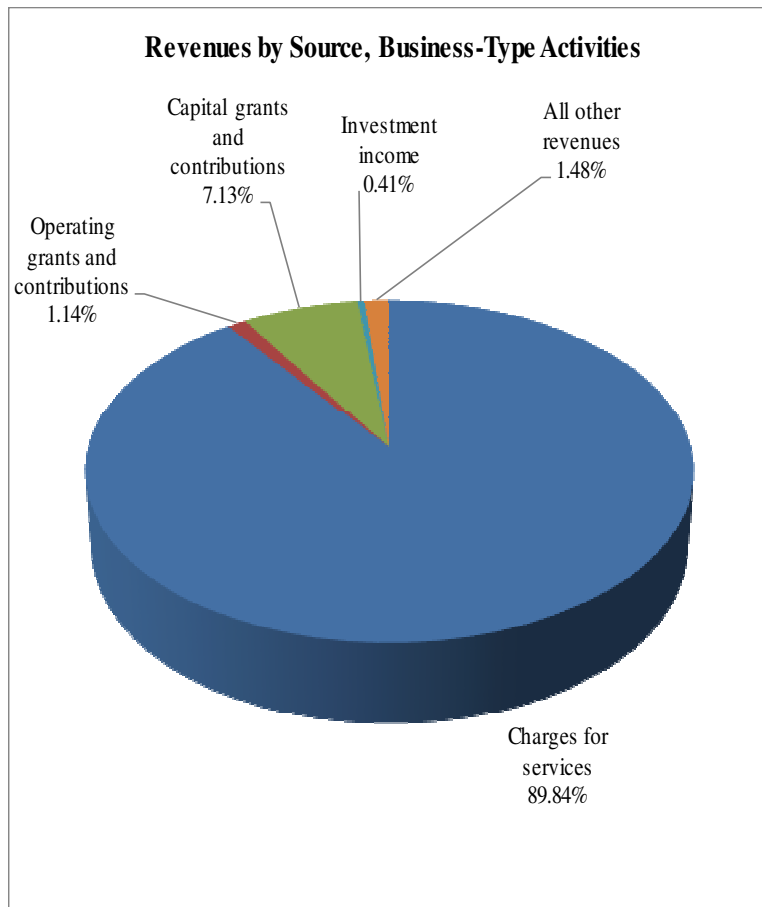
Program expenses amounted to \$25,999,740 in 2018, of which only \$5,393,070 was supported by program revenues. Security of persons and property, which includes police, fire and paramedic services, represented \$11,330,517 or 43.58% of total program expenses. Transportation, which includes street maintenance, snow removal, etc., represents \$7,461,591 or 28.70% 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 \$4,272,344 or 16.43%. Leisure time activities represented \$1,979,149 or 7.61% of program expenses and includes recreation pool and special programs. Other program expenses consisting of community environment, and interest and fiscal charges amounted to 3.68%. Program expenses decreased in 2018 by \$29,408 or 0.11% from the 2017 program expenses due to capitalization of transportation expenses in 2018 compared to 2017, which was offset by the increase in security of persons and property expense.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

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.

Revenues by source for business-type activities for 2018 were comprised of:



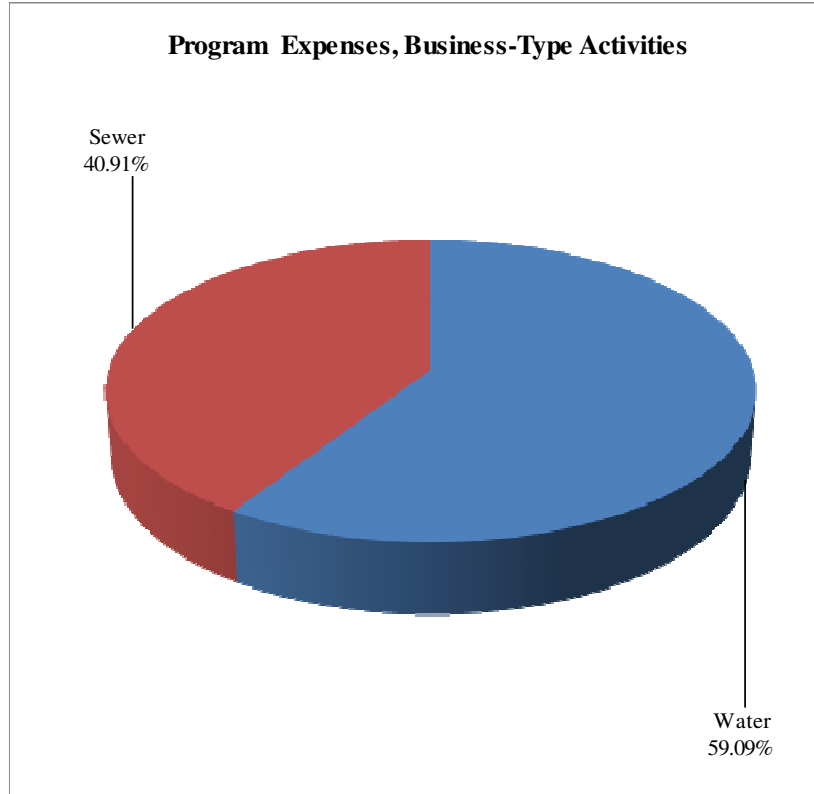
Revenues

Program revenue consisting of charges for services, operating and capital grants and contributions represented 98.11% of total revenues for the business-type activities in 2018. Charges for services for the business-type activities amounted to \$20,708,688 with 66.11% provided by water services and 33.89% 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 \$412,439 or 3.07% 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, 2018
(Unaudited)

Program Expenses for business-type activities for 2018 were comprised of:



Expenses

Water operation expenses amounted to \$11,778,764 or 59.09% and sanitary sewer operation expenses amounted to \$8,156,152 or 40.91% of total program expenses for business-type activities in 2018.

Total expenses for business-type activities decreased by \$2,716,031 due mainly to decreases in supply and overtime expenses in 2018.

The City's Funds

Information about the City's major governmental funds begins on page 22. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$23,184,088 and expenditures of \$29,613,276 (not including other financing sources and uses). The General Fund's fund balance decreased by \$80,732. 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 \$1,947,057. General Fund expenditures (including transfers out) for the current year were \$14,607,235, with revenues and other financing sources of \$14,526,503 leaving a fund balance of \$1,866,325, and an unassigned balance of \$1,313,191 in the General Fund.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(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 8.99% of total General Fund expenditures while total fund balance represents 12.78% of that same amount. The fund balance of the City's General Fund balance slightly decreased by \$80,732 in 2018 when compared to 2017.

Other Major Funds Analysis

The City's Capital Improvement fund experienced a slight decrease in fund balance in the amount of \$56,155.

The City's 45' Sewer fund experienced an increase in fund balance in the amount of \$408,646 due to the issuance of loans.

The City's Water Fund experienced an increase of \$3,384,771 in its 2018 net position compared to 2017. The main contributor to this is the City's efforts to maintain expense lower than revenues.

The City's Sewer Fund experienced a decrease of \$270,481 in its 2018 net position compared to 2017.

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 2018, 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 budgeted revenues are \$15,549,102 and final budgeted revenues are \$14,549,102, and actual revenue collections are \$14,675,530. The majority of the decrease from original to final is due to property taxes. Actual revenue increased slightly over the final budgeted amounts. Original budgeted expenditures are \$15,940,811 and final budgeted expenditures are \$15,179,081, this decrease is mainly due to leisure time activities. Actual general fund expenditures were \$14,621,095 or \$557,986 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, 2018
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets, net of depreciation, at December 31, 2018 and 2017 consisted of:

Table 3- Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,652,252	\$ 5,293,340	\$ 1,922,412	\$ 1,882,079	\$ 7,574,664	\$ 7,175,419
Construction in progress	13,760,067	11,854,236	83,004,975	79,049,122	96,765,042	90,903,358
Buildings and improvements	13,376,458	13,702,133	20,577,340	21,301,976	33,953,798	35,004,109
Machinery and equipment	1,899,650	1,127,727	2,262,263	1,802,785	4,161,913	2,930,512
Vehicles	1,670,286	1,806,308	417,661	468,980	2,087,947	2,275,288
Infrastructure	34,554,591	30,163,979	73,469,324	64,250,550	108,023,915	94,414,529
Total Capital Assets, Net of Depreciation	<u>\$ 70,913,304</u>	<u>\$ 63,947,723</u>	<u>\$ 181,653,975</u>	<u>\$ 168,755,492</u>	<u>\$ 252,567,279</u>	<u>\$ 232,703,215</u>

Capital assets are major assets that are used in operations and have useful lives of more than one year. As of December 31, 2018, total capital assets for the City were \$252,567,279 which reflects an increase of \$19,864,064 from the 2017 ending balance of \$232,703,215. Governmental activities' capital assets, net of depreciation, increased \$6,965,581 from 2017 and Business-type capital assets, net of depreciation, increased \$12,898,483, both as a result of several new construction projects beginning in 2018 and the continuing projects from 2017, 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, 2018, was \$148,174,568 which consisted of \$20,651,149 for governmental activities and \$127,523,419 for business-type activities. The City-wide balance reflects an increase of \$17,855,755 from 2017.

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

Table 4- Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 *	2018	2017 *	2018	2017 *
General Obligation Bonds	\$ 4,327,799	\$ 5,121,540	\$ 2,361,342	\$ 2,579,327	\$ 6,689,141	\$ 7,700,867
Special Assessment Bonds	445,834	659,522	-	-	445,834	659,522
OWDA Loans	15,398,377	9,766,160	121,442,001	107,777,087	136,840,378	117,543,247
OPWC Loans	168,747	181,664	-	-	168,747	181,664
Mortgage Revenue Bonds	-	-	3,720,076	3,876,454	3,720,076	3,876,454
Police Pension Liability	75,198	78,302	-	-	75,198	78,302
Capital Leases	235,194	278,757	-	-	235,194	278,757
Total Outstanding Debt	<u>\$ 20,651,149</u>	<u>\$ 16,085,945</u>	<u>\$ 127,523,419</u>	<u>\$ 114,232,868</u>	<u>\$ 148,174,568</u>	<u>\$ 130,318,813</u>

* - Restated

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

During 2018, the Additional Storage and Interconnection HAB and Water Pollution Control Center Rehab projects, the Stop 45 Area, and lateral loan program were ongoing. Fairfield/Brookfield Combined Sewer Separation project was completed during 2018.

During 2018, the City issued bond anticipation notes for the retirement of the 2017 bond anticipation notes as well as to provide funding for the various construction projects within the Governmental activities and the Water and Sewer funds. The notes were issued with an annual stated rate of 2.00% and will mature in July 2019.

The City's last General Obligation Bond Rating from Moody's was A1 and was received in April 2019. Moody's confirmed the City's short term rating of MIG1 on BANS. Other obligations include accrued leave benefits and landfill post-closure costs. For more information about the City's debt obligations please see Notes 9, 10 and 11 of the Notes to the Basic Financial Statements.

CURRENT FINANCIAL RELATED ACTIVITIES

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

On a cash basis, property tax revenue remained relatively flat in 2018 while municipal income tax revenues were down slightly by \$6,076 from 2017. This decrease cannot be attributed to any single event or company but instead was across the board. The continued reduction of Local Government Funds is the main reason for the decrease in intergovernmental revenues.

Avon Lake Regional Water (ALRW) completed the Fairfield/Inwood Sewer Separation/Water Main Installation Project in 2018 and continued the Stop 45 Sewer Separation project in 2018. These two projects total nearly \$22 million and included multiple streets receiving new sanitary sewers and water lines in addition to new roadways.

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.

Basic Financial Statements

City of Avon Lake, Ohio
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 16,954,984	\$ 9,707,672	\$ 26,662,656
With Escrow Agents	11,049	-	11,049
Materials and Supplies Inventory	365,796	223,350	589,146
Accounts Receivable	221,416	2,006,657	2,228,073
Accrued Interest Receivable	47,021	15,276	62,297
Intergovernmental Receivable	1,140,933	1,995,921	3,136,854
Prepaid Items	97,067	83,286	180,353
Municipal Income Taxes Receivable	2,871,515	-	2,871,515
Property Taxes Receivable	6,688,562	-	6,688,562
Special Assessments Receivable	950,559	199,659	1,150,218
Loans Receivable	-	803,045	803,045
Investment In Joint Venture	-	1,813,670	1,813,670
Nondepreciable Capital Assets	19,412,319	84,927,387	104,339,706
Depreciable Capital Assets	51,500,985	96,726,588	148,227,573
Net Pension Asset	29,647	23,144	52,791
Total Assets	100,291,853	198,525,655	298,817,508
DEFERRED OUTFLOWS OF RESOURCES			
Deferral on Refunding	366,274	127,425	493,699
Pension	3,748,819	1,141,328	4,890,147
OPEB	1,757,753	204,641	1,962,394
Total Deferred Outflows of Resources	5,872,846	1,473,394	7,346,240
LIABILITIES			
Accounts Payable	638,257	675,644	1,313,901
Accrued Wages and Benefits	656,049	266,550	922,599
Intergovernmental Payable	255,677	349,023	604,700
Matured Compensated Absences Payable	-	43,968	43,968
Accrued Interest Payable	118,384	103,643	222,027
Notes Payable	7,793,616	6,787,989	14,581,605
Long-term Liabilities:			
Due within one year	1,523,329	4,244,448	5,767,777
Due in more than one year:			
Net Pension Liability	19,192,456	3,973,952	23,166,408
Net OPEB Liability	16,494,943	2,714,061	19,209,004
Other Amounts	21,400,283	123,909,737	145,310,020
Total Liabilities	68,072,994	143,069,015	211,142,009
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	6,529,752	-	6,529,752
Pension	2,181,688	1,253,273	3,434,961
OPEB	458,261	239,582	697,843
Total Deferred Inflows of Resources	9,169,701	1,492,855	10,662,556
NET POSITION			
Net Investment in Capital Assets	42,910,011	47,469,992	90,380,003
Restricted for:			
Debt Service	1,875,011	-	1,875,011
Capital Projects	5,651,264	-	5,651,264
Public Safety	2,013,196	-	2,013,196
Parks and Recreation	382,276	-	382,276
Streets and Highways	2,113,003	-	2,113,003
Other Purposes	155,760	-	155,760
Unrestricted	(26,178,517)	7,967,187	(18,211,330)
Total Net Position	\$ 28,922,004	\$ 55,437,179	\$ 84,359,183

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, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
Security of Persons and Property	\$ 11,330,517	\$ 553,486	\$ 92,944	\$ -
Leisure Time Activities	1,979,149	772,868	54,268	-
Community Environment	580,475	2,840	-	-
Transportation	7,461,591	221,287	1,207,049	2,017,170
General Government	4,272,344	426,452	44,706	-
Interest and Fiscal Charges	375,664	-	-	-
Total Governmental activities	<u>25,999,740</u>	<u>1,976,933</u>	<u>1,398,967</u>	<u>2,017,170</u>
Business-type activities:				
Water	11,778,764	13,690,745	261,737	1,036,250
Sewer	8,156,152	7,017,943	-	607,600
Total Business-type activities	<u>19,934,916</u>	<u>20,708,688</u>	<u>261,737</u>	<u>1,643,850</u>
Total Primary Government	<u>\$ 45,934,656</u>	<u>\$ 22,685,621</u>	<u>\$ 1,660,704</u>	<u>\$ 3,661,020</u>

General Revenues:

Property Taxes levied for:

General Purposes

Debt Service Purpose

Other Purposes

Municipal Income Taxes levied for:

General Purposes

Franchise Taxes

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
\$ (10,684,087)	\$ -	\$ (10,684,087)
(1,152,013)	-	(1,152,013)
(577,635)	-	(577,635)
(4,016,085)	-	(4,016,085)
(3,801,186)	-	(3,801,186)
(375,664)	-	(375,664)
<u>(20,606,670)</u>	<u>-</u>	<u>(20,606,670)</u>
-	3,209,968	3,209,968
-	(530,609)	(530,609)
-	2,679,359	2,679,359
<u>(20,606,670)</u>	<u>2,679,359</u>	<u>(17,927,311)</u>
3,595,471	-	3,595,471
288,506	-	288,506
1,883,814	-	1,883,814
11,890,667	-	11,890,667
431,779	-	431,779
1,152,476	-	1,152,476
292,217	93,443	385,660
2,617	-	2,617
204,505	341,488	545,993
<u>19,742,052</u>	<u>434,931</u>	<u>20,176,983</u>
(864,618)	3,114,290	2,249,672
<u>29,786,622</u>	<u>52,322,889</u>	<u>82,109,511</u>
<u>\$ 28,922,004</u>	<u>\$ 55,437,179</u>	<u>\$ 84,359,183</u>

City of Avon Lake, Ohio
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Capital Improvement	45's Sewer Separation	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 1,067,582	\$ 1,996,665	\$ 408,646	\$ 13,482,091	\$ 16,954,984
Cash and Cash Equivalents:					
With Escrow Agents	-	11,049	-	-	11,049
Materials and Supplies Inventory	-	-	-	365,796	365,796
Accrued Interest Receivable	-	45,259	-	1,762	47,021
Accounts Receivable	213,154	-	-	8,262	221,416
Interfund Receivable	58,580	-	-	157,956	216,536
Intergovernmental Receivable	440,403	-	-	700,530	1,140,933
Prepaid Items	82,767	-	-	14,300	97,067
Municipal Income Taxes Receivable	1,866,484	516,873	-	488,158	2,871,515
Property Taxes Receivable	4,266,078	-	-	2,422,484	6,688,562
Special Assessments Receivable	-	-	-	950,559	950,559
Total Assets	\$ 7,995,048	\$ 2,569,846	\$ 408,646	\$ 18,591,898	\$ 29,565,438
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 153,812	\$ 454,368	\$ -	\$ 36,337	\$ 644,517
Accrued Wages and Benefits	533,424	-	-	122,625	656,049
Intergovernmental Payable	127,355	-	-	122,062	249,417
Interfund Payable	-	-	-	216,536	216,536
Notes Payable	-	1,000,000	-	6,793,616	7,793,616
<i>Total Liabilities</i>	<i>814,591</i>	<i>1,454,368</i>	<i>-</i>	<i>7,291,176</i>	<i>9,560,135</i>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	4,165,054	-	-	2,364,698	6,529,752
Unavailable Revenue - Delinquent Property Taxes	101,024	-	-	57,786	158,810
Unavailable Revenue - Municipal Income Taxes	597,986	165,597	-	156,397	919,980
Unavailable Revenue - Other	450,068	-	-	1,443,567	1,893,635
<i>Total Deferred Inflows of Resources</i>	<i>5,314,132</i>	<i>165,597</i>	<i>-</i>	<i>4,022,448</i>	<i>9,502,177</i>
FUND BALANCES					
Nonspendable	141,347	-	-	380,096	521,443
Restricted	-	-	408,646	5,985,081	6,393,727
Committed	351,169	949,881	-	7,465,116	8,766,166
Assigned	60,618	-	-	87,418	148,036
Unassigned (Deficits)	1,313,191	-	-	(6,639,437)	(5,326,246)
<i>Total Fund Balances</i>	<i>1,866,325</i>	<i>949,881</i>	<i>408,646</i>	<i>7,278,274</i>	<i>10,503,126</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,995,048	\$ 2,569,846	\$ 408,646	\$ 18,591,898	\$ 29,565,438

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, 2018*

Total Governmental Funds Balance \$ 10,503,126

*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 70,913,304

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

Delinquent property taxes	\$	158,810	
Municipal income taxes		919,980	
Special assessments		950,559	
Intergovernmental		865,114	
Charges for services		77,962	
Total			2,972,425

In the Statement of Activities, interest is accrued on outstanding
 bonds, whereas in Governmental funds, an interest expenditure
 is reported when due. (118,384)

The net pension liability/asset and net OPEB liability are 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		3,748,819	
Deferred Inflows - Pension		(2,181,688)	
Net Pension Asset		29,647	
Net Pension Liability		(19,192,456)	
Deferred Outflows - OPEB		1,757,753	
Deferred Inflows - OPEB		(458,261)	
Net OPEB Liability		(16,494,943)	
Total			(32,791,129)

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		(4,057,580)	
Special assessment bonds		(445,000)	
OPWC loans		(168,747)	
OWDA loan		(15,398,377)	
Deferral on refunding		366,274	
Unamortized bond premium		(271,053)	
Capital leases		(235,194)	
Other long-term obligations		(358,414)	
Compensated absences		(1,989,247)	
Total			(22,557,338)

Net Position of Governmental Activities **\$ 28,922,004**

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, 2018

	General Fund	Capital Improvement	45's Sewer Separation	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 3,601,728	\$ -	\$ -	\$ 2,179,443	\$ 5,781,171
Municipal Income Taxes	7,917,773	2,229,775	-	1,627,576	11,775,124
Franchise Taxes	373,205	-	-	-	373,205
Intergovernmental	880,471	-	-	1,532,083	2,412,554
Interest	-	278,496	-	13,721	292,217
Fees, Licenses, and Permits	320,828	-	-	-	320,828
Fines and Forfeitures	253,270	-	-	75,338	328,608
Rentals	62,968	-	-	78,135	141,103
Charges for Services	536,534	-	-	692,705	1,229,239
Contributions and Donations	19,349	-	-	64,187	83,536
Special Assessments	-	-	-	228,025	228,025
All Other Revenues	201,486	-	-	16,992	218,478
Total Revenues	<u>14,167,612</u>	<u>2,508,271</u>	<u>-</u>	<u>6,508,205</u>	<u>23,184,088</u>
EXPENDITURES					
Current:					
Security of Persons and Property	7,264,753	-	-	2,129,718	9,394,471
Public Health Services	13,317	-	-	-	13,317
Leisure Time Activities	192,295	-	-	1,336,474	1,528,769
Community Environment	497,424	-	-	13,430	510,854
Transportation	2,975,008	-	-	1,177,361	4,152,369
General Government	3,221,588	-	-	379,554	3,601,142
Capital Outlay	-	3,521,023	4,031,854	1,397,288	8,950,165
Debt Service:					
Principal Retirement	-	43,563	-	1,006,003	1,049,566
Interest and Fiscal Charges	2,850	7,163	54,035	337,075	401,123
Debt Issuance Costs	-	-	-	11,500	11,500
Total Expenditures	<u>14,167,235</u>	<u>3,571,749</u>	<u>4,085,889</u>	<u>7,788,403</u>	<u>29,613,276</u>
Excess of Revenues (Under) Expenditures	<u>377</u>	<u>(1,063,478)</u>	<u>(4,085,889)</u>	<u>(1,280,198)</u>	<u>(6,429,188)</u>
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	5,053	7,323	-	-	12,376
Loans Issued	-	-	4,494,535	1,194,890	5,689,425
Transfers In	353,838	1,000,000	-	1,540,000	2,893,838
Transfers Out	(440,000)	-	-	(2,453,838)	(2,893,838)
Total Other Financing Sources (Uses)	<u>(81,109)</u>	<u>1,007,323</u>	<u>4,494,535</u>	<u>281,052</u>	<u>5,701,801</u>
Net Change in Fund Balances	(80,732)	(56,155)	408,646	(999,146)	(727,387)
Fund Balances - Beginning of Year	1,947,057	1,006,036	-	8,277,420	11,230,513
Fund Balances - End of Year	<u>\$ 1,866,325</u>	<u>\$ 949,881</u>	<u>\$ 408,646</u>	<u>\$ 7,278,274</u>	<u>\$ 10,503,126</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, 2018*

Net Change in Fund Balances-Total Governmental Funds \$ (727,387)

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

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

Capital outlay	\$ 8,264,167	
Capital contributions	2,017,170	
Depreciation	<u>(3,305,997)</u>	
Total		6,975,340

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (9,759)

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

Delinquent property taxes	(13,380)	
Municipal income taxes	115,543	
Special assessments	(228,024)	
Intergovernmental	2,098	
Charges for services	<u>55,010</u>	
Total		(68,753)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of OWDA loans. (5,689,425)

Repayment of bond principal, loans and notes payable, and other long-term liabilities are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,049,566

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

Pension		1,782,343
OPEB		32,565

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability, net pension asset, and net OPEB liability are reported as pension expense in the statement of activities.

Pension		(2,937,076)
OPEB		(1,320,482)

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	2,329	
Landfill postclosure costs	63,183	
Accrued interest on bonds	(10,335)	
Amortization of bond premium	31,165	
Amortization of deferral on refunding	(81,382)	
Accretion on Bond	<u>43,490</u>	
Total		<u>48,450</u>

Change in Net Position of Governmental Activities \$ (864,618)

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, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,097,779	\$ 3,529,937	\$ 3,601,728	\$ 71,791
Municipal Income Taxes	7,978,857	7,978,857	7,978,857	-
Other Taxes	488,943	421,189	429,755	8,566
Intergovernmental	994,739	856,895	874,322	17,427
Fees, Licenses, and Permits	362,625	312,375	318,728	6,353
Fines and Forfeitures	288,846	248,820	253,880	5,060
Charges for Services	649,311	559,334	570,710	11,376
Rentals	71,640	61,713	62,968	1,255
Contributions and Donations	22,014	18,963	19,349	386
All Other Revenues	234,761	202,229	206,342	4,113
Total Revenues	15,189,515	14,190,312	14,316,639	126,327
Expenditures:				
Current:				
Security of Persons and Property	7,049,275	7,285,389	7,246,988	38,401
Leisure Time Activities	1,417,454	51,238	21,963	29,275
Community Environment	505,134	496,396	451,449	44,947
Transportation	3,261,328	3,281,478	2,995,884	285,594
General Government	3,080,770	3,407,730	3,246,961	160,769
Total Expenditures	15,313,961	14,522,231	13,963,245	558,986
Excess of Revenues Over (Under) Expenditures	(124,446)	(331,919)	353,394	685,313
Other Financing Sources (Uses)				
Sale of Capital Assets	5,749	4,952	5,053	101
Transfers In	353,838	353,838	353,838	-
Transfers Out	(626,850)	(656,850)	(657,850)	(1,000)
Total Other Financing Sources (Uses)	(267,263)	(298,060)	(298,959)	(899)
Net Change in Fund Balance	(391,709)	(629,979)	54,435	684,414
Fund Balance - Beginning of Year	122,025	122,025	122,025	-
Prior Year Encumbrances Appropriated	360,155	360,155	360,155	-
Fund Balance - End of Year	\$ 90,471	\$ (147,799)	\$ 536,615	\$ 684,414

City of Avon Lake, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$6,833,178	\$2,874,494	\$9,707,672
Materials and Supplies Inventory	99,208	124,142	223,350
Accrued Interest Receivable	11,257	4,019	15,276
Accounts Receivable	1,014,973	991,684	2,006,657
Interfund Receivable	3,150,000	-	3,150,000
Intergovernmental Receivable	803,307	1,192,614	1,995,921
Prepaid Items	48,000	35,286	83,286
Special Assessments Receivable	-	199,659	199,659
Loans Receivable	-	803,045	803,045
Total Current Assets	11,959,923	6,224,943	18,184,866
Noncurrent Assets:			
Investment in Joint Venture	1,813,670	-	1,813,670
Capital Assets:			
Land	846,330	1,076,082	1,922,412
Construction in Progress	38,617,811	44,387,164	83,004,975
Depreciable Assets, Net of Depreciation	40,074,953	56,651,635	96,726,588
Net Pension Asset	13,157	9,987	23,144
Total Noncurrent Assets	81,365,921	102,124,868	183,490,789
Total Assets	93,325,844	108,349,811	201,675,655
DEFERRED OUTFLOWS OF RESOURCES			
Deferral on Refunding	-	127,425	127,425
Pension	709,140	432,188	1,141,328
OPEB	116,336	88,305	204,641
Total Deferred Outflows of Resources	825,476	647,918	1,473,394
LIABILITIES			
Current Liabilities:			
Accounts Payable	274,943	400,701	675,644
Accrued Wages and Benefits	127,204	139,346	266,550
Matured Compensated Absences Payable	43,968	-	43,968
Intergovernmental Payable	266,477	82,546	349,023
Interfund Payable	-	3,150,000	3,150,000
Accrued Interest Payable	33,838	69,805	103,643
Compensated Absences Payable	104,196	117,518	221,714
General Obligation Bonds Payable	-	215,000	215,000
Notes Payable	2,011,256	4,776,733	6,787,989
Revenue Bonds Payable	600,000	-	600,000
OWDA Loans Payable	2,123,740	1,083,994	3,207,734
Total Current Liabilities	5,585,622	10,035,643	15,621,265
Noncurrent Liabilities:			
Compensated Absences Payable	190,526	218,526	409,052
General Obligation Bonds Payable	-	2,146,342	2,146,342
Revenue Bonds Payable	3,120,076	-	3,120,076
OWDA Loans Payable	41,459,172	76,775,095	118,234,267
Net Pension Liability	2,259,144	1,714,808	3,973,952
Net OPEB Liability	1,542,911	1,171,150	2,714,061
Total Noncurrent Liabilities	48,571,829	82,025,921	130,597,750
Total Liabilities	54,157,451	92,061,564	146,219,015
DEFERRED INFLOWS OF RESOURCES			
Pension	639,619	613,654	1,253,273
OPEB	136,199	103,383	239,582
Total Deferred Inflows of Resources	775,818	717,037	1,492,855
NET POSITION			
Net Investment in Capital Assets	30,224,850	17,245,142	47,469,992
Unrestricted	8,993,201	(1,026,014)	7,967,187
Total Net Position	\$39,218,051	\$16,219,128	\$55,437,179

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, 2018

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for Services	\$13,690,745	\$7,017,943	\$20,708,688
Miscellaneous	143,294	198,194	341,488
Total Operating Revenues	13,834,039	7,216,137	21,050,176
OPERATING EXPENSES			
Salaries	3,278,204	2,609,744	5,887,948
Purchased Services	5,400,438	1,567,183	6,967,621
Materials and Supplies	1,216,573	358,018	1,574,591
Depreciation	1,330,499	1,953,208	3,283,707
Other	7,723	181,734	189,457
Total Operating Expense	11,233,437	6,669,887	17,903,324
Operating Income	2,600,602	546,250	3,146,852
NONOPERATING REVENUES (EXPENSES)			
Interest	58,489	34,954	93,443
Interest and Fiscal Charges	(509,076)	(1,486,265)	(1,995,341)
Intergovernmental	261,737	-	261,737
Loss on Investment in Joint Venture	(36,251)	-	(36,251)
Total Nonoperating Revenues (Expenses)	(225,101)	(1,451,311)	(1,676,412)
Capital Contributions	1,036,250	607,600	1,643,850
Transfers In	-	26,980	26,980
Transfers Out	(26,980)	-	(26,980)
Change in Net Position	3,384,771	(270,481)	3,114,290
Net Position - Beginning of Year, Restated	35,833,280	16,489,609	52,322,889
Net Position - End of Year	\$39,218,051	\$16,219,128	\$55,437,179

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, 2018

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Charges for Services	\$13,684,954	\$7,154,465	\$20,839,419
Cash Received from Other Operating Sources	143,294	198,194	341,488
Cash Payments for Employee Services and Benefits	(3,084,340)	(2,375,275)	(5,459,615)
Cash Payments for Goods and Services	(6,545,085)	(2,063,629)	(8,608,714)
Cash Payments for Other Operating Expenses	(7,629)	54,231	46,602
Net Cash Provided by Operating Activities	<u>4,191,194</u>	<u>2,967,986</u>	<u>7,159,180</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental Revenue	103,285	0	103,285
Advances In	4,258,500	650,000	4,908,500
Advances Out	(2,350,000)	(2,640,500)	(4,990,500)
Transfers In	5,298,765	5,760,153	11,058,918
Transfers Out	(5,150,500)	(5,733,173)	(10,883,673)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>2,160,050</u>	<u>(1,963,520)</u>	<u>196,530</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from OWDA Loans	2,447,343	6,886,064	9,333,407
Proceeds from Notes	2,000,000	4,750,000	6,750,000
Principal Paid on G.O. Bonds	(150,000)	(215,000)	(365,000)
Principal Paid on Notes and Revenue Bonds	(2,500,000)	(5,000,000)	(7,500,000)
Principal Paid on OWDA Loans	(2,094,331)	(1,065,199)	(3,159,530)
Interest Payments	(523,485)	(1,821,793)	(2,345,278)
Payments for Capital Acquisitions	(4,013,288)	(4,020,569)	(8,033,857)
Special Assessments	0	30,748	30,748
Premium on Debt Issued	20,780	49,353	70,133
Net Cash (Used in) Capital and Related Financing Activities	<u>(4,812,981)</u>	<u>(406,396)</u>	<u>(5,219,377)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>20,076</u>	<u>20,526</u>	<u>40,602</u>
Net Cash Provided by Investing Activities	<u>20,076</u>	<u>20,526</u>	<u>40,602</u>
Net Increase in Cash and Cash Equivalents	1,558,339	618,596	2,176,935
Cash and Cash Equivalents - Beginning of Year	<u>5,274,839</u>	<u>2,255,898</u>	<u>7,530,737</u>
Cash and Cash Equivalents - End of Year	<u><u>\$6,833,178</u></u>	<u><u>\$2,874,494</u></u>	<u><u>\$9,707,672</u></u>

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

(Continued)

City of Avon Lake, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018
(Continued)

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$2,600,602	\$546,250	\$3,146,852
Adjustments:			
Depreciation	1,330,499	1,953,208	3,283,707
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	(5,791)	134,247	128,456
Prepays	1,867	(2,575)	(708)
Materials and Supplies Inventory	(17,450)	(71,055)	(88,505)
Net Pension Asset	(7,995)	(5,247)	(13,242)
Deferred Outflows of Resources - Pension	438,911	622,123	1,061,034
Deferred Outflows of Resources - OPEB	(94,184)	(71,491)	(165,675)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	10,348	140,541	150,889
Accrued Wages and Benefits	(37,704)	48,304	10,600
Compensated Absences Payable	(74,265)	86,021	11,756
Matured Compensated Absences Payable	43,968	(18,318)	25,650
Intergovernmental Payable	79,047	44,530	123,577
Net Pension Liability	(709,481)	(1,011,426)	(1,720,907)
Net OPEB Liability	76,616	58,155	134,771
Deferred Inflows of Resources - Pension	420,007	411,336	831,343
Deferred Inflows of Resources - OPEB	136,199	103,383	239,582
Net Cash Provided by Operating Activities	<u>\$4,191,194</u>	<u>\$2,967,986</u>	<u>\$7,159,180</u>
<u>Schedule of Noncash Investing, Capital, and Financing Activities:</u>			
Net Impact of accruals for payment of capital acquisitions	\$ 801,040	\$ 168,809	\$ 969,849
Noncash loan proceeds and capital additions	632,202	6,853,666	7,485,868
Capital contribution from developers	1,036,250	607,600	1,643,850

City of Avon Lake, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2018

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,371,697
Total Assets	<u>\$ 1,371,697</u>
Liabilities	
Due to Other Governments	\$ 1,649
Deposits Held and Due to Others	1,370,048
Total Liabilities	<u>\$ 1,371,697</u>

See accompanying notes to the basic financial statements

Notes to the Basic Financial Statements

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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, 2018
(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, 2018
(Continued)

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

B. **Fund Accounting** (Continued)

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.

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.

45's Sewer Separation Fund - This fund accounts for the proceeds received from debt issuance for the purpose of the 45's sewer separation project 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.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

C. 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.

D. 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.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferral on refunding, pension and OPEB. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

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, OPEB and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance year 2019 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. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 23. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(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.

E. **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 2018.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(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, five supplemental appropriation measures were passed. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget for each fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Lapsing of Appropriations

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

Encumbrances

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

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

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

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

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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

For 2018, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the City has, by ordinance, specified the Capital Improvement Fund to receive an allocation of interest earnings. Interest receipts credited to the Capital Improvement Fund during 2018 amounted to \$278,496 which includes \$249,411 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 \$11,049 represents cash held by escrow agent for contractor retainage. During 2018, this amount was invested in money market savings interest bearing accounts.

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

G. **Inventories**

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

H. **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2018 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.

I. **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, 2018
(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 acquisition value 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

J. **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.

K. **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 2018, proprietary funds had capitalized interest costs related to the on-going OWDA projects.

L. **Compensated Absences**

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

L. **Compensated Absences** (Continued)

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

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

M. **Pensions/Other Postemployment Benefits (OPEB)**

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

N. **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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

O. **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, 2018
(Continued)

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

P. 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 \$12,190,510 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.

P. 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.

Q. 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.

R. 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, 2018
(Continued)

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

S. 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 2018.

T. 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**

A. Change in Accounting Principles

During the year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 86, *Certain Debt Extinguishment Issues*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. These changes were incorporated in the City's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement affected the City's financial statements, pension plan disclosures, and added required supplementary information.

B. Restatement of Net Position

A restatement of prior period's governmental and business type activities' net position was necessary to reallocate the OWDA loan payable and related capital asset, correctly record the special assessment receivable balance, and to implement GASB Statement No. 75. 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, 2018
(Continued)

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

B. Restatement of Net Position (Continued)

	Governmental Activities	Business Type Activities		
Net Position December 31, 2017	\$ 43,175,540	\$ 54,711,252		
Adjustments:				
Net OPEB liability	(13,982,503)	(2,579,290)		
Deferred Outflow - Payments Subsequent to Measurement Date	74,969	38,966		
Special assessments receivable	693,032	199,255		
Depreciable Capital Assets	882,046	(1,103,756)		
Long-term Liabilities:				
Due in more than one year - other amounts	(1,056,462)	1,056,462		
Restated Net Position December 31, 2017	<u>\$ 29,786,622</u>	<u>\$ 52,322,889</u>		
		Water	Sewer	Total Enterprise
Net Position December 31, 2017	\$ 37,241,140	\$ 17,470,112	\$ 54,711,252	
Adjustments:				
Net OPEB liability	(1,466,295)	(1,112,995)	(2,579,290)	
Deferred Outflow - Payments Subsequent to Measurement Date	22,152	16,814	38,966	
Special assessments receivable	-	199,255	199,255	
Depreciable Assets, Net of Depreciation	550,707	(1,654,463)	(1,103,756)	
OWDA Loans Payable - noncurrent	(514,424)	1,570,886	1,056,462	
Restated Net Position December 31, 2017	<u>\$ 35,833,280</u>	<u>\$ 16,489,609</u>	<u>\$ 52,322,889</u>	

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 4: **BUDGETARY BASIS OF ACCOUNTING** (Continued)

- 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
GAAP Basis- Net Change in Fund Balance	\$ (80,732)
<u>Increase (Decrease) Due to:</u>	
Revenue Accruals	150,494
Expenditure Accruals	89,171
Outstanding Encumbrances	(182,839)
Funds with Separate Legally Adopted Budgets	78,341
Budgetary Basis-Net Change in Fund Balance	\$ 54,435

NOTE 5: **ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

At December 31, 2018, the Police Pension, Fire Pension, Troy School Driveway, Pool Renovation, Cove Avenue Improvements, Curtis Road Sewer Improvements funds and General Obligation Bond Retirement Unvoted (non-major governmental funds) had deficit fund balances of \$18,201, \$12,749, \$20,000, \$580, \$125,541, \$29,260 and \$6,433,106, respectively. These deficit fund balances, 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.

B. Compliance

The city had negative cash fund balances in the Curtis Road Sewer Improvement Fund, Capital Projects Fund, and Pool Renovation Capital Projects Fund in the amounts of \$23,000, \$87,619 and \$580, respectively, indicating that revenue from other sources were used to pay obligations contrary to Ohio Revised Code Section 5705.10 (H).

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

Fund	Total Estimated Resources	Total Appropriations	Variance
<u>General Fund</u>			
Final Budget	\$ 14,671,127	\$ 14,818,926	\$ (147,799)
<u>45's Sewer Separation Fund</u>			
Final Budget	3,454,832	4,031,856	(577,024)
<u>Office on Aging Fund</u>			
Final Budget	4,695	46,000	(41,305)
<u>General Bond Retirement (Unvoted Fund)</u>			
Final Budget	8,994,725	9,009,248	(14,523)

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

B. Compliance (Continued)

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>			
Police			
Personal Services	4,142,178	4,153,464	(11,286)
Transfers Out	656,850	657,850	(1,000)
<u>Lear/Krebs Intersection Fund</u>			
Capital Outlay	12,617	328,164	(315,547)
<u>Cove Avenue Improvement</u>			
Transfers Out	-	17,034	(17,034)
<u>Street Tree Fund</u>			
Leisure Time Activities			
Other	7,500	29,264	(21,764)
<u>Recreation Fund</u>			
Leisure Time Activities			
Personal Services	726,565	741,712	(15,147)
<u>Cable TV Fund</u>			
Leisure Time Activities			
Personal Services	123,255	130,093	(6,838)

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

A. **Legal Requirements** (Continued)

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

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

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

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

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

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

B. Legal Requirements (Continued)

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.

C. 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 \$8,710,706 and \$2,645 in petty cash with the bank balance at \$9,183,787. The City's bank balance of \$761,011 was covered by federal depository insurance and \$3,561,397 uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name, and \$4,860,779 was uninsured and uncollateralized. One of the City's financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

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

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The City's financial institutions had enrolled in OPCS as of December 31, 2018.

D. Investments

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

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

C. **Investments** (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The City's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs). The following table identifies the City's recurring fair value measurement as of December 31, 2018. As previously discussed Star Ohio is reported at its net asset value. As of December 31, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Level Input</u>	<u>Maturities</u>
Federal Home Loan Bank	\$ 244,190	2	2/18/2021
Federal National Mtg Assn.	297,015	2	1/21/2020
Fannie Mae	445,494	2	02/19/19-6/22/20
United States Treasury Notes	13,226,524	2	1/31/19-4/30/23
Money Market Mutual Funds	592,589	N/A	n/a
STAR Ohio	4,526,239	N/A	n/a
Total Investments	<u>\$ 19,332,051</u>		
Carrying Amount of Deposits	8,710,706		
Petty Cash	2,645		
Total Cash and Investments	<u>\$ 28,045,402</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, 2018
(Continued)

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

F. **Concentration of Credit Risk**

The following is the City's allocation as of December 31, 2018:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Investment</u>
Federal Home Loan Bank	\$ 244,190	1.26%
Federal Nation Mtg Assn.	297,015	1.54%
Fannie Mae	445,494	2.30%
United States Treasury Notes	13,226,524	68.42%
Money Market Mutual Funds	592,589	3.07%
STAR Ohio	4,526,239	23.41%
Total Investments	<u>\$ 19,332,051</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, 2018, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, and accounts (billings for utility service) receivable.

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 7: **RECEIVABLES** (Continued)

A. Property Taxes

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

Real property taxes collected were based on assessed value equal to thirty-five percent (35%) of appraised value. The Lorain County Auditor reappraises real property every six years, with a triennial update, which was last completed for 2017. 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, 2018 was \$8.08 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Real Property - 2018:	
Residential/Agriculture	\$ 735,234,640
Other Real Estate	92,341,760
Tangible Personal Property - 2018:	
Public Utilities	54,806,360
Total Valuation	<u><u>\$ 882,382,760</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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 7: **RECEIVABLES** (Continued)

B. Income Taxes (Continued)

By City ordinance, 68 percent of the income tax proceeds were credited to the General Fund, 19 percent of the municipal income tax proceeds were credited to the Capital Improvement Fund (a capital projects fund) and 13 percent of the income tax proceeds were credited to the General Bond Retirement (Unvoted) Fund (an debt service fund).

C. Intergovernmental Revenues

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Homestead and Rollback	\$ 379,757
Gasoline Tax	460,020
Permissive Tax	10,292
Local Government	174,865
Auto Registration	37,299
Courts	19,347
Avon Lake City School District	20,000
Miscellaneous	39,353
Total Governmental Activities	1,140,933
Business-Type Activities	
Water	803,307
Sewer	1,192,614
Total Business-Type Activities	1,995,921
Total Intergovernmental Receivable	<u>\$ 3,136,854</u>

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, 2018
(Continued)

NOTE 8: CAPITAL ASSETS

	Restated Balances 12/31/2017	Additions	Disposals	Balances 12/31/2018
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 5,293,340	\$ 358,912	\$ -	\$ 5,652,252
Construction in progress	11,854,236	6,405,958	(4,500,127)	13,760,067
Total Nondepreciable Assets	<u>17,147,576</u>	<u>6,764,870</u>	<u>(4,500,127)</u>	<u>19,412,319</u>
Depreciable Assets:				
Buildings and Improvements	21,341,178	200,693	-	21,541,871
Machinery and Equipment	4,184,294	956,498	(293,754)	4,847,038
Vehicles	5,257,499	316,424	(236,873)	5,337,050
Infrastructure	75,787,267	6,542,979	-	82,330,246
Total Depreciable Assets	<u>106,570,238</u>	<u>8,016,594</u>	<u>(530,627)</u>	<u>114,056,205</u>
Less Accumulated Depreciation				
Buildings and Improvements	(7,639,045)	(526,368)	-	(8,165,413)
Machinery and Equipment	(3,056,567)	(184,575)	293,754	(2,947,388)
Vehicles	(3,451,191)	(442,687)	227,114	(3,666,764)
Infrastructure	(45,623,288)	(2,152,367)	-	(47,775,655)
Total Accumulated Depreciation	<u>(59,770,091)</u>	<u>(3,305,997)</u>	<u>520,868</u>	<u>(62,555,220)</u>
Total Depreciable Assets, Net	<u>46,800,147</u>	<u>4,710,597</u>	<u>(9,759)</u>	<u>51,500,985</u>
Governmental Activities Capital Assets, Net	<u>\$ 63,947,723</u>	<u>\$ 11,475,467</u>	<u>\$ (4,509,886)</u>	<u>\$ 70,913,304</u>

Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property	\$ 313,892
Leisure Time Activities	326,814
Transportation	2,165,275
Community Environment	3,469
General Government	496,547
Total Depreciation Expense	<u>\$ 3,305,997</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

	Restated Balances 12/31/2017	Additions	Disposals	Balances 12/31/2018
Business-Type Activities				
Nondepreciable Assets:				
Land	\$ 1,882,079	\$ 40,333	\$ -	\$ 1,922,412
Construction in progress	79,049,122	13,828,564	(9,872,711)	83,004,975
Total Nondepreciable Assets	<u>80,931,201</u>	<u>13,868,897</u>	<u>(9,872,711)</u>	<u>84,927,387</u>
Depreciable Assets:				
Buildings and Improvements	43,095,369	-	-	43,095,369
Machinery and Equipment	3,762,026	669,443	-	4,431,469
Vehicles	1,033,373	-	(40,434)	992,939
Infrastructure	91,468,094	11,516,561	-	102,984,655
Total Depreciable Assets	<u>139,358,862</u>	<u>12,186,004</u>	<u>(40,434)</u>	<u>151,504,432</u>
Less Accumulated Depreciation				
Buildings and Improvements	(21,793,393)	(724,636)	-	(22,518,029)
Machinery and Equipment	(1,959,241)	(209,965)	-	(2,169,206)
Vehicles	(564,393)	(51,319)	40,434	(575,278)
Infrastructure	(27,217,544)	(2,297,787)	-	(29,515,331)
Total Accumulated Depreciation	<u>(51,534,571)</u>	<u>(3,283,707)</u>	<u>40,434</u>	<u>(54,777,844)</u>
Total Depreciable Assets, Net	<u>87,824,291</u>	<u>8,902,297</u>	<u>-</u>	<u>96,726,588</u>
Business-Type Activities Capital Assets, Net	<u>\$ 168,755,492</u>	<u>\$ 22,771,194</u>	<u>\$ (9,872,711)</u>	<u>\$ 181,653,975</u>

This space intentionally left blank.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(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				
Recreational Facility	2009	2018	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				
Refunding	2010	2020	2.0% - 3.75%	1,870,000
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
Lear Road/Krebs Intersection (*)	2017	2040	0.00%	125,000
Central Avon Lake Drainage Project (*)	2017	2027	0.00%	375,000
Ohio Water Development Authority Loan				
Jaycox Sewer Separation	2010	2041	3.27%	253,409
Belmar Sewer Separation	2013	2044	2.94%	1,082,498
Mull/Norman Sanitary Sewer Force Main	2016	2036	2.21%	578,870
Stop 45 Area CSO (*)	2017	2050	1.61%	3,447,975
Fairfield-Brookfield Combined (*)	2017	2049	0.76%	8,481,666
Curtis Sanitary Sewer Rehab (*)	2018	2039	2.15%	2,001,153
Business-Type Activities				
General Obligation Bonds				
Refunding	2012	2028	1.0% - 2.75%	3,430,000
Mortgage Revenue Bonds				
Water System Refunding	2015	2026	2.0% - 2.25%	4,820,000
Ohio Water Development Authority Loans				
Wastewater Improvements	1998	2018	5.76%	638,031
Water System Improvements	2003	2025	4.51%	4,764,656
Fay/Vineyard Sanitary Sewer	2008	2029	4.15%	1,548,287
Center Road Pump Station	2008	2029	4.28%	1,356,266
LORCO Force Main	2009	2041	3.68%	9,718,470
LORCO Collection Systems	2009	2041	4.08%	19,167,873
Sewer Separation	2010	2041	3.27%	3,018,029
Water Plant Expansion	2013	2044	2.84%	4,925,787
Belmar Sewer Separation	2013	2044	2.94%	3,741,941
Additional Storage and Interconnection HAB (*)	2015	2038	0.18%	18,947,273
Additional Storage and Interconnection HAB (*)	2016	2038	0.00%	5,160,168
Lear/Nagel Sanitary Sewer Force Main	2016	2026	2.21%	284,831
Mull/Norman Sanitary Sewer Force Main	2016	2036	2.21%	2,428,402
Water Pollution Control Center Rehab (*)	2016	2050	0.45%	35,137,035
Stop 45 Area CSO (*)	2017	2050	1.61%	14,973,725
Lateral Loan Program (*)	2017	2036	0.00%	5,000,000
Fairfield-Brookfield Combined (*)	2017	2049	0.76%	6,372,711
Elyria Interconnect HAB (*)	2018	2039	2.15%	2,001,153
Curtis Sanitary Sewer Rehab (*)				

* - OWDA project remains open as of December 31, 2018 and final amortization schedules have not been completed as of December 31, 2018

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

Changes in the City's long-term obligations during 2018 were as follows:

	Restated Outstanding 12/31/2017	Additions	Reductions	Outstanding 12/31/2018	Amount Due in One Year
Governmental activities					
General obligation bonds					
Recreational facility (2009) various % through 2018	\$ 185,000	\$ -	\$ 185,000	\$ -	\$ -
Refunding bonds (2010) various through 2020	1,070,000	-	350,000	720,000	355,000
Unamortized premium	7,426	-	2,236	5,190	-
Refunding bonds (2012) various through 2028	565,000	-	45,000	520,000	45,000
Unamortized premium	7,521	-	654	6,867	-
Refunding bonds (2015) Recreational Facilities through 2028	2,600,000	-	-	2,600,000	-
CAB Bond	259,998	-	142,774	117,224	117,224
Accretion on Bond	143,846	78,736	122,226	100,356	-
Unamortized premium	282,749	-	24,587	258,162	-
Total general obligation bonds	<u>5,121,540</u>	<u>78,736</u>	<u>872,477</u>	<u>4,327,799</u>	<u>517,224</u>
Special assessment bonds					
Refunding bonds (2010) various % through 2020	655,000	-	210,000	445,000	220,000
Unamortized premium	4,522	-	3,688	834	-
Total special assessment bonds	<u>659,522</u>	<u>-</u>	<u>213,688</u>	<u>445,834</u>	<u>220,000</u>
Loans					
OPWC loan- Walker Rd/Bike Lane 0.0% through 2024	43,332	-	6,667	36,665	6,667
OPWC loan- Walker Rd/Lear Rd Intersection Upgrade, 0.0% through 2034	106,250	-	6,250	100,000	6,250
OPWC loan- Lear Road/Krebs Intersection Upgrade, 0.0% through 2040	19,533	-	-	19,533	-
OPWC loan- Central Avon Lake Drainage Project Phase II, 0.0% through 2027	12,549	-	-	12,549	-
OWDA loan - Jaycox Sewer Separation, 3.27% through 2041	216,855	-	6,369	210,486	6,579
OWDA loan - Belmar Sewer Separation (2013) 2.94% through 2044	1,056,462	-	26,807	1,029,655 *	27,601
OWDA loan - Mull/Norman Sanitary Sewer Force Main, 2.21% through 2036	554,036	-	24,032	530,004	30,262
OWDA loan - Stop 45 Area CSO (2017) 1.610% through 2050	381,621	4,494,535	-	4,876,156	-
OWDA loan - Fairfield-Brookfield Combined Sewer Separation (2017) 0.760% through 2049	7,557,186	797,002	-	8,354,188	-
OWDA loan - Curtis Sanitary Sewer Rehab (2018) 2.15% through 2035	-	397,888	-	397,888	-
Total loans	<u>9,947,824</u>	<u>5,689,425</u>	<u>70,125</u>	<u>15,567,124</u>	<u>77,359</u>
Net Pension Liability					
OPERS	7,623,332	-	2,532,565	5,090,767	-
OP&F	14,248,589	-	146,900	14,101,689	-
Total Net Pension Liability	<u>21,871,921</u>	<u>-</u>	<u>2,679,465</u>	<u>19,192,456</u>	<u>-</u>
Net OPEB Liability					
OPERS	3,304,158	172,647	-	3,476,805	-
OP&F	10,678,345	2,339,793	-	13,018,138	-
Total Net OPEB Liability	<u>13,982,503</u>	<u>2,512,440</u>	<u>-</u>	<u>16,494,943</u>	<u>-</u>
Landfill postclosure costs	346,399	6,097	69,280	283,216	70,804
Police pension liability	78,302	-	3,104	75,198	3,237
Capital leases	278,757	-	43,563	235,194	44,683
Compensated absences	1,991,576	587,223	589,552	1,989,247	590,022
Total Governmental activities	<u>\$ 54,278,344</u>	<u>\$ 8,873,921</u>	<u>\$ 4,541,254</u>	<u>\$ 58,611,011</u>	<u>\$ 1,523,329</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

	Restated Outstanding 12/31/2017	Additions	Reductions	Outstanding 12/31/2018	Amount Due in One Year
Business-type activities					
General obligation bonds					
Refunding bonds (2012)					
various % through 2028	\$ 2,545,000	\$ -	\$ 215,000	\$ 2,330,000	\$ 215,000
Unamortized premium	34,327	-	2,985	31,342	-
Total general obligation bonds	<u>2,579,327</u>	<u>-</u>	<u>217,985</u>	<u>2,361,342</u>	<u>215,000</u>
Mortgage revenue bonds					
Water system refunding (2015)					
various % through 2026	3,835,000	-	150,000	3,685,000	600,000
Unamortized premium	41,454	-	6,378	35,076	-
Total Mortgage revenue bonds	<u>3,876,454</u>	<u>-</u>	<u>156,378</u>	<u>3,720,076</u>	<u>600,000</u>
OWDA					
Wastewater improvements (1998)					
5.76% through 2018	25,788	-	25,788	-	-
Water system improvements (2003)					
4.51% through 2025	2,295,299	-	263,537	2,031,762	275,557
Fay/Vineyard sanitary sewer (2008)					
4.15% through 2029	1,004,689	-	73,754	930,935	76,847
Center Road pump station (2008)					
4.28% through 2029	884,068	-	64,454	819,614	67,242
LORCO force main (2009)					
3.68% through 2041	8,684,094	-	230,485	8,453,609	239,044
LORCO collection system (2009)					
4.08% through 2041	16,939,821	-	426,712	16,513,109	444,300
Sewer separation (2010)					
3.27% through 2041	2,333,830	-	69,484	2,264,346	71,774
Water Plant Expansion (2013)					
2.84% through 2044	4,483,653	-	118,519	4,365,134	121,940
Belmar Sewer Separation (2013)					
2.94% through 2044	3,397,424	-	86,206	3,311,218	88,759
Additional Storage and Interconnection HAB (2015)					
0.18% through 2038	25,557,530	-	1,256,153	24,301,377	1,256,718
Additional Storage and Interconnection HAB (2016)					
0.00% through 2038	5,803,771	602,798	410,124	5,996,445	410,124
Lear/Nagel Sanitary Sewer Force main (2016)					
2.21% through 2036	242,105	-	28,483	213,622	28,483
Mull/Norman Sanitary Sewer Force Main (2016)					
2.21% through 2036	2,326,941	-	105,831	2,221,110	126,946
Water Pollution ControlCenter Rehab (2016)					
0.45% through 2050	26,096,195	9,040,840	-	35,137,035	-
Stop 45 Area CSO (2017)					
1.610% through 2050	1,657,769	4,744,065	-	6,401,834	-
Lateral Loan Program (2017)					
0.000% through 2036	320,505	524,035	-	844,540	-
Fairfield-Brookfield Combined					
Sewer Separation (2017) 0.760% through 2049	5,723,605	358,216	-	6,081,821	-
Elyria Interconnect HAB	-	604,132	-	604,132	-
Curtis Sanitary Sewer Rehab (2018)					
2.15% through 2035	-	950,358	-	950,358	-
Total OWDA	<u>107,777,087</u>	<u>16,824,444</u>	<u>3,159,530</u>	<u>121,442,001</u>	<u>3,207,734</u>
Net Pension Liability - OPERS	5,694,859	-	1,720,907	3,973,952	-
Net OPEB Liability - OPERS	2,579,290	134,771	-	2,714,061	-
Compensated absences	619,010	222,619	210,863	630,766	221,714
Total business-type activities	<u>\$ 123,126,027</u>	<u>\$ 17,181,834</u>	<u>\$ 5,465,663</u>	<u>\$ 134,842,198</u>	<u>\$ 4,244,448</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(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 and Ohio Water Development Authority loans (governmental activities) will be paid from the General Bond Retirement Debt Service Fund from income taxes. Ohio Water Development Authority loans (business type activities) 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 police pension liability will be paid from taxes receipted in the Police Pension Special Revenue Fund. Landfill post-closure costs are based on estimates as of December 31, 2016. The actual costs may be higher due to inflation, changes in technology, or changes in regulations and they will be paid from the General Fund. The City pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension and net OPEB liability. However, employer pension contributions are made from the following funds; Street Construction, Maintenance, and Repair fund, Paramedic fund, Dial-A-Bus fund, Cable TV fund, COPS fund, Police and Fire Pension funds, and Recreation Trust fund. See notes 12 and 13 for further information regarding net pension liability and net OPEB liability.

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. These bonds were paid off during 2018.

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

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt payments on the refunded 2001 Various Improvement Bonds. As a result, \$4,955,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. The amount still outstanding as December 31, 2018 is \$1,195,000.

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 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

The net proceeds of \$3,234,044 (after payment of issuance costs) was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments. The advance refunding met the requirements of an in substance debt defeasance and the term bonds were removed from the City's government-wide financial statements.

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

On March 24, 2015, the City issued \$4,820,000 water system mortgage revenue refunding bonds, series 2015. The bonds were issued to refund certain Water System Mortgage – Revenue Refunding Serial bonds, Series 2005. The bonds were issued with interest rates ranging from 2.00 percent to 2.25 percent. The bonds were issued for a fourteen-year period with the final maturity during fiscal year 2029. The City has pledged future revenues to repay the revenue bonds in the Water Fund. The debt is payable solely from net revenues and is payable through 2026. Annual principal and interest payments on the loans are expected to require less than 95 of net revenues and less than 20 percent of total revenues. The total principal and interest remaining to be paid on the bonds is \$3,956,800. Principal and interest paid for the current year were \$229,050, total net revenues were \$1,270,103 and total revenues were \$13,834,039.

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, 2018 is \$4,520,000.

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. This loan was paid in full during 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.

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, 2041.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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

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

During 2013, the City entered into a loan agreement in the amount of \$4,925,787 with OWDA for the Water Plant Expansion project. The loan has a fixed rate of 2.84 percent interest over a thirty-year period beginning July 1, 2014 through January 1, 2044.

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

During 2015, the City entered into a loan agreement with OWDA for the Additional Storage and Interconnection HAB project. The loan has a fixed rate of 0.18 percent interest over a twenty-year period beginning July 1, 2018 through January 1, 2038. As of December 2018, the loan balance for the portion of the project completed was \$24,301,377. An amortization schedule has not been prepared by OWDA.

During 2016, the City entered into a loan agreement with OWDA for the Additional Storage and Interconnection HAB project. The loan has a fixed rate of 0.00 percent interest over a twenty-year period beginning July 1, 2018 through January 1, 2038. As of December 2018, the loan balance for the portion of the project completed was \$5,996,445. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

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

During 2016, the City entered into a loan agreement in the amount of \$3,144,130 with OWDA for the Mull/Norman Sanitary Sewer project. The loan has a fixed rate of 2.21 percent interest over a twenty-year period beginning July 1, 2017 through January 1, 2036.

During 2016, the City entered into a loan agreement with OWDA for the Water Pollution Control Center Rehab project. The loan has a fixed rate of 0.45 percent interest over a thirty-year period beginning July 1, 2020 through January 1, 2050. As of December 2018, the loan balance for the portion of the project completed was \$35,137,035. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2017, the City entered into a loan agreement with OWDA for the Stop 45 Area project. The loan has a fixed rate of 1.61 percent interest over a thirty-year period beginning January 1, 2021 through July 1, 2050. As of December 2018, the loan balance for the portion of the project completed was \$11,277,990. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

During 2017, the City entered into a loan agreement with OWDA for the Lateral loan program. The loan has a fixed rate of 0.00 percent interest over a ten-year period beginning January 1, 2025 through July 1, 2036. As of December 2018, the loan balance for the portion of the project completed was \$844,540. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2017, the City entered into a loan agreement with OWDA for the Fairfield-Brookfield Combined Sewer Separation project. The loan has a fixed rate of 0.76 percent interest over a thirty-year period beginning January 1, 2020 through July 1, 2049. As of December 2018, the loan balance for the portion of the project completed was \$14,436,009. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2018, the City entered into a loan agreement with OWDA for the Elyria Interconnect HAB project. The loan has a fixed rate of 0.00 percent interest over a twenty-year period beginning January 1, 2020 through July 1, 2039. As of December 2018, the loan balance for the portion of the project completed was \$604,132. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2018, the City entered into a loan agreement with OWDA for the Curtis Sanitary Sewer project. The loan has a fixed rate of 2.15 percent interest over a fifteen-year period beginning January 1, 2020 through July 1, 2039. As of December 2018, the loan balance for the portion of the project completed was \$1,348,246. 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.

In 2017, the City entered into a loan agreement with OPWC for \$125,000. These funds were used for the Lear Road/Krebs Road Intersection project. The debt is a zero percent interest loan over twenty years. As of December 2018, the loan balance for the portion of the project completed was \$19,533. An amortization schedule has not been prepared by OPWC since the project is still ongoing.

In 2017, the City entered into a loan agreement with OPWC for \$125,000. These funds were used for the Central Avon Lake Drainage project. The debt is a zero percent interest loan over twenty years. As of December 2018, the loan balance for the portion of the project completed was \$12,549. An amortization schedule has not been prepared by OPWC since the project is still ongoing.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

Principal and interest requirements to retire long-term obligations, except net pension liability, landfill post-closure costs, promissory note, compensated absences, at December 31, 2018 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 400,000	\$ 116,138	\$ 220,000	\$ 16,138	\$ 64,442	\$ 48,348
2020	670,000	102,813	225,000	8,438	65,475	46,645
2021	310,000	80,475	-	-	66,541	44,911
2022	320,000	71,675	-	-	67,638	43,144
2023-2027	1,760,000	213,634	-	-	355,863	188,018
2028-2032	380,000	11,263	-	-	388,758	138,402
2033-2037	-	-	-	-	381,565	83,984
2038-2042	-	-	-	-	292,711	35,606
2043-2044	-	-	-	-	87,152	2,483
	<u>\$ 3,840,000</u>	<u>\$ 595,998</u>	<u>\$ 445,000</u>	<u>\$ 24,576</u>	<u>\$ 1,770,145</u>	<u>\$ 631,541</u>

Year Ended	Governmental Activities						
	Police Pension Liability		CAB Bond		OPWC Loan	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2019	\$ 3,237	\$ 3,162	\$ 117,224	\$ 142,776	\$ 12,917	\$ 817,820	\$ 326,562
2020	3,376	3,023	-	-	12,917	976,768	160,919
2021	3,521	2,878	-	-	12,917	392,979	128,264
2022	3,673	2,727	-	-	12,917	404,228	117,546
2023-2027	20,869	11,127	-	-	41,247	2,177,979	412,779
2028-2032	25,757	6,242	-	-	31,250	825,765	155,907
2033-2037	14,765	882	-	-	12,500	408,830	84,866
2038-2040	-	-	-	-	-	292,711	35,606
	<u>\$ 75,198</u>	<u>\$ 30,041</u>	<u>\$ 117,224</u>	<u>\$ 142,776</u>	<u>\$ 136,665</u>	<u>\$ 6,384,232</u>	<u>\$ 1,424,932</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

Year Ended	Business-Type Activities			
	General Obligation Bonds		Mortgage Revenue Bond	
	Principal	Interest	Principal	Interest
2019	\$ 215,000	\$ 53,913	\$ 600,000	\$ 76,050
2020	215,000	49,613	600,000	64,050
2021	225,000	45,313	615,000	52,050
2022	225,000	40,813	630,000	39,750
2023-2027	1,205,000	126,309	1,240,000	39,900
2028-2032	245,000	6,738	-	-
	<u>\$ 2,330,000</u>	<u>322,699</u>	<u>\$ 3,685,000</u>	<u>\$ 271,800</u>

Year Ended	Business-Type Activities			
	OWDA Loans		Total	Total
	Principal	Interest	Principal	Interest
2019	\$ 1,540,892	\$ 1,473,056	\$ 2,355,892	\$ 1,603,019
2020	1,595,261	1,417,985	2,410,261	1,531,648
2021	1,651,809	1,360,858	2,491,809	1,458,221
2022	1,710,617	1,301,596	2,565,617	1,382,159
2023-2027	8,526,039	5,560,708	10,971,039	5,726,917
2028-2032	8,059,321	4,081,927	8,304,321	4,088,665
2033-2037	9,105,809	2,582,258	9,105,809	2,582,258
2038-2042	8,424,987	877,694	8,424,987	877,694
2043-2044	509,724	13,104	509,724	13,104
	<u>\$ 41,124,459</u>	<u>\$ 18,669,186</u>	<u>\$ 47,139,459</u>	<u>\$ 19,263,685</u>

There are eight OWDA loans and two OPWC where the final amortization schedules have not been completed as of December 31, 2018, due to them being in the construction phase. Therefore, the previous table does not include outstanding principal and interest payments for those 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, 2018
(Continued)

NOTE 10: SHORT-TERM OBLIGATIONS

Changes in the City's short-term obligations during 2018 were as follows:

	Outstanding 12/31/2017	Additions	Reductions	Outstanding 12/31/2018
Short-Term Notes Payable				
<i>Governmental Activities</i>				
Various Purpose Improvement				
Notes (2017) 2.50% through 2018	\$ 8,246,000	\$ -	\$ 8,246,000	\$ -
Various Purpose Improvement				
Notes (2018) 3.00% through 2018	-	7,750,000	-	7,750,000
Unamortized premium	57,351	80,522	94,257	43,616
Total Governmental Activities	8,303,351	7,830,522	8,340,257	7,793,616
<i>Water</i>				
Various Purpose Improvement				
Notes (2017) 2.50% through 2018	2,500,000	-	2,500,000	-
Various Purpose Improvement				
Notes (2018) 3.00% through 2018	-	2,000,000	-	2,000,000
Unamortized premium	17,387	20,780	26,911	11,256
Total Water	2,517,387	2,020,780	2,526,911	2,011,256
<i>Sewer</i>				
Various Purpose Improvement				
Notes (2017) 2.50% through 2018	5,000,000	-	5,000,000	-
Various Purpose Improvement				
Notes (2018) 3.00% through 2018	-	4,750,000	-	4,750,000
Unamortized premium	34,775	49,353	57,395	26,733
Total Sewer	5,034,775	4,799,353	5,057,395	4,776,733
Total Business-Type Activities	7,552,162	6,820,133	7,584,306	6,787,989
Total Short-Term Notes Payable	\$ 15,855,513	\$ 14,650,655	\$ 15,924,563	\$ 14,581,605

On July 10, 2018, the City issued various purpose bond anticipation notes in the amount of \$14,500,000. These bond anticipation notes will mature on July 10, 2019 and carry an annual interest rate of 3.00 percent. The 2018 bond anticipation notes were issued to retire the 2017 bond anticipation notes and to provide resources for future capital improvements.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 11: OPERATING LEASE

The City is obligated under leases accounted for as operating lease. Total lease expense for the year ended December 31, 2018, was \$4,000 for Business-type Activities. The following is a schedule of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2018.

Year Ending December 31,	Business-Type Activities
2019	\$ 4,000
2020	4,000
2021	4,000
2022	4,000
2023	4,000
thereafter	336,000
Total Minimum Lease Payments	\$ 356,000

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, 2018
(Continued)

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

A. Net Pension Liability (Continued)

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

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

Plan Description - City employees 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. City 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 62 with 5 years of service credit or Age 57 with 25 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, 2018
(Continued)

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

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

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

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

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2018 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

* Member contributions within combined plan are not used to fund the defined benefit retirement allowance

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contributions was \$1,184,430 for 2018. Of this amount, \$98,978 is reported as an intergovernmental payable.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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

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

	Police	Firefighters
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$1,117,164 for 2018. Of this amount, \$89,273 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, 2018, the specific liability of the City was \$75,198 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, 2017, 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, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. 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:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.058649%	0.041606%	0.098315%	0.126643%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.057781%</u>	<u>0.038779%</u>	<u>0.101500%</u>	<u>0.128264%</u>	
Change in Proportionate Share	<u>-0.000868%</u>	<u>-0.002827%</u>	<u>0.003185%</u>	<u>0.001621%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 9,064,719	\$ (52,791)	\$ 6,229,525	\$ 7,872,164	\$ 23,113,617
Pension Expense	\$ 1,954,299	\$ 7,921	\$ 753,939	\$ 898,396	\$ 3,614,555

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F Police	OP&F Fire	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 9,258	\$ 94,536	\$ 119,465	\$ 223,259
Changes of assumptions	1,087,903	271,453	343,032	1,702,388
Changes in proportion and differences between City contributions and proportionate share of contributions	397,442	171,171	94,293	662,906
City contributions subsequent to the measurement date	<u>1,184,430</u>	<u>496,321</u>	<u>620,843</u>	<u>2,301,594</u>
Total Deferred Outflows of Resources	<u>\$2,679,033</u>	<u>\$1,033,481</u>	<u>\$1,177,633</u>	<u>\$ 4,890,147</u>
Deferred Inflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$ 1,954,408	\$ 215,494	\$ 272,316	\$ 2,442,218
Differences between expected and actual experience	\$194,360	\$11,268	\$14,242	\$219,870
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>429,307</u>	<u>98,284</u>	<u>245,282</u>	<u>772,873</u>
Total Deferred Inflows of Resources	<u>\$ 2,578,075</u>	<u>\$ 325,046</u>	<u>\$ 531,840</u>	<u>\$ 3,434,961</u>

\$2,301,594 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

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

Year Ending December 31:	<u>OPERS</u>	<u>OP&F Police</u>	<u>OP&F Fire</u>	<u>Total</u>
2019	\$817,808	\$167,779	\$157,673	\$1,143,260
2020	(227,920)	111,122	86,075	(\$30,723)
2021	(862,292)	(112,079)	(195,978)	(\$1,170,349)
2022	(804,817)	(74,611)	(145,469)	(\$1,024,897)
2023	(2,223)	96,239	97,760	191,776
Thereafter	<u>(4,028)</u>	<u>23,664</u>	<u>24,889</u>	<u>44,525</u>
Total	<u>(\$1,083,472)</u>	<u>\$212,114</u>	<u>\$24,950</u>	<u>(\$846,408)</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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

E. Actuarial Assumptions – OPERS (Continued)

The total pension asset in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 3 percent, simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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

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

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 three investment portfolios: the Defined Benefits portfolio, the Health Care 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. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

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 2017 and the long-term expected real rates of return:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

E. Actuarial Assumptions – OPERS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent, post-experience study results. 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 contractually required rates, as actuarially determined. 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 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

<u>City's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Traditional Pension Plan	\$16,096,631	\$9,064,719	\$3,202,223
Combined Plan	(\$28,696)	(\$52,791)	(\$69,414)

Changes Between Measurement Date and Report Date In October 2018, the OPERS Board adopted certain assumption changes which will impact their valuation prepared as of January 1, 2018. The most significant change is a reduction in the assumed actuarial rate of return from 7.50 percent to 7.20 percent. Although the exact amount of these changes is not known, it has the potential to impact the City’s net pension liability.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

F. Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, 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, 2017, are presented below:

Valuation Date	January 1, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Increases	3.25 percent
Inflation Assumptions	2.75 percent
Cost of Living Adjustments	2.20 percent and 3.00 percent Simple

Mortality rates for active members were based on the RP2014 Total employee and Healthy Annuitant Mortality Tables rolled back to 2006, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent. For disabled retirees, the mortality rates were based on the RP2014 Disabled Mortality Tables rolled back to 2006, and projected with the Conduent Modified 2016 Improvement Scale.

The most recent experience study was completed January 1, 2017.

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, 2017 are summarized on the next page:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

F. Actuarial Assumptions – OP&F (Continued)

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

Note: Assumptions are geometric

* 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.

Discount Rate The total pension liability was calculated using the discount rate of 8.00 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 8.00 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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

F. Actuarial Assumptions – OP&F (Continued)

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 19,548,638	\$ 14,101,689	\$ 9,659,203

NOTE 13: **DEFINED BENEFIT OPEB PLANS**

A. Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB 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 these estimates 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 OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, 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 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

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

The City's contractually required contribution was \$11,210 for 2018.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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. 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, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 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. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$26,270 for 2018. Of this amount, \$2,104 is reported as an intergovernmental payable.

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

Following is information related to the proportionate share and OPEB expense:

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.058250%	0.224960%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.057010%</u>	<u>0.229765%</u>	
Change in Proportionate Share	<u><u>-0.001240%</u></u>	<u><u>0.004805%</u></u>	
Proportionate Share of the Net OPEB			
Liability	\$ 6,190,866	\$ 13,018,138	\$ 19,209,004
OPEB Expense	\$ 487,211	\$ 1,046,864	\$ 1,534,075

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$4,822	\$0	\$4,822
Changes of assumptions	450,761	1,270,294	1,721,055
Changes in proportion and differences between City contributions and proportionate share of contributions	0	199,037	199,037
City contributions subsequent to the measurement date	<u>11,210</u>	<u>26,270</u>	<u>37,480</u>
Total Deferred Outflows of Resources	<u><u>\$466,793</u></u>	<u><u>\$1,495,601</u></u>	<u><u>\$1,962,394</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$65,658	\$65,658
Net difference between projected and actual earnings on OPEB plan investments	461,178	85,691	546,869
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>85,316</u>	<u>0</u>	<u>85,316</u>
Total Deferred Inflows of Resources	<u><u>\$546,494</u></u>	<u><u>\$151,349</u></u>	<u><u>\$697,843</u></u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$37,480 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2019	\$61,731	\$183,792	\$245,523
2020	61,731	183,792	245,523
2021	(99,080)	183,792	84,712
2022	(115,293)	183,793	68,500
2023	0	205,215	205,215
Thereafter	0	377,598	377,598
Total	(\$90,911)	\$1,317,982	\$1,227,071

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the actuarial assumptions on the next page applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

E. Actuarial Assumptions – OPERS (Continued)

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

E. Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans.

Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

E. Actuarial Assumptions – OPERS (Continued)

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$8,224,833	\$6,190,866	\$4,545,407

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$5,923,339	\$6,190,866	\$6,467,214

Changes Between Measurement Date and Report Date

In October 2018, the OPERS Board adopted certain assumption changes which will impact their valuation prepared as of January 1, 2018. The most significant change is a reduction in the assumed actuarial rate of return from 6.50 percent to 6.00 percent. Although the exact amount of these changes is not known, it has the potential to impact the City's net OPEB liability.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. Actuarial Assumptions – OP&F

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB 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 expected. 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, 2017, are summarized on the next page:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. Actuarial Assumptions – OP&F

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

Note: Assumptions are geometric.

* 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 the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. Actuarial Assumptions – OP&F

	1% Decrease (2.24%)	Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$16,272,830	\$13,018,138	\$10,513,796

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
Year					
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$10,112,724	\$13,018,138	\$16,933,653

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(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 2018, the City contracted with Argonaut Insurance Company for the following types of insurance:

<u>Company</u>	<u>Type</u>	<u>Coverage</u>
Argonaut Insurance Company	Blanket Building and Content Replacement	\$ 62,954,111
	Miscellaneous Equipment	2,453,699
	Earthquake Coverage	1,000,000
	Flood Coverage	1,000,000
	Hazardous Substance	100,000
	Public Employee Dishonesty	100,000
	Money and Securities In/Out Coverage	5,000
	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	10,000,000
Terrorism Insurance	Included	
Cyber Liability	1,000,000	

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

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

NOTE 15: JOINTLY GOVERNED ORGANIZATIONS AND JOINT VENTURE

A. Lorain County Community Alliance Council of Governments

The City is a member of the Lorain County Community Alliance (Alliance) which is a council of governments formed under Ohio Revised Code Section 167. The Alliance is comprised of public members that have voting privileges and other citizen, business, and agency members that have no voting privileges. The Alliance includes nine cities, four villages, and nine townships members along with 40 associate members. The Alliance was formed to serve as an opportunity for both the public and private sector, including citizen representatives to develop long-term plans that deal with cross-boundary issues and community interests.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

B. Northeast Ohio Public Energy Council (NOPEC)

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 220 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 2018, 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, 2018, the City's equity interest in the Consortium was \$1,813,670. Financial information can be obtained from the City of Avon Lake Finance Director, 150 Avon Belden Road, Avon Lake, Ohio 44012.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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, 2018, consisted of the following:

Transfer To	Transfer From			Total
	Governmental Activities	Business-Type Activities		
	General Fund	Governmental Funds	Water Fund	
<i>Governmental Activities:</i>				
General Fund	\$ -	\$ 353,838	\$ -	\$ 353,838
Capital Improvement Fund	-	1,000,000	-	1,000,000
Non-Major Governmental Funds	440,000	1,100,000	-	1,540,000
Total Governmental Activities	\$ 440,000	\$ 2,453,838	\$ -	\$ 2,893,838
<i>Business-Type Activities:</i>				
Sewer	\$ -	\$ -	\$ 26,980	\$ 26,980
Total Business-Type Activities	-	-	26,980	26,980
Total	\$ 440,000	\$ 2,453,838	\$ 26,980	\$ 2,920,818

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

Interfund balances for the year ended December 31, 2018 consisted of the following:

	Interfund Receivable	Interfund Payable
<i>Governmental Activities:</i>		
General Fund	\$ 58,580	\$ -
Non-Major Governmental Funds	157,956	216,536
Total Governmental Activities	216,536	216,536
<i>Business-Type Activities:</i>		
Water	\$ 3,150,000	\$ -
Sewer	-	3,150,000
Total Business-Type Activities	3,150,000	3,150,000
	\$ 3,366,536	\$ 3,366,536

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Continued)

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

Interfund balances at December 31, 2018 consisted of \$35,000 due from the Troy School Driveway non-major governmental fund, \$580 due from the Pool Renovation non-major governmental fund, and \$23,000 due from the Curtis Road Sewer Improvement nonmajor governmental fund, and \$157,596 due from the Debt Service Fund from the Cove Avenue Improvement Fund. The General Fund advanced monies to the Troy School Driveway 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 General Fund advanced \$580 and 23,000, to the Pool Renovation and Curtis Road Sewer Improvement non-major funds to cover deficit cash balances at year end. The Debt Service Fund issued manuscript debt for Cove Avenue Improvements in anticipation of the collection of special assessments and the Income Tax Transfer Fund issued manuscript debt for Capital Improvements Fund in anticipation of the collection of income taxes. The Water Fund advanced monies to the Sewer Fund to provide temporary funding for a common project.

This space intentionally left blank

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(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:

Fund Balances	General	Capital Improvement	45's Sewer Separation	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Prepaid Items	\$ 82,767	\$ -	\$ -	\$ 14,300	\$ 97,067
Materials and Supplies Inventory	-	-	-	365,796	365,796
Long-term Interfund Balances	58,580	-	-	-	58,580
<i>Total Nonspendable</i>	<u>141,347</u>	<u>-</u>	<u>-</u>	<u>380,096</u>	<u>521,443</u>
<i>Restricted for</i>					
Paramedic Services	-	-	-	1,339,628	1,339,628
Other Law Enforcement	-	-	-	149,172	149,172
Streets and Highways	-	-	-	1,410,453	1,410,453
Courts	-	-	-	345,173	345,173
Debt Service - Voted	-	-	-	85,408	85,408
Debt Service - Special Assessments	-	-	-	701,548	701,548
Capital Projects	-	-	408,646	1,811,396	2,220,042
Recreation	-	-	-	98,680	98,680
Other Purposes	-	-	-	43,623	43,623
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>408,646</u>	<u>5,985,081</u>	<u>6,393,727</u>
<i>Committed to</i>					
Termination Benefits	184,473	-	-	-	184,473
Dial-A-Bus Program	83,416	-	-	-	83,416
Cable TV	79,818	-	-	-	79,818
Office on Aging	3,462	-	-	-	3,462
Income Tax Allocation	-	-	-	5,971,135	5,971,135
Street Trees	-	-	-	158,662	158,662
Recreation	-	-	-	223,182	223,182
Capital Improvements	-	949,881	-	1,112,137	2,062,018
<i>Total Committed</i>	<u>351,169</u>	<u>949,881</u>	<u>-</u>	<u>7,465,116</u>	<u>8,766,166</u>
<i>Assigned to</i>					
Police/Court Facility	-	-	-	79,494	79,494
Other Capital Projects	-	-	-	7,924	7,924
Purchases on Order:					
Security of Persons and Property	13,440	-	-	-	13,440
General Government	47,178	-	-	-	47,178
<i>Total Assigned</i>	<u>60,618</u>	<u>-</u>	<u>-</u>	<u>87,418</u>	<u>148,036</u>
<i>Unassigned (Deficit)</i>	<u>1,313,191</u>	<u>-</u>	<u>-</u>	<u>(6,639,437)</u>	<u>(5,326,246)</u>
Total Fund Balances	<u><u>\$ 1,866,325</u></u>	<u><u>\$ 949,881</u></u>	<u><u>\$ 408,646</u></u>	<u><u>\$ 7,278,274</u></u>	<u><u>\$ 10,503,126</u></u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(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, 2018, the City had the following significant contractual commitments:

<u>Contractor</u>	<u>Total Contractor Amount</u>	<u>Amount Paid as of 12/31/2018</u>	<u>Remaining on the Contract</u>
<i>Business-Type Activities</i>			
Storage Improvement Project:			
Storage and Interconnection HAB	\$ 31,416,523	\$ 29,478,486	\$ 1,938,037
Walker Road Water Main Replacement:			
Underground Utilities, Inc.	2,769,941	2,302,497	467,444
45 Area Combined Sewer Separation			
Underground Utilities, Inc.	16,583,317	11,165,294	5,418,023
Fairfield Area Combined Sewer Separation Project:			
Underground Utilities, Inc.	8,799,740	6,834,957	1,964,783
Total Business-Type Activities	<u>\$ 59,569,521</u>	<u>\$ 49,781,234</u>	<u>\$ 9,788,287</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(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, 2018, the City's commitments for encumbrances in the governmental and proprietary funds were as follows:

	Outstanding Encumbrances
<i>Governmental Funds</i>	
General	\$ 60,618
All Other Governmental Funds	1,240,235
<i>Total Governmental Funds</i>	1,300,853
 <i>Proprietary Funds</i>	
Sewer	221,332
<i>Total Proprietary Funds</i>	221,332
<i>Total All Funds</i>	\$ 1,522,185

NOTE 22: CAPITAL LEASE

In previous years the City entered into a capital lease for the purchase of two trucks. The assets are recorded in the Governmental Activities as show on the Statement of Net Position with a book value of \$235,346 at December 31, 2018. The following is a schedule of future minimum lease payments as of December 31, 2018.

	2019	\$	50,727
	2020		50,727
	2021		50,727
	2022		50,727
	2023		50,724
			253,632
Total minimum lease payments			253,632
Less: amount representing interest			(18,438)
Total			\$ 235,194

Required Supplementary Information

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

Traditional Plan	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.057781%	0.058649%	0.057354%	0.057386%	0.057386%
City's Proportionate Share of the Net Pension Liability	\$9,064,719	\$13,318,191	\$9,934,436	\$6,921,393	\$6,765,062
City's Covered Payroll	\$7,727,454	\$7,581,592	\$7,127,450	\$7,058,833	\$6,653,592
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	117.31%	175.66%	139.38%	98.05%	101.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan	2018	2017	2016	2015	2014
City's Proportion of the Net Pension (Asset)	0.038779%	0.041606%	0.028590%	0.025707%	0.025707%
City's Proportionate Share of the Net Pension (Asset)	(\$52,791)	(\$23,157)	(\$13,912)	(\$9,897)	(\$2,697)
City's Covered Payroll	\$159,938	\$161,958	\$103,517	\$94,675	\$81,677
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	33.01%	14.30%	13.44%	10.45%	3.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	137.28%	116.55%	116.90%	114.83%	104.33%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

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 Five Years (1)

Police	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.1015002%	0.0983150%	0.1010208%	0.1002948%	0.1002948%
City's Proportionate Share of the Net Pension Liability	\$6,229,525	\$6,227,173	\$6,498,740	\$5,195,688	\$4,884,671
City's Covered Payroll	\$2,463,016	\$2,371,779	\$2,275,053	\$2,214,042	\$2,314,971
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	252.92%	262.55%	285.65%	234.67%	211.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%
Fire	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.1282644%	0.1266430%	0.1333956%	0.1329545%	0.1329545%
City's Proportionate Share of the Net Pension Liability	\$7,872,164	\$8,021,441	\$8,581,432	\$6,887,597	\$6,475,301
City's Covered Payroll	\$2,547,562	\$2,485,438	\$2,446,902	\$2,382,868	\$2,348,596
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	309.01%	322.74%	350.71%	289.05%	275.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Contractually Required Contributions</u>						
Traditional Plan	1,160,910	1,004,569	909,791	855,294	847,060	864,967
Combined Plan	<u>23,520</u>	<u>20,792</u>	<u>19,435</u>	<u>12,422</u>	<u>11,361</u>	<u>10,618</u>
Total Required Contributions	\$1,184,430	\$1,025,361	\$929,226	\$867,716	\$858,421	\$875,585
Contributions in Relation to the Contractually Required Contribution	<u>(\$1,184,430)</u>	<u>(\$1,025,361)</u>	<u>(\$929,226)</u>	<u>(\$867,716)</u>	<u>(\$858,421)</u>	<u>(\$875,585)</u>
Contribution Deficiency / (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll						
Traditional Plan	\$8,292,214	\$7,727,454	\$7,581,592	\$7,127,450	\$7,058,833	\$6,653,592
Combined Plan	\$168,000	\$159,938	\$161,958	\$103,517	\$94,675	\$81,677
<u>Pension Contributions as a Percentage of Covered Payroll</u>						
Traditional Plan	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

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

See accompanying notes to the required supplementary information

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Contractually Required Contributions</u>										
Police	\$496,321	\$467,973	\$450,638	\$432,260	\$420,668	\$364,145	\$304,719	\$296,600	\$276,708	\$288,064
Fire	<u>\$620,843</u>	<u>\$598,677</u>	<u>\$584,078</u>	<u>\$575,022</u>	<u>\$559,974</u>	<u>\$475,121</u>	<u>\$419,600</u>	<u>\$410,338</u>	<u>\$264,793</u>	<u>\$404,045</u>
Total Required Contributions	\$1,117,164	\$1,066,650	\$1,034,716	\$1,007,282	\$980,642	\$839,266	\$724,319	\$706,938	\$541,501	\$692,109
Contributions in Relation to the Contractually Required Contribution	<u>(\$1,117,164)</u>	<u>(\$1,066,650)</u>	<u>(\$1,034,716)</u>	<u>(\$1,007,282)</u>	<u>(\$980,642)</u>	<u>(\$839,266)</u>	<u>(\$724,319)</u>	<u>(\$706,938)</u>	<u>(\$541,501)</u>	<u>(\$692,109)</u>
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 Payroll										
Police	\$2,612,216	\$2,463,016	\$2,371,779	\$2,275,053	\$2,214,042	\$2,314,971	\$2,389,953	\$2,326,275	\$2,170,259	\$2,259,325
Fire	\$2,641,885	\$2,547,562	\$2,485,438	\$2,446,902	\$2,382,868	\$2,348,596	\$2,432,464	\$2,378,771	\$1,535,032	\$2,342,290
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Police	19.00%	19.00%	19.00%	19.00%	19.00%	[1]	12.75%	12.75%	12.75%	12.75%
Fire	23.50%	23.50%	23.50%	23.50%	23.50%	[1]	17.25%	17.25%	17.25%	17.25%

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

See accompanying notes to the required supplementary information

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.057010%	0.058250%
City's Proportionate Share of the Net OPEB Liability	\$ 6,190,866	\$ 5,883,448
City's Covered Payroll	\$ 8,075,130	\$ 8,049,392
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.229765%	0.224960%
City's Proportionate Share of the Net OPEB Liability	\$ 13,018,138	\$ 10,678,345
City's Covered Payroll	\$ 5,010,578	\$ 4,857,217
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	259.81%	219.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 11,210	\$ 88,882	\$ 167,105	\$ 144,847
Contributions in Relation to the Contractually Required Contribution	<u>(11,210)</u>	<u>(88,882)</u>	<u>(167,105)</u>	<u>(144,847)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 8,740,452	\$ 8,075,130	\$ 8,049,392 0	\$ 7,499,001
Contributions as a Percentage of Covered Payroll	0.13%	1.10%	2.08%	1.93%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually Required Contribution	\$ 26,270	\$ 25,053	\$ 24,043	\$ 23,516	\$ 22,883	\$ 162,354	\$ 317,590	\$ 307,059	\$ 250,107	\$ 310,310
Contributions in Relation to the Contractually Required Contribution	<u>(26,270)</u>	<u>(25,053)</u>	<u>(24,043)</u>	<u>(23,516)</u>	<u>(22,883)</u>	<u>(162,354)</u>	<u>(317,590)</u>	<u>(307,059)</u>	<u>(250,107)</u>	<u>(310,310)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 5,254,101	\$ 5,010,578	\$ 4,857,217	\$ 4,721,955	\$ 4,596,910	\$ 4,663,567	\$ 4,822,417	\$ 4,705,046	\$ 3,705,291	\$ 4,601,615
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	3.62%	6.75%	6.75%	6.75%	6.75%

See accompanying notes to the required supplementary information

City of Avon Lake, Ohio
Notes to the Required Supplementary Information

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018.

Changes in assumptions: For 2018, the single discount rate changed from 4.23 percent to 3.85 percent

City of Avon Lake, Ohio
Notes to the Required Supplementary Information

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018.

Changes in assumptions: For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

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.

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.

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.

Continued 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.

Recreation Fund - This fund accounts for the revenues and expenses of all recreational related program and activities.

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

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.

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Debt Service Funds (Continued)

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:

Walker/Moore Rd. Intersection Fund – This fund accounts for the grant revenues construction and improvements to the Walker/Moore Road intersection.

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.

Miller Rd. Park 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.

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

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.

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.

North Point Erosion Control 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.

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.

Fund Descriptions – Nonmajor Governmental Funds

Non-Major Capital Project Funds (Continued)

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.

Curtis Road Sewer Improvement Fund – This fund accounts for the City’s portion of the sewers(storm) and roadway improvements being made in the Curtis Road Area.

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

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

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 9,663,356	\$ 760,369	\$ 3,058,366	\$ 13,482,091
Materials and Supplies Inventory	365,796	-	-	365,796
Accrued Interest Receivable	347	1,415	-	1,762
Accounts Receivable	8,262	-	-	8,262
Interfund Receivable	-	157,956	-	157,956
Intergovernmental Receivable	661,252	19,278	20,000	700,530
Prepaid Items	14,300	-	-	14,300
Municipal Income Taxes Receivable	143,576	344,582	-	488,158
Property and Other Taxes Receivable	2,112,825	309,659	-	2,422,484
Special Assessments Receivable	-	708,828	241,731	950,559
Total Assets	\$ 12,969,714	\$ 2,302,087	\$ 3,320,097	\$ 18,591,898
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 30,077	\$ -	\$ 6,260	\$ 36,337
Accrued Wages and Benefits	122,625	-	-	122,625
Intergovernmental Payable	115,604	6,458	-	122,062
Interfund Payable	-	-	216,536	216,536
Notes Payable	-	6,793,616	-	6,793,616
<i>Total Liabilities</i>	<u>268,306</u>	<u>6,800,074</u>	<u>222,796</u>	<u>7,291,176</u>
Deferred Inflows of Resources:				
Property Taxes	2,062,464	302,234	-	2,364,698
Unavailable Revenue - Delinquent Property Taxes	50,361	7,425	-	57,786
Unavailable Revenue - Municipal Income Taxes	45,999	110,398	-	156,397
Unavailable Revenue - Other	453,730	728,106	261,731	1,443,567
<i>Total Deferred Inflows of Resources</i>	<u>2,612,554</u>	<u>1,148,163</u>	<u>261,731</u>	<u>4,022,448</u>
Fund Balances:				
Nonspendable	380,096	-	-	380,096
Restricted	3,386,729	786,956	1,811,396	5,985,081
Committed	6,352,979	-	1,112,137	7,465,116
Assigned	-	-	87,418	87,418
Unassigned (Deficits)	(30,950)	(6,433,106)	(175,381)	(6,639,437)
<i>Total Fund Balances</i>	<u>10,088,854</u>	<u>(5,646,150)</u>	<u>2,835,570</u>	<u>7,278,274</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,969,714	\$ 2,302,087	\$ 3,320,097	\$ 18,591,898

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Property and Other Taxes	\$ 1,889,735	\$ 289,708	\$ -	\$ 2,179,443
Municipal Income Taxes	97,577	1,529,999	-	1,627,576
Intergovernmental	1,493,528	38,555	-	1,532,083
Interest	2,268	11,453	-	13,721
Fines and Forfeitures	75,338	-	-	75,338
Rentals	78,135	-	-	78,135
Charges for Services	660,161	-	32,544	692,705
Contributions and Donations	64,187	-	-	64,187
Special Assessments	-	188,743	39,282	228,025
All Other Revenues	16,992	-	-	16,992
Total Revenues	4,377,921	2,058,458	71,826	6,508,205
EXPENDITURES				
Current:				
Security of Persons and Property	2,129,718	-	-	2,129,718
Leisure Time Activities	1,336,474	-	-	1,336,474
Community Environment	13,430	-	-	13,430
Transportation	1,171,101	-	6,260	1,177,361
General Government	359,169	18,695	1,690	379,554
Capital Outlay	147,000	-	1,250,288	1,397,288
Debt Service:				
Principal Retirement	3,104	1,000,735	2,164	1,006,003
Interest and Fiscal Charges	3,295	255,139	78,641	337,075
Debt Issuance Costs	-	11,500	-	11,500
Total Expenditures	5,163,291	1,286,069	1,339,043	7,788,403
Excess of Revenues Over (Under) Expenditures	(785,370)	772,389	(1,267,217)	(1,280,198)
OTHER FINANCING SOURCES (USES)				
Loans Issued	-	-	1,194,890	1,194,890
Transfers In	1,040,000	500,000	-	1,540,000
Transfers Out	(1,453,838)	(1,000,000)	-	(2,453,838)
Total Other Financing Sources (Uses)	(413,838)	(500,000)	1,194,890	281,052
Net Change in Fund Balances	(1,199,208)	272,389	(72,327)	(999,146)
Fund Balances - Beginning of Year	11,288,062	(5,918,539)	2,907,897	8,277,420
Fund Balances - End of Year	\$ 10,088,854	\$ (5,646,150)	\$ 2,835,570	\$ 7,278,274

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	Street Construction Maintenance and Repair	State Highway	Income Tax Transfer	Paramedic	Law Enforcement Trust
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 1,243,495	\$ 40,426	\$ 5,971,135	\$ 1,413,848	\$ 62,939
Materials and Supplies Inventory	365,796	-	-	-	-
Accrued Interest Receivable	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Intergovernmental Receivable	470,312	37,299	-	94,104	-
Prepaid Items	7,566	-	-	5,239	-
Income Taxes Receivable	-	-	-	-	-
Property Taxes Receivable	-	-	-	1,558,745	-
Total Assets	<u>\$ 2,087,169</u>	<u>\$ 77,725</u>	<u>\$ 5,971,135</u>	<u>\$ 3,071,936</u>	<u>\$ 62,939</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 5,743	\$ -	\$ -	\$ 1,899	\$ -
Accrued Wages and Benefits	36,063	-	-	50,637	-
Intergovernmental Payable	10,085	-	-	21,684	-
<i>Total Liabilities</i>	<u>51,891</u>	<u>-</u>	<u>-</u>	<u>74,220</u>	<u>-</u>
Deferred Inflows of Resources:					
Property Taxes	-	-	-	1,521,496	-
Unavailable Revenue - Delinquent Property Taxes	-	-	-	37,249	-
Unavailable Revenue - Income Taxes	-	-	-	-	-
Unavailable Revenue - Other	304,499	24,689	-	94,104	-
<i>Total Deferred Inflows of Resources</i>	<u>304,499</u>	<u>24,689</u>	<u>-</u>	<u>1,652,849</u>	<u>-</u>
Fund Balances:					
Nonspendable	373,362	-	-	5,239	-
Restricted	1,357,417	53,036	-	1,339,628	62,939
Committed	-	-	5,971,135	-	-
Unassigned	-	-	-	-	-
<i>Total Fund Balances</i>	<u>1,730,779</u>	<u>53,036</u>	<u>5,971,135</u>	<u>1,344,867</u>	<u>62,939</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,087,169</u>	<u>\$ 77,725</u>	<u>\$ 5,971,135</u>	<u>\$ 3,071,936</u>	<u>\$ 62,939</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>
\$ 23,799	\$ 47,870	\$ 143,799	\$ 752	\$ 432	\$ 9,586	\$ 158,662
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	8,262	-	-	-	-
-	-	-	29,099	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 23,799</u>	<u>\$ 47,870</u>	<u>\$ 152,061</u>	<u>\$ 29,851</u>	<u>\$ 432</u>	<u>\$ 9,586</u>	<u>\$ 158,662</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	11,646	-	-	-
-	-	-	3,641	-	-	-
-	-	-	<u>15,287</u>	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
23,799	47,870	152,061	14,564	432	9,586	-
-	-	-	-	-	-	158,662
-	-	-	-	-	-	-
<u>23,799</u>	<u>47,870</u>	<u>152,061</u>	<u>14,564</u>	<u>432</u>	<u>9,586</u>	<u>158,662</u>
<u>\$ 23,799</u>	<u>\$ 47,870</u>	<u>\$ 152,061</u>	<u>\$ 29,851</u>	<u>\$ 432</u>	<u>\$ 9,586</u>	<u>\$ 158,662</u>

(Continued)

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018
(Continued)

	Continued Professional Training	Court Security	Court Interlock
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 33,605	\$ 78,154	\$ 117,119
Materials and Supplies Inventory	-	-	-
Accrued Interest Receivable	-	-	-
Accounts Receivable	-	-	-
Intergovernmental Receivable	-	-	-
Prepaid Items	-	-	-
Income Taxes Receivable	-	-	-
Property Taxes Receivable	-	-	-
Total Assets	\$ 33,605	\$ 78,154	\$ 117,119
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Wages and Benefits	-	1,703	-
Intergovernmental Payable	-	458	-
<i>Total Liabilities</i>	<i>-</i>	<i>2,161</i>	<i>-</i>
Deferred Inflows of Resources:			
Property Taxes	-	-	-
Unavailable Revenue - Delinquent Property Taxes	-	-	-
Unavailable Revenue - Income Taxes	-	-	-
Unavailable Revenue - Other	-	-	-
<i>Total Deferred Inflows of Resources</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fund Balances:			
Nonspendable	-	-	-
Restricted	33,605	75,993	117,119
Committed	-	-	-
Unassigned	-	-	-
<i>Total Fund Balances</i>	<i>33,605</i>	<i>75,993</i>	<i>117,119</i>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 33,605	\$ 78,154	\$ 117,119

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Recreation Trust</u>	<u>Recreation Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 21,485	\$ 21,792	\$ 222,835	\$ 51,623	\$ 9,663,356
-	-	-	-	365,796
-	-	347	-	347
-	-	-	-	8,262
15,219	15,219	-	-	661,252
-	-	-	1,495	14,300
-	-	-	143,576	143,576
<u>277,040</u>	<u>277,040</u>	<u>-</u>	<u>-</u>	<u>2,112,825</u>
<u>\$ 313,744</u>	<u>\$ 314,051</u>	<u>\$ 223,182</u>	<u>196,694</u>	<u>\$ 12,969,714</u>

\$ -	\$ -	\$ -	\$ 22,435	\$ 30,077
-	-	-	22,576	122,625
<u>39,686</u>	<u>34,541</u>	<u>-</u>	<u>5,509</u>	<u>115,604</u>
<u>39,686</u>	<u>34,541</u>	<u>-</u>	<u>50,520</u>	<u>268,306</u>

270,484	270,484	-	-	2,062,464
6,556	6,556	-	-	50,361
-	-	-	45,999	45,999
<u>15,219</u>	<u>15,219</u>	<u>-</u>	<u>-</u>	<u>453,730</u>
<u>292,259</u>	<u>292,259</u>	<u>-</u>	<u>45,999</u>	<u>2,612,554</u>

-	-	-	1,495	380,096
-	-	-	98,680	3,386,729
-	-	223,182	-	6,352,979
<u>(18,201)</u>	<u>(12,749)</u>	<u>-</u>	<u>-</u>	<u>(30,950)</u>
<u>(18,201)</u>	<u>(12,749)</u>	<u>223,182</u>	<u>100,175</u>	<u>10,088,854</u>

<u>\$ 313,744</u>	<u>\$ 314,051</u>	<u>\$ 223,182</u>	<u>\$ 196,694</u>	<u>\$ 12,969,714</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, 2018

	Street Construction Maintenance and Repair	State Highway	Income Tax Transfer	Paramedic	Law Enforcement Trust
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ 1,432,301	\$ -
Municipal Income Taxes	-	-	-	-	-
Intergovernmental	1,086,945	74,474	-	188,208	-
Interest	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	1,690
Rentals	-	-	-	-	-
Charges for Services	-	-	-	-	-
Contributions and Donations	-	-	-	9,919	-
All Other Revenues	6,864	-	-	10,128	-
Total Revenues	1,093,809	74,474	-	1,640,556	1,690
EXPENDITURES					
Current:					
Security of Persons and Property:	-	-	-	1,375,214	-
Leisure Time Activities	-	-	-	-	-
Community Environment	-	-	-	-	-
Transportation	1,066,863	104,238	-	-	-
General Government	-	-	359,169	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	1,066,863	104,238	359,169	1,375,214	-
Excess of Revenues Over (Under) Expenditures	26,946	(29,764)	(359,169)	265,342	1,690
OTHER FINANCING SOURCES					
Transfers In	350,000	-	-	-	-
Transfers Out	-	-	(1,453,838)	-	-
Total Other Financing Sources	350,000	-	(1,453,838)	-	-
Net Change in Fund Balances	376,946	(29,764)	(1,813,007)	265,342	1,690
Fund Balances - Beginning of Year	1,353,833	82,800	7,784,142	1,079,525	61,249
Fund Balances - End of Year	\$ 1,730,779	\$ 53,036	\$ 5,971,135	\$ 1,344,867	\$ 62,939

Law Enforcement Education	Indigent Drivers Alcohol Treatment	Municipal Court Computer	COPS	Avon Lake Bay Park	Board of Building Standards	Street Tree
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	83,025	-	-	-
-	-	-	-	-	-	-
473	5,422	33,708	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,840	-
-	-	-	-	-	-	14,418
-	-	-	-	-	-	-
<u>473</u>	<u>5,422</u>	<u>33,708</u>	<u>83,025</u>	<u>-</u>	<u>2,840</u>	<u>14,418</u>
6,735	-	15,847	174,691	-	-	-
-	-	-	-	-	-	29,264
-	13,371	-	-	-	59	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>6,735</u>	<u>13,371</u>	<u>15,847</u>	<u>174,691</u>	<u>-</u>	<u>59</u>	<u>29,264</u>
<u>(6,262)</u>	<u>(7,949)</u>	<u>17,861</u>	<u>(91,666)</u>	<u>-</u>	<u>2,781</u>	<u>(14,846)</u>
-	-	-	90,000	-	-	-
-	-	-	-	-	-	-
-	-	-	90,000	-	-	-
<u>(6,262)</u>	<u>(7,949)</u>	<u>17,861</u>	<u>(1,666)</u>	<u>-</u>	<u>2,781</u>	<u>(14,846)</u>
30,061	55,819	134,200	16,230	432	6,805	173,508
<u>\$ 23,799</u>	<u>\$ 47,870</u>	<u>\$ 152,061</u>	<u>\$ 14,564</u>	<u>\$ 432</u>	<u>\$ 9,586</u>	<u>\$ 158,662</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, 2018
(Continued)

	Continued Professional Training	Court Security	Court Interlock
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Municipal Income Taxes	-	-	-
Intergovernmental	-	-	-
Interest	-	-	-
Fines and Forfeitures	-	25,406	8,639
Rentals	-	-	-
Charges for Services	-	-	-
Contributions and Donations	-	-	-
All Other Revenues	-	-	-
Total Revenues	<u>-</u>	<u>25,406</u>	<u>8,639</u>
EXPENDITURES			
Current:			
Security of Persons and Property:			
Leisure Time Activities	-	34,059	-
Community Environment	-	-	-
Transportation	-	-	-
General Government	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>-</u>	<u>34,059</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(8,653)</u>	<u>8,639</u>
OTHER FINANCING SOURCES			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(8,653)	8,639
Fund Balances - Beginning of Year	33,605	84,646	108,480
Fund Balances - End of Year	<u>\$ 33,605</u>	<u>\$ 75,993</u>	<u>\$ 117,119</u>

Police Pension	Fire Pension	Recreation Trust	Recreation Fund	Total Nonmajor Special Revenue Funds
\$ 228,717	\$ 228,717	\$ -	\$ -	\$ 1,889,735
-	-	-	97,577	97,577
30,438	30,438	-	-	1,493,528
-	-	2,268	-	2,268
-	-	-	-	75,338
-	-	-	78,135	78,135
-	-	40,860	616,461	660,161
-	-	-	39,850	64,187
-	-	-	-	16,992
<u>259,155</u>	<u>259,155</u>	<u>43,128</u>	<u>832,023</u>	<u>4,377,921</u>
250,201	272,971	-	-	2,129,718
-	-	-	1,307,210	1,336,474
-	-	-	-	13,430
-	-	-	-	1,171,101
-	-	-	-	359,169
-	-	147,000	-	147,000
3,104	-	-	-	3,104
3,295	-	-	-	3,295
<u>256,600</u>	<u>272,971</u>	<u>147,000</u>	<u>1,307,210</u>	<u>5,163,291</u>
<u>2,555</u>	<u>(13,816)</u>	<u>(103,872)</u>	<u>(475,187)</u>	<u>(785,370)</u>
-	-	-	600,000	1,040,000
-	-	-	-	(1,453,838)
-	-	-	600,000	(413,838)
<u>2,555</u>	<u>(13,816)</u>	<u>(103,872)</u>	<u>124,813</u>	<u>(1,199,208)</u>
(20,756)	1,067	327,054	(24,638)	11,288,062
<u>\$ (18,201)</u>	<u>\$ (12,749)</u>	<u>\$ 223,182</u>	<u>\$ 100,175</u>	<u>\$ 10,088,854</u>

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018

	GO Bond Retirement (Unvoted)	GO Bond Retirement (Voted)	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 132,424	\$ 85,408	\$ 542,537	\$ 760,369
Accrued Interest Receivable	360	-	1,055	1,415
Interfund Receivable		-	157,956	157,956
Intergovernmental Receivable		19,278	-	19,278
Income Taxes Receivable	344,582	-	-	344,582
Property Taxes Receivable		309,659	-	309,659
Special Assessments Receivable		-	708,828	708,828
Total Assets	\$ 477,366	\$ 414,345	\$ 1,410,376	\$ 2,302,087
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Intergovernmental Payable	6,458	-	-	6,458
Notes Payable	6,793,616	-	-	6,793,616
<i>Total Liabilities</i>	<u>6,800,074</u>	<u>-</u>	<u>-</u>	<u>6,800,074</u>
Deferred Inflows of Resources:				
Property Taxes and Payments in Lieu of Taxes		302,234	-	302,234
Unavailable Revenue - Delinquent Property Taxes		7,425	-	7,425
Unavailable Revenue - Income Taxes	110,398	-	-	110,398
Unavailable Revenue - Other		19,278	708,828	728,106
<i>Total Deferred Inflows of Resources</i>	<u>110,398</u>	<u>328,937</u>	<u>708,828</u>	<u>1,148,163</u>
Fund Balances:				
Restricted		85,408	701,548	786,956
Unassigned	(6,433,106)	-	-	(6,433,106)
<i>Total Fund Balances</i>	<u>(6,433,106)</u>	<u>85,408</u>	<u>701,548</u>	<u>(5,646,150)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 477,366	\$ 414,345	\$ 1,410,376	\$ 2,302,087

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, 2018

	GO Bond Retirement (Unvoted)	GO Bond Retirement (Voted)	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
REVENUES				
Property Taxes		\$ 289,708	\$ -	\$ 289,708
Income Taxes	1,529,999	-	-	1,529,999
Intergovernmental		38,555	-	38,555
Interest	1,003	-	10,450	11,453
Special Assessments		-	188,743	188,743
Total Revenues	1,531,002	328,263	199,193	2,058,458
EXPENDITURES				
Current:				
General Government	6,458	4,497	7,740	18,695
Debt Service:				
Principal Retirement	462,961	327,774	210,000	1,000,735
Interest and Fiscal Charges	216,426	15,226	23,487	255,139
Debt Issuance Costs	11,500	-	-	11,500
Total Expenditures	697,345	347,497	241,227	1,286,069
Excess Revenues Over Expenditures	833,657	(19,234)	(42,034)	772,389
OTHER FINANCING SOURCES (USES)				
Transfers In	500,000	-	-	500,000
Transfers Out	(1,000,000)	-	-	(1,000,000)
Total Other Financing Sources	(500,000)	-	-	(500,000)
Net Change in Fund Balances	333,657	(19,234)	(42,034)	272,389
Fund Balances - Beginning of Year	(6,766,763)	104,642	743,582	(5,918,539)
Fund Balances - End of Year	\$ (6,433,106)	\$ 85,408	\$ 701,548	\$ (5,646,150)

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018

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

Police Court Facility	Troy School Driveway	Bicycle Trails	Walker Rd. Widening
\$ 79,494	\$ 15,000	\$ 200	\$ 28,289
-	20,000	-	-
-	-	-	-
<u>\$ 79,494</u>	<u>\$ 35,000</u>	<u>\$ 200</u>	<u>\$ 28,289</u>
\$ -	\$ -	\$ -	\$ -
-	35,000	-	-
<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
-	20,000	-	-
<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
-	-	-	28,289
-	-	200	-
79,494	-	-	-
-	(20,000)	-	-
<u>79,494</u>	<u>(20,000)</u>	<u>200</u>	<u>28,289</u>
<u>\$ 79,494</u>	<u>\$ 35,000</u>	<u>\$ 200</u>	<u>\$ 28,289</u>

(Continued)

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018
(Continued)

	<u>City Wide Signalization</u>	<u>North Point Erosion Control</u>	<u>Pool Renovation</u>	<u>Walker Rd Sewer/Lear Rd East</u>
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 1,030	\$ 3,771	\$ -	\$ 489,312
Intergovernmental Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	109,190
Total Assets	<u>\$ 1,030</u>	<u>\$ 3,771</u>	<u>\$ -</u>	<u>\$ 598,502</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Interfund Payable	-	-	580	-
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>580</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable Revenue - Other	-	-	-	109,190
<i>Total Deferred Inflows of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,190</u>
Fund Balances:				
Restricted	-	-	-	489,312
Committed	-	-	-	-
Assigned	1,030	3,771	-	-
Unassigned (Deficits)	-	-	(580)	-
<i>Total Fund Balances (Deficits)</i>	<u>1,030</u>	<u>3,771</u>	<u>(580)</u>	<u>489,312</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,030</u>	<u>\$ 3,771</u>	<u>\$ -</u>	<u>\$ 598,502</u>

Titus- Pitts-Hill Ditch	Sidewalk/ Street Lighting	Cove Ave Improvement	Curtis Road Sewer Improvement	Lear/ Krebs Intersection	Fairfield/ Brookfield Improvement	Total Nonmajor Capital Projects Funds
\$ 1,111,937	\$ 138,405	\$ 32,415	\$ -	\$ 121,851	\$ 24,865	\$ 3,058,366
-	-	-	-	-	-	20,000
-	-	132,541	-	-	-	241,731
<u>\$ 1,111,937</u>	<u>\$ 138,405</u>	<u>\$ 164,956</u>	<u>-</u>	<u>121,851</u>	<u>24,865</u>	<u>3,320,097</u>
\$ -	\$ -	\$ -	\$ 6,260	\$ -	\$ -	\$ 6,260
-	-	157,956	23,000	-	-	216,536
-	-	157,956	29,260	-	-	222,796
-	-	132,541	-	-	-	261,731
-	-	132,541	-	-	-	261,731
-	138,405	-	-	121,851	24,865	1,811,396
1,111,937	-	-	-	-	-	1,112,137
-	-	-	-	-	-	87,418
-	-	(125,541)	(29,260)	-	-	(175,381)
<u>1,111,937</u>	<u>138,405</u>	<u>(125,541)</u>	<u>(29,260)</u>	<u>121,851</u>	<u>24,865</u>	<u>2,835,570</u>
<u>\$ 1,111,937</u>	<u>\$ 138,405</u>	<u>\$ 164,956</u>	<u>\$ -</u>	<u>\$ 121,851</u>	<u>\$ 24,865</u>	<u>3,320,097</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, 2018

	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:				
Transportation	-	-	-	-
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES				
Loans Issued	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-
Fund Balances (Deficits)- Beginning of Year	13,685	994,989	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	Troy School Driveway	Bicycle Trails	Walker Rd. Widening
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
79,494	(20,000)	200	28,289
<u>\$ 79,494</u>	<u>\$ (20,000)</u>	<u>\$ 200</u>	<u>\$ 28,289</u>

(Continued)

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018
(Continued)

	City Wide Signalization	North Point Erosion Control	Pool Renovation	Walker Rd Sewer/Lear Rd East
REVENUES				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	25,498
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,498</u>
EXPENDITURES				
Current:				
Transportation	-	-	-	-
General Government	-	-	-	1,160
Capital Outlay	-	-	1,891	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,891</u>	<u>1,160</u>
Excess of Revenues (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(1,891)</u>	<u>24,338</u>
OTHER FINANCING SOURCES				
Loans Issued	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	(1,891)	24,338
Fund Balances (Deficits)- Beginning of Year	1,030	3,771	1,311	464,974
Fund Balances (Deficits) - End of Year	<u>\$ 1,030</u>	<u>\$ 3,771</u>	<u>\$ (580)</u>	<u>\$ 489,312</u>

Titus-Pitts-Hill Ditch	Sidewalk/Street Lighting	Cove Ave Improvement	Curtis Road Sewer Improvement	Lear/Krebs Intersection	Fairfield/Brookfield Improvement	Total Nonmajor Capital Projects Funds
\$ 32,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,544
-	-	13,784	-	-	-	39,282
<u>32,544</u>	<u>-</u>	<u>13,784</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,826</u>
-	-	-	6,260	-	-	6,260
-	-	530	-	-	-	1,690
-	-	-	418,724	106,648	723,025	1,250,288
-	-	-	2,164	-	-	2,164
-	-	4,664	-	-	73,977	78,641
<u>-</u>	<u>-</u>	<u>5,194</u>	<u>427,148</u>	<u>106,648</u>	<u>797,002</u>	<u>1,339,043</u>
<u>32,544</u>	<u>-</u>	<u>8,590</u>	<u>(427,148)</u>	<u>(106,648)</u>	<u>(797,002)</u>	<u>(1,267,217)</u>
-	-	-	397,888	-	797,002	1,194,890
-	-	-	397,888	-	797,002	1,194,890
<u>32,544</u>	<u>-</u>	<u>8,590</u>	<u>(29,260)</u>	<u>(106,648)</u>	<u>-</u>	<u>(72,327)</u>
<u>1,079,393</u>	<u>138,405</u>	<u>(134,131)</u>	<u>-</u>	<u>228,499</u>	<u>24,865</u>	<u>2,907,897</u>
<u>\$ 1,111,937</u>	<u>\$ 138,405</u>	<u>\$ (125,541)</u>	<u>\$ (29,260)</u>	<u>\$ 121,851</u>	<u>\$ 24,865</u>	<u>\$ 2,835,570</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 ensure 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, 2018

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
<u>Deposit Trust</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 77,583	\$ 31,850	\$ 62,713	\$ 46,720
Liabilities				
Due to Others	\$ 77,583	\$ 31,850	\$ 62,713	\$ 46,720
<u>Unclaimed Monies</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,501	\$ 174	\$ -	\$ 6,675
Liabilities				
Due to Others	\$ 6,501	\$ 174	\$ -	\$ 6,675
<u>Transfer</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,904	\$ 4,916	\$ 5,171	\$ 1,649
Liabilities				
Due to Other Governments	\$ 1,904	\$ 4,916	\$ 5,171	\$ 1,649
<u>ETL 2 MOR</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,280,489	\$ 4,801,542	\$ 4,830,262	\$ 1,251,769
Liabilities				
Due to Others	\$ 1,280,489	\$ 4,801,542	\$ 4,830,262	\$ 1,251,769
<u>Municipal Court</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 73,136	\$ 1,014,766	\$ 1,023,018	\$ 64,884
Liabilities				
Due to Others	\$ 73,136	\$ 1,014,766	\$ 1,023,018	\$ 64,884
<u>Total - All Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,439,613	\$ 5,853,248	\$ 5,921,164	\$ 1,371,697
<i>Total Assets</i>	<u>\$ 1,439,613</u>	<u>\$ 5,853,248</u>	<u>\$ 5,921,164</u>	<u>\$ 1,371,697</u>
Liabilities				
Due to Other Governments	\$ 1,904	\$ 4,916	\$ 5,171	\$ 1,649
Due to Others	1,437,709	5,848,332	5,915,993	1,370,048
<i>Total Liabilities</i>	<u>\$ 1,439,613</u>	<u>\$ 5,853,248</u>	<u>\$ 5,921,164</u>	<u>\$ 1,371,697</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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property Taxes	\$ 4,097,779	\$ 3,529,937	\$ 3,601,728	\$ 71,791
Municipal Income Taxes	7,978,857	7,978,857	7,978,857	-
Other Taxes	488,943	421,189	429,755	8,566
Intergovernmental	994,739	856,895	874,322	17,427
Fees, Licenses, and Permits	362,625	312,375	318,728	6,353
Fines and Forfeitures	288,846	248,820	253,880	5,060
Charges for Services	649,311	559,334	570,710	11,376
Rentals	71,640	61,713	62,968	1,255
Contributions and Donations	22,014	18,963	19,349	386
All Other Revenues	234,761	202,229	206,342	4,113
Total Revenues	15,189,515	14,190,312	14,316,639	126,327
Expenditures:				
Current:				
Security of Persons and Property				
Police				
Personal Services	3,972,447	4,142,178	4,153,464	(11,286)
Other	295,048	301,914	281,796	20,118
Total Police	4,267,495	4,444,092	4,435,260	8,832
Fire				
Personal Services	2,615,317	2,680,141	2,651,776	28,365
Other	166,463	161,156	159,952	1,204
Total Fire	2,781,780	2,841,297	2,811,728	29,569
Total Security of Persons and Property	7,049,275	7,285,389	7,246,988	38,401
Leisure Time Activities				
Recreation				
Personal Services	773,565	11,669	-	11,669
Other	643,889	39,569	21,963	17,606
Total Leisure Time Activities	1,417,454	51,238	21,963	29,275
Community Development				
Building Inspection				
Personal Services	418,825	415,464	415,464	-
Other	30,989	31,629	31,629	-
Total Building Inspection	449,814	447,093	447,093	-
Planning Commission				
Other	52,000	46,319	1,372	44,947
Total Planning Commission	52,000	46,319	1,372	44,947
EEAB				
Personal Services	680	2	2	-
Other	2,640	2,982	2,982	-
Total EEAB	3,320	2,984	2,984	-
Total Community Development	505,134	496,396	451,449	44,947

(continued)

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, 2018
 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Service				
Personal Services	2,155,321	2,169,672	2,021,320	148,352
Other	1,106,007	1,111,806	974,564	137,242
Total Transportation	<u>3,261,328</u>	<u>3,281,478</u>	<u>2,995,884</u>	<u>285,594</u>
General Government				
Legislative - Council				
Personal Services	205,610	221,046	212,251	8,795
Other	23,663	25,293	22,199	3,094
Total Legislative - Council	<u>229,273</u>	<u>246,339</u>	<u>234,450</u>	<u>11,889</u>
Judicial - Court				
Personal Services	435,045	468,418	460,328	8,090
Other	71,574	76,372	76,350	22
Total Judicial - Court	<u>506,619</u>	<u>544,790</u>	<u>536,678</u>	<u>8,112</u>
Legal Counsel				
Personal Services	260,860	280,871	269,532	11,339
Other	143,428	152,537	113,398	39,139
Total Legal Counsel	<u>404,288</u>	<u>433,408</u>	<u>382,930</u>	<u>50,478</u>
Civil Service				
Personal Services	5,825	6,272	5,719	553
Other	21,343	44,979	44,979	-
Total Civil Service	<u>27,168</u>	<u>51,251</u>	<u>50,698</u>	<u>553</u>
Mayor				
Personal Services	365,676	393,716	369,260	24,456
Other	139,666	150,271	150,271	-
Total Mayor	<u>505,342</u>	<u>543,987</u>	<u>519,531</u>	<u>24,456</u>
Finance				
Personal Services	444,705	479,113	479,113	-
Other	344,194	370,525	305,244	65,281
Total Finance	<u>788,899</u>	<u>849,638</u>	<u>784,357</u>	<u>65,281</u>
Other General Government				
Other	619,181	738,317	738,317	-
Total General Government	<u>3,080,770</u>	<u>3,407,730</u>	<u>3,246,961</u>	<u>160,769</u>
Total Expenditures	<u>15,313,961</u>	<u>14,522,231</u>	<u>13,963,245</u>	<u>558,986</u>

(continued)

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, 2018
 (Continued)*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues Over (Under) Expenditures	(124,446)	(331,919)	353,394	685,313
Other Financing Sources (Uses)				
Sale of Capital Assets	5,749	4,952	5,053	101
Transfers In	353,838	353,838	353,838	-
Transfers Out	(626,850)	(656,850)	(657,850)	(1,000)
Total Other Financing Sources (Uses)	<u>(267,263)</u>	<u>(298,060)</u>	<u>(298,959)</u>	<u>(899)</u>
Net Change in Fund Balance	(391,709)	(629,979)	54,435	684,414
Fund Balance - Beginning of Year	122,025	122,025	122,025	-
Prior Year Encumbrances Appropriated	360,155	360,155	360,155	-
Fund Balance - End of Year	<u>\$ 90,471</u>	<u>\$ (147,799)</u>	<u>\$ 536,615</u>	<u>\$ 684,414</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Municipal Income Taxes	\$ 1,250,000	\$ 1,250,000	\$ -
Interest	189,573	235,158	45,585
Total Revenues	<u>1,439,573</u>	<u>1,485,158</u>	<u>45,585</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	5,365,816	4,708,642	657,174
Total Expenditures	<u>5,365,816</u>	<u>4,708,642</u>	<u>657,174</u>
Excess of Revenues Over (Under) Expenditures	(3,926,243)	(3,223,484)	702,759
Other Financing Sources			
Sale of Capital Assets	-	7,323	7,323
Bond Anticipation Notes Issued	1,000,000	1,000,000	-
Transfers In	838,250	1,000,000	161,750
Total Other Financing Sources	<u>1,838,250</u>	<u>2,007,323</u>	<u>169,073</u>
Net Change in Fund Balance	(2,087,993)	(1,216,161)	871,832
Fund Balance - Beginning of Year	963,435	963,435	-
Prior Year Encumbrances Appropriated	1,223,334	1,223,334	-
Fund Balance - End of Year	<u>\$ 98,776</u>	<u>\$ 970,608</u>	<u>\$ 871,832</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
45's Sewer Separation Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Capital Outlay:	4,136,605	4,136,603	2
Total Expenditures	4,136,605	4,136,603	-
Excess of Revenues Over (Under) Expenditures	(4,136,605)	(4,136,603)	-
Other Financing Sources			
OPWC Loans Issued	3,454,832	4,440,500	985,668
Total Other Financing Sources	3,454,832	4,440,500	985,668
Net Change in Fund Balance	(681,773)	303,897	985,668
Fund Balance - Beginning of Year	104,749	104,749	-
Fund Balance - End of Year	\$ (577,024)	\$ 408,646	\$ 985,668

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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 579,838	\$ 1,088,657	\$ 508,819
All Other Revenues	3,656	6,864	3,208
Total Revenues	<u>583,494</u>	<u>1,095,521</u>	<u>512,027</u>
Expenditures:			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Personal Services	958,120	958,120	-
Other	431,384	407,564	23,820
Total Expenditures	<u>1,389,504</u>	<u>1,365,684</u>	<u>23,820</u>
Excess of Revenues Over (Under) Expenditures	(806,010)	(270,163)	535,847
Other Financing Sources			
Transfers In	350,000	350,000	-
Total Other Financing Sources	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Net Change in Fund Balance	(456,010)	79,837	535,847
Fund Balance - Beginning of Year	1,127,393	1,127,393	-
Prior Year Encumbrances Appropriated	20,549	20,549	-
Fund Balance - End of Year	<u>\$ 691,932</u>	<u>\$ 1,227,779</u>	<u>\$ 535,847</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 60,189	\$ 74,598	\$ 14,409
Total Revenues	<u>60,189</u>	<u>74,598</u>	<u>14,409</u>
Expenditures:			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Other	104,240	104,238	2
Total Expenditures	<u>104,240</u>	<u>104,238</u>	<u>2</u>
Net Change in Fund Balance	(44,051)	(29,640)	14,411
Fund Balance - Beginning of Year	70,066	70,066	-
Fund Balance - End of Year	<u>\$ 26,015</u>	<u>\$ 40,426</u>	<u>\$ 14,411</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Municipal Income Taxes	\$ 8,292,519	\$ 11,778,857	\$ 3,486,338
Total Revenues	<u>8,292,519</u>	<u>11,778,857</u>	<u>3,486,338</u>
Expenditures:			
Current:			
Security of Persons and Property:			
Police and Others:			
Other	359,170	359,169	1
Total Expenditures	<u>359,170</u>	<u>359,169</u>	<u>1</u>
Excess of Revenues Over (Under) Expenditures	7,933,349	11,419,688	3,486,339
Other Financing Uses			
Transfers Out	(13,232,695)	(13,232,695)	-
Total Other Financing Uses	<u>(13,232,695)</u>	<u>(13,232,695)</u>	<u>-</u>
Net Change in Fund Balance	(5,299,346)	(1,813,007)	3,486,339
Fund Balance - Beginning of Year	7,784,142	7,784,142	-
Fund Balance - End of Year	<u>\$ 2,484,796</u>	<u>\$ 5,971,135</u>	<u>\$ 3,486,339</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Property Taxes	\$ 1,607,054	\$ 1,432,301	\$ (174,753)
Intergovernmental	211,171	188,208	(22,963)
Contributions and Donations	11,129	9,919	(1,210)
All Other Revenues	11,364	10,128	(1,236)
Total Revenues	<u>1,840,718</u>	<u>1,640,556</u>	<u>(200,162)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	1,280,331	1,234,536	45,795
Other	217,740	186,122	31,618
Total Expenditures	<u>1,498,071</u>	<u>1,420,658</u>	<u>77,413</u>
Net Change in Fund Balance	342,647	219,898	(122,749)
Fund Balance - Beginning of Year	953,011	953,011	-
Prior Year Encumbrances Appropriated	40,696	40,696	-
Fund Balance - End of Year	<u>\$ 1,336,354</u>	<u>\$ 1,213,605</u>	<u>\$ (122,749)</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Expenditures:			
Current:			
Other	\$ 58,661	\$ 56,894	\$ 1,767
Total Expenditures	<u>58,661</u>	<u>56,894</u>	<u>1,767</u>
Excess of Revenues Over (Under) Expenditures	(58,661)	(56,894)	1,767
Other Financing Sources			
Transfers In	-	43,000	43,000
Total Other Financing Sources	<u>-</u>	<u>43,000</u>	<u>43,000</u>
Net Change in Fund Balance	(58,661)	(13,894)	44,767
Fund Balance - Beginning of Year	4,695	4,695	-
Prior Year Encumbrances Appropriated	12,661	12,661	-
Fund Balance - End of Year	<u>\$ (41,305)</u>	<u>\$ 3,462</u>	<u>\$ 44,767</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Dial-A-Bus Fund
 For the Year Ended December 31, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
All Other Revenues	\$ -	\$ 173	\$ 173
Total Revenues	\$ -	\$ 173	\$ 173
Expenditures:			
Current:			
Transportation			
Service			
Personal Services	\$ 29,115	\$ 26,383	\$ 2,732
Other	3,000	541	2,459
Total Expenditures	32,115	26,924	5,191
Excess of Revenues Over (Under) Expenditures	(32,115)	(26,751)	5,364
Other Financing Sources			
Transfers In	-	30,000	30,000
Total Other Financing Sources	-	30,000	30,000
Net Change in Fund Balance	(32,115)	3,249	35,364
Fund Balance - Beginning of Year	81,637	81,637	-
Fund Balance - End of Year	\$ 49,522	\$ 84,886	\$ 35,364

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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
All Other Revenues	\$ -	\$ 1,294	\$ 1,294
Total Revenues	<u>-</u>	<u>1,294</u>	<u>1,294</u>
Expenditures:			
Current:			
Leisure Time Activities			
Cable TV			
Personal Services	123,255	130,093	(6,838)
Other	71,344	63,162	8,182
Total Expenditures	<u>194,599</u>	<u>193,255</u>	<u>1,344</u>
Excess of Revenues Over (Under) Expenditures	(194,599)	(191,961)	2,638
Other Financing Sources			
Transfers In	71,176	142,000	70,824
Total Other Financing Sources	<u>71,176</u>	<u>142,000</u>	<u>70,824</u>
Net Change in Fund Balance	(123,423)	(49,961)	73,462
Fund Balance - Beginning of Year	107,522	107,522	-
Prior Year Encumbrances Appropriated	16,994	16,994	-
Fund Balance - End of Year	<u>\$ 1,093</u>	<u>\$ 74,555</u>	<u>\$ 73,462</u>

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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ -	\$ 1,690	\$ 1,690
Total Revenues	<u>-</u>	<u>1,690</u>	<u>1,690</u>
Expenditures:			
Current:			
Security of Persons and Property			
Other	2,000	-	2,000
Total Expenditures	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net Change in Fund Balance	(2,000)	1,690	3,690
Fund Balance - Beginning of Year	61,249	61,249	-
Fund Balance - End of Year	<u>\$ 59,249</u>	<u>\$ 62,939</u>	<u>\$ 3,690</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ -	\$ 508	\$ 508
Total Revenues	-	508	508
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	7,500	6,735	765
Total Expenditures	7,500	6,735	765
Net Change in Fund Balance	(7,500)	(6,227)	1,273
Fund Balance - Beginning of Year	30,026	30,026	-
Fund Balance - End of Year	\$ 22,526	\$ 23,799	\$ 1,273

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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ -	\$ 5,994	\$ 5,994
Total Revenues	<u>-</u>	<u>5,994</u>	<u>5,994</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	14,415	13,947	468
Total Expenditures	<u>14,415</u>	<u>13,947</u>	<u>468</u>
Net Change in Fund Balance	(14,415)	(7,953)	6,462
Fund Balance - Beginning of Year	54,832	54,832	-
Prior Year Encumbrances Appropriated	415	415	-
Fund Balance - End of Year	<u>\$ 40,832</u>	<u>\$ 47,294</u>	<u>\$ 6,462</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 66,973	\$ 27,785	\$ (39,188)
Total Revenues	<u>66,973</u>	<u>27,785</u>	<u>(39,188)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	17,280	15,847	1,433
Total Expenditures	<u>17,280</u>	<u>15,847</u>	<u>1,433</u>
Net Change in Fund Balance	49,693	11,938	(37,755)
Fund Balance - Beginning of Year	129,581	129,581	-
Prior Year Encumbrances Appropriated	2,280	2,280	-
Fund Balance - End of Year	<u>\$ 181,554</u>	<u>\$ 143,799</u>	<u>\$ (37,755)</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 69,541	\$ 67,355	\$ (2,186)
Total Revenues	69,541	67,355	(2,186)
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	165,120	165,142	(22)
Total Expenditures	165,120	165,142	(22)
Excess of Revenues Over (Under) Expenditures	(95,579)	(97,787)	(2,208)
Other Financing Sources			
Transfers In	90,000	90,000	-
Total Other Financing Sources	90,000	90,000	-
Net Change in Fund Balance	(5,579)	(7,787)	(2,208)
Fund Balance - Beginning of Year	8,539	8,539	-
Fund Balance - End of Year	\$ 2,960	\$ 752	\$ (2,208)

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, 2018*

	<u>Budgeted Amounts</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive (Negative)
Revenues:			
All Other Revenues	\$ 900	\$ -	\$ (900)
Total Revenues	<u>900</u>	<u>-</u>	<u>(900)</u>
 Expenditures:			
 Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	900	-	(900)
 Fund Balance - Beginning of Year	432	432	-
Fund Balance - End of Year	<u>\$ 1,332</u>	<u>\$ 432</u>	<u>\$ (900)</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget
	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Revenues:			
Charges for Services	\$ -	\$ 2,840	\$ 2,840
Total Revenues	<u>-</u>	<u>2,840</u>	<u>2,840</u>
Expenditures:			
Current:			
Community Environment			
Building Inspection			
Other	5,966	865	5,101
Total Expenditures	<u>5,966</u>	<u>865</u>	<u>5,101</u>
Net Change in Fund Balance	(5,966)	1,975	7,941
Fund Balance - Beginning of Year	5,339	5,339	-
Prior Year Encumbrances Appropriated	1,466	1,466	-
Fund Balance - End of Year	<u>\$ 839</u>	<u>\$ 8,780</u>	<u>\$ 7,941</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	\$ 100,000	\$ 52,730	\$ 47,270
Total Expenditures	<u>100,000</u>	<u>52,730</u>	<u>47,270</u>
Net Change in Fund Balance	(100,000)	(52,730)	47,270
Fund Balance - Beginning of Year	<u>237,203</u>	<u>237,203</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 137,203</u>	<u>\$ 184,473</u>	<u>\$ 47,270</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Contributions and Donations	\$ -	\$ 14,418	\$ 14,418
Total Revenues	<u>-</u>	<u>14,418</u>	<u>14,418</u>
Expenditures:			
Current:			
Leisure Time Activities			
Parks and Recreation			
Other	7,500	29,264	(21,764)
Total Expenditures	<u>7,500</u>	<u>29,264</u>	<u>(21,764)</u>
Net Change in Fund Balance	(7,500)	(14,846)	(7,346)
Fund Balance - Beginning of Year	156,659	156,659	-
Fund Balance - End of Year	<u>\$ 149,159</u>	<u>\$ 141,813</u>	<u>\$ (7,346)</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	12,700	-	12,700
Total Expenditures	12,700	-	12,700
Net Change in Fund Balance	(12,700)	-	12,700
Fund Balance - Beginning of Year	33,605	33,605	-
Fund Balance - End of Year	<u>\$ 20,905</u>	<u>\$ 33,605</u>	<u>\$ 12,700</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 17,228	\$ 27,734	\$ 10,506
Total Revenues	<u>17,228</u>	<u>27,734</u>	<u>10,506</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	37,875	31,140	6,735
Other	4,000	-	4,000
Total Expenditures	<u>41,875</u>	<u>31,140</u>	<u>10,735</u>
Net Change in Fund Balance	(24,647)	(3,406)	21,241
Fund Balance - Beginning of Year	81,560	81,560	-
Fund Balance - End of Year	<u>\$ 56,913</u>	<u>\$ 78,154</u>	<u>\$ 21,241</u>

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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ -	\$ 8,861	\$ 8,861
Total Revenues	<u>-</u>	<u>8,861</u>	<u>8,861</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	15,000	-	15,000
Total Expenditures	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net Change in Fund Balance	(15,000)	8,861	23,861
Fund Balance - Beginning of Year	108,258	108,258	-
Fund Balance - End of Year	<u>\$ 93,258</u>	<u>\$ 117,119</u>	<u>\$ 23,861</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Property Taxes	\$ 325,727	\$ 228,717	\$ (97,010)
Intergovernmental	43,348	30,438	(12,910)
Total Revenues	<u>369,075</u>	<u>259,155</u>	<u>(109,920)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	252,750	252,750	-
Other	5,545	5,531	14
Total Expenditures	<u>258,295</u>	<u>258,281</u>	<u>14</u>
Net Change in Fund Balance	110,780	874	(109,906)
Fund Balance - Beginning of Year	20,611	20,611	-
Fund Balance - End of Year	<u>\$ 131,391</u>	<u>\$ 21,485</u>	<u>\$ (109,906)</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Property Taxes	\$ 363,400	\$ 228,717	\$ (134,683)
Intergovernmental	48,362	30,438	(17,924)
Total Revenues	<u>411,762</u>	<u>259,155</u>	<u>(152,607)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	266,400	266,400	-
Other	5,555	5,551	4
Total Expenditures	<u>271,955</u>	<u>271,951</u>	<u>4</u>
Net Change in Fund Balance	139,807	(12,796)	(152,603)
Fund Balance - Beginning of Year	34,588	34,588	-
Fund Balance - End of Year	<u>\$ 174,395</u>	<u>\$ 21,792</u>	<u>\$ (152,603)</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Interest	\$ -	\$ 1,804	\$ 1,804
Charges for Services	-	40,860	40,860
Total Revenues	<u>-</u>	<u>42,664</u>	<u>42,664</u>
Expenditures:			
Capital Outlay			
Other	150,000	147,000	3,000
Total Capital Outlay	<u>150,000</u>	<u>147,000</u>	<u>3,000</u>
Total Expenditures	<u>150,000</u>	<u>147,000</u>	<u>3,000</u>
Net Change in Fund Balance	(150,000)	(104,336)	45,664
Fund Balance - Beginning of Year	328,356	328,356	-
Fund Balance - End of Year	<u>\$ 178,356</u>	<u>\$ 224,020</u>	<u>\$ 45,664</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Recreation Fund
 For the Year Ended December 31, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Rentals	\$ 78,039	\$ 78,135	\$ 96
Charges for Services	615,701	616,461	760
Contributions and Donations	39,801	39,850	49
Total Revenues	<u>733,541</u>	<u>734,446</u>	<u>905</u>
Expenditures:			
Current:			
Leisure Time Activities			
Personal Services	726,565	741,712	(15,147)
Other	575,575	564,296	11,279
Total Leisure Time Activities	<u>1,302,140</u>	<u>1,306,008</u>	<u>(3,868)</u>
Total Expenditures	<u>1,302,140</u>	<u>1,306,008</u>	<u>(3,868)</u>
Other Financing Sources			
Transfers In	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund Balance	31,401	28,438	(2,963)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ 31,401</u>	<u>\$ 28,438</u>	<u>\$ (2,963)</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Interest	\$ 1,823	\$ 1,872	\$ 49
Total Revenues	\$ 1,823	\$ 1,872	\$ 49
Expenditures:			
Debt Service:			
Principal	8,702,094	8,702,091	3
Interest & Fiscal Charges	295,654	295,654	-
Debt Issuance Costs	11,500	11,500	-
Total Expenditures	9,009,248	9,009,245	3
Excess of Revenues Over (Under) Expenditures	(9,007,425)	(9,007,373)	52
Other Financing Sources			
Bond Anticipation Notes Issued	6,571,706	6,750,000	178,294
Premium on Debt Issuance	78,395	80,522	2,127
Transfers In	2,050,000	2,050,000	-
Total Other Financing Sources	8,700,101	8,880,522	180,421
Net Change in Fund Balance	(307,324)	(126,851)	180,473
Fund Balance - Beginning of Year	292,801	292,801	-
Fund Balance - End of Year	\$ (14,523)	\$ 165,950	\$ 180,473

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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Property Taxes	\$ 293,491	\$ 289,708	\$ (3,783)
Intergovernmental	39,058	38,555	(503)
Total Revenues	<u>332,549</u>	<u>328,263</u>	<u>(4,286)</u>
Expenditures:			
Current:			
General Government			
Other General Government			
Other	<u>4,511</u>	<u>4,497</u>	<u>14</u>
Debt Service:			
Principal	265,803	265,000	803
Interest & Fiscal Charges	<u>78,236</u>	<u>78,000</u>	<u>236</u>
Total Debt Service	<u>344,039</u>	<u>343,000</u>	<u>1,039</u>
Total Expenditures	<u>348,550</u>	<u>347,497</u>	<u>1,053</u>
Net Change in Fund Balance	(16,001)	(19,234)	(3,233)
Fund Balance- Beginning of Year	104,642	104,642	-
Fund Balance- End of Year	<u>\$ 88,641</u>	<u>\$ 85,408</u>	<u>\$ (3,233)</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Interest	\$ 5,266	\$ 5,479	\$ 213
Special Assessments	181,406	188,743	7,337
Total Revenues	<u>186,672</u>	<u>194,222</u>	<u>7,550</u>
Expenditures:			
Current:			
General Government			
Other General Government			
Other	8,424	7,740	684
Debt Service:			
Principal	250,740	250,740	-
Interest & Fiscal Charges	28,208	28,345	(137)
Total Debt Service	<u>278,948</u>	<u>279,085</u>	<u>(137)</u>
Total Expenditures	<u>287,372</u>	<u>286,825</u>	<u>547</u>
Excess of Revenues Over (Under) Expenditures	(100,700)	(92,603)	8,097
Other Financing Sources			
Transfers In	2,850	19,884	17,034
Total Other Financing Sources	<u>2,850</u>	<u>19,884</u>	<u>17,034</u>
Net Change in Fund Balance	(97,850)	(72,719)	25,131
Fund Balance - Beginning of Year	722,735	722,735	-
Fund Balance - End of Year	<u>\$ 624,885</u>	<u>\$ 650,016</u>	<u>\$ 25,131</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Walker/Moore Road Intersection Fund
For the Year Ended December 31, 2018*

	<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:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	13,685	13,685	-
Fund Balance - End of Year	<u><u>\$ 13,685</u></u>	<u><u>\$ 13,685</u></u>	<u><u>\$ -</u></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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Expenditures:			
Capital Outlay:			
Capital Outlay	\$ 27,804	\$ -	\$ 27,804
Total Expenditures	<u>27,804</u>	<u>-</u>	<u>27,804</u>
 Net Change in Fund Balance	 (27,804)	 -	 27,804
 Fund Balance - Beginning of Year	 967,185	 967,185	 -
Prior Year Encumbrances Appropriated	27,804	27,804	-
Fund Balance - End of Year	<u>\$ 967,185</u>	<u>\$ 994,989</u>	<u>\$ 27,804</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Curtis Sewer Fund
 For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	1,477	1,477	-
Fund Balance - End of Year	<u>\$ 1,477</u>	<u>\$ 1,477</u>	<u>\$ -</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Miller Road Park Breakwall Fund
For the Year Ended December 31, 2018*

	<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:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	1,646	1,646	-
Fund Balance - End of Year	<u><u>\$ 1,646</u></u>	<u><u>\$ 1,646</u></u>	<u><u>\$ -</u></u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Police/Court Facility Fund
For the Year Ended December 31, 2018*

	<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:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	79,494	79,494	-
Fund Balance - End of Year	<u><u>\$ 79,494</u></u>	<u><u>\$ 79,494</u></u>	<u><u>\$ -</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, 2018*

	<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:			
Current:			
Security of Persons and Property:			
Police and Others:			
Other	5,000	-	5,000
Total Expenditures	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balance	(5,000)	-	5,000
Fund Balance - Beginning of Year	15,000	15,000	-
Fund Balance - End of Year	<u><u>\$ 10,000</u></u>	<u><u>\$ 15,000</u></u>	<u><u>\$ 5,000</u></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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</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 Road Widening Fund
For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	28,289	28,289	-
Fund Balance - End of Year	<u>\$ 28,289</u>	<u>\$ 28,289</u>	<u>\$ -</u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
City Wide Signalization Fund
For the Year Ended December 31, 2018*

	<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:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	1,030	1,030	-
Fund Balance - End of Year	<u><u>\$ 1,030</u></u>	<u><u>\$ 1,030</u></u>	<u><u>\$ -</u></u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
North Point Control Erosion Fund
For the Year Ended December 31, 2018*

	<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:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	3,771	3,771	-
Fund Balance - End of Year	<u><u>\$ 3,771</u></u>	<u><u>\$ 3,771</u></u>	<u><u>\$ -</u></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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
All Other Revenues	\$ 35,431	\$ -	\$ (35,431)
Total Revenues	<u>35,431</u>	<u>-</u>	<u>(35,431)</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	1,891	1,891	-
Total Expenditures	<u>1,891</u>	<u>1,891</u>	<u>-</u>
Net Change in Fund Balance	33,540	(1,891)	(35,431)
Fund Balance - Beginning of Year	1,311	1,311	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - End of Year	<u>\$ 34,851</u>	<u>\$ (580)</u>	<u>\$ (35,431)</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Special Assessments	\$ -	\$ 25,498	\$ 25,498
Total Revenues	<u>-</u>	<u>25,498</u>	<u>25,498</u>
Expenditures:			
Current:			
General Government			
Other	1,160	1,160	-
Total Expenditures	<u>1,160</u>	<u>1,160</u>	<u>-</u>
Net Change in Fund Balance	(1,160)	24,338	25,498
Fund Balance - Beginning of Year	464,974	464,974	-
Fund Balance - End of Year	<u>\$ 463,814</u>	<u>\$ 489,312</u>	<u>\$ 25,498</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, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Charges for Services	\$ -	\$ 32,544	\$ 32,544
Total Revenues	<u>-</u>	<u>32,544</u>	<u>32,544</u>
 Expenditures:			
Capital Outlay:			
Other	15,000	-	15,000
Total Expenditures	<u>15,000</u>	<u>-</u>	<u>15,000</u>
 Net Change in Fund Balance	(15,000)	32,544	47,544
 Fund Balance - Beginning of Year	1,079,393	1,079,393	-
Fund Balance - End of Year	<u>\$ 1,064,393</u>	<u>\$ 1,111,937</u>	<u>\$ 47,544</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, 2018*

	<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:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	138,405	138,405	-
Fund Balance - End of Year	<u><u>\$ 138,405</u></u>	<u><u>\$ 138,405</u></u>	<u><u>\$ -</u></u>

City of Avon Lake, Ohio

*Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Cove Ave. Improvements Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Variance with
	Final	Actual	Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ -	\$ 13,784	\$ 13,784
Total Revenues	<u>-</u>	<u>13,784</u>	<u>13,784</u>
Expenditures:			
Current:			
General Government			
Other	550	530	20
Total Expenditures	<u>550</u>	<u>530</u>	<u>20</u>
Excess of Revenues Over (Under) Expenditures	(550)	13,254	13,804
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	(550)	(3,780)	(3,230)
Fund Balance - Beginning of Year	36,195	36,195	-
Fund Balance - End of Year	<u>\$ 35,645</u>	<u>\$ 32,415</u>	<u>\$ (3,230)</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Curtis Road Sewer. Improvements Fund
 For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Expenditures:			
Current:			
Transportation			
Capital Outlay	\$ 418,724	\$ 418,724	\$ -
Total Transportation	<u>418,724</u>	<u>418,724</u>	<u>-</u>
Total Expenditures	<u>418,724</u>	<u>418,724</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(418,724)</u>	<u>(418,724)</u>	<u>-</u>
Other Financing Sources			
OWDA Loans Issued	<u>418,724</u>	<u>395,724</u>	<u>(23,000)</u>
Total Other Financing Sources	<u>418,724</u>	<u>395,724</u>	<u>(23,000)</u>
Net Change in Fund Balance	-	(23,000)	(23,000)
Fund Balance - Beginning of Year	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ (23,000)</u>	<u>\$ (23,000)</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, 2018*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	12,617	328,164	(315,547)
Total Expenditures	<u>12,617</u>	<u>328,164</u>	<u>(315,547)</u>
Net Change in Fund Balance	(12,617)	(328,164)	(315,547)
Fund Balance - Beginning of Year	437,398	437,398	-
Prior Year Encumbrances Appropriated	12,617	12,617	-
Fund Balance - End of Year	<u><u>\$ 437,398</u></u>	<u><u>\$ 121,851</u></u>	<u><u>\$ (315,547)</u></u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Fairfield/Brookfield Improvement Fund
 For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Total Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital Outlay:				
Capital Outlay	505,954	1,710,068	1,204,114	505,954
Total Expenditures	505,954	1,710,068	1,204,114	505,954
Excess of Revenues Over (Under) Expenditures	(505,954)	(1,710,068)	(1,204,114)	505,954
Other Financing Sources				
OWDA Loans Issued	-	1,204,114	723,025	(481,089)
Total Other Financing Sources	-	1,204,114	723,025	(481,089)
Net Change in Fund Balance	(505,954)	(505,954)	(481,089)	24,865
Fund Balance - Beginning of Year	-	-	-	-
Prior Year Encumbrances Appropriated	505,954	505,954	505,954	-
Fund Balance - End of Year	\$ -	\$ -	\$ 24,865	\$ 24,865

This page intentionally left blank.

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

	<u>2018</u>	<u>2017 (2)</u>	<u>2016</u>
<u>Governmental Activities</u>			
Net Investment in Capital Assets	\$ 42,910,011	\$ 40,084,385	\$ 44,792,875
Restricted	12,190,510	11,788,817	8,808,675
Unrestricted	<u>(26,178,517)</u>	<u>(22,086,580)</u>	<u>(8,228,818)</u>
Total Governmental Activities Net Position	<u><u>\$ 28,922,004</u></u>	<u><u>\$ 29,786,622</u></u>	<u><u>\$ 45,372,732</u></u>
<u>Business Type - Activities</u>			
Net Investment in Capital Assets	\$ 47,469,992	\$ 47,110,023	\$ 44,246,451
Restricted	0	0	0
Unrestricted	<u>7,967,187</u>	<u>5,212,866</u>	<u>7,049,592</u>
Total Business-Type Activities Net Position	<u><u>\$ 55,437,179</u></u>	<u><u>\$ 52,322,889</u></u>	<u><u>\$ 51,296,043</u></u>
<u>Primary Government</u>			
Net Investment in Capital Assets	\$ 90,380,003	\$ 87,194,408	\$ 89,039,326
Restricted	12,190,510	11,788,817	8,808,675
Unrestricted	<u>(18,211,330)</u>	<u>(16,873,714)</u>	<u>(1,179,226)</u>
Total Primary Government Net Position	<u><u>\$ 84,359,183</u></u>	<u><u>\$ 82,109,511</u></u>	<u><u>\$ 96,668,775</u></u>

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

(2) - In 2018 the City implemented GASB Statement No. 75, which restated the 2017 Net Position.

2015	2014 (1)	2013	2012	2011	2010	2009
\$ 47,819,200	\$ 47,692,149	\$ 44,445,366	\$ 44,703,908	\$ 46,558,254	\$ 46,549,247	\$ 45,910,786
8,126,696	7,513,366	9,152,098	7,833,010	7,757,417	8,350,517	10,625,576
(10,251,230)	(8,629,554)	6,929,989	7,930,749	6,860,542	8,380,284	8,602,963
<u>\$ 45,694,666</u>	<u>\$ 46,575,961</u>	<u>\$ 60,527,453</u>	<u>\$ 60,467,667</u>	<u>\$ 61,176,213</u>	<u>\$ 63,280,048</u>	<u>\$ 65,139,325</u>
\$ 50,834,571	\$ 43,880,621	\$ 38,036,092	\$ 35,920,203	\$ 34,565,370	\$ 28,756,401	\$ 26,741,033
0	1,343,581	1,353,870	1,383,230	1,304,490	1,305,583	1,305,570
117,369	7,891,672	15,355,883	15,180,871	14,224,028	14,382,693	13,596,723
<u>\$ 50,951,940</u>	<u>\$ 53,115,874</u>	<u>\$ 54,745,845</u>	<u>\$ 52,484,304</u>	<u>\$ 50,093,888</u>	<u>\$ 44,444,677</u>	<u>\$ 41,643,326</u>
\$ 98,653,771	\$ 91,572,770	\$ 82,481,458	\$ 80,624,111	\$ 81,123,624	\$ 75,305,648	\$ 72,651,819
8,126,696	8,856,947	10,505,968	9,216,240	9,061,907	9,656,100	11,931,146
(10,133,861)	(737,882)	22,285,872	23,111,620	21,084,570	22,762,977	22,199,686
<u>\$ 96,646,606</u>	<u>\$ 99,691,835</u>	<u>\$ 115,273,298</u>	<u>\$ 112,951,971</u>	<u>\$ 111,270,101</u>	<u>\$ 107,724,725</u>	<u>\$ 106,782,651</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Program Revenues</u>			
Governmental Activities:			
Charges for Services:			
Security of Persons and Property	\$ 553,486	\$ 610,426	\$ 545,414
Public Health	0	0	0
Leisure Time Activities	772,868	781,478	646,179
Community Environment	2,840	3,152	8,325
Basic Utility Services	0	0	0
Transportation	221,287	199,964	246,147
General Government	426,452	459,499	1,086,256
Subtotal - Charges for Services	<u>1,976,933</u>	<u>2,054,519</u>	<u>2,532,321</u>
Operating Grants and Contributions:			
Security of Persons and Property	92,944	64,582	4,260
Leisure Time Activities	54,268	24,500	1,890
Community Environment	0	0	0
Basic Utility Services	0	0	0
Transportation	1,207,049	1,509,818	1,106,175
General Government	44,706	20,316	56,396
Subtotal - Operating Grants and Contributions	<u>1,398,967</u>	<u>1,619,216</u>	<u>1,168,721</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	2,017,170	762,187	55,400
General Government	0	0	0
Subtotal - Capital Grants and Contributions	<u>2,017,170</u>	<u>762,187</u>	<u>55,400</u>
Total Governmental Activities Program Revenues	<u><u>5,393,070</u></u>	<u><u>4,435,922</u></u>	<u><u>3,756,442</u></u>
<u>Business-Type Activities</u>			
Charges for Services:			
Water	13,690,745	13,322,903	12,343,359
Sewer	7,017,943	6,441,710	5,666,281
Operating Grants and Contributions:			
Water	261,737	282,043	305,784
Sewer	0	0	0
Capital Grants and Contributions			
Water	1,036,250	156,400	66,360
Sewer	607,600	175,977	66,650
Total Business-Type Activities Program Revenues	<u><u>22,614,275</u></u>	<u><u>20,379,033</u></u>	<u><u>18,448,434</u></u>
Total Primary Government Program Revenues	<u><u>\$ 28,007,345</u></u>	<u><u>\$ 24,814,955</u></u>	<u><u>\$ 22,204,876</u></u>

2015	2014	2013	2012	2011	2010	2009
\$ 460,031	\$ 618,555	\$ 476,704	\$ 395,176	\$ 458,276	\$ 328,839	\$ 360,755
0	0	0	0	0	0	53,723
495,657	493,336	470,814	499,203	463,375	463,739	304,145
11,515	3,812	0	0	0	0	1,922
0	0	7,490	144,040	10,471	7,189	0
206,922	300,721	156,440	158,564	197,409	160,049	2,766
743,508	575,566	866,938	636,803	760,510	857,767	224,022
<u>1,917,633</u>	<u>1,991,990</u>	<u>1,978,386</u>	<u>1,833,786</u>	<u>1,890,041</u>	<u>1,817,583</u>	<u>947,333</u>
54,107	1,327	31,444	0	1,200	2,348	1,184
21,618	8,646	9,092	7,782	10,575	11,038	0
11,768	0	0	0	22,481	0	0
0	0	0	0	0	10,000	0
974,559	875,929	934,353	909,418	900,321	1,393,473	29,105
7,282	13,214	24,340	30,421	21,938	6,959	0
<u>1,069,334</u>	<u>899,116</u>	<u>999,229</u>	<u>947,621</u>	<u>956,515</u>	<u>1,423,818</u>	<u>30,289</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	86,412
0	0	0	225,000	0	229,000	159,966
0	1,179,656	397,058	90,084	769,020	93,042	487,552
0	0	697	0	0	0	0
<u>0</u>	<u>1,179,656</u>	<u>397,755</u>	<u>315,084</u>	<u>769,020</u>	<u>322,042</u>	<u>733,930</u>
<u>2,986,967</u>	<u>4,070,762</u>	<u>3,375,370</u>	<u>3,096,491</u>	<u>3,615,576</u>	<u>3,563,443</u>	<u>1,711,552</u>
11,300,714	10,225,815	10,965,314	11,344,168	9,766,739	9,614,319	8,907,934
5,515,053	5,070,984	4,963,589	5,408,552	5,223,139	3,028,479	2,995,026
230,280	314,822	324,886	222,175	473,053	0	0
322,352	0	5,056	0	39,954	0	0
0	224,212	73,200	32,000	75,640	0	0
0	291,625	72,150	123,422	2,886,826	2,959,058	1,083,193
<u>17,368,399</u>	<u>16,127,458</u>	<u>16,404,195</u>	<u>17,130,317</u>	<u>18,465,351</u>	<u>15,601,856</u>	<u>12,986,153</u>
<u>\$ 20,355,366</u>	<u>\$ 20,198,220</u>	<u>\$ 19,779,565</u>	<u>\$ 20,226,808</u>	<u>\$ 22,080,927</u>	<u>\$ 19,165,299</u>	<u>\$ 14,697,705</u>

(Continued)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Expenses</u>			
Governmental Activities:			
Security of Persons and Property	\$ 11,330,517	\$ 10,372,536	\$ 10,039,529
Public Health	0	0	5,546
Leisure Time Activities	1,979,149	1,776,435	1,302,035
Community Environment	580,475	553,662	524,453
Basic Utility Services (1)	0	0	0
Transportation	7,461,591	9,078,916	7,536,427
General Government	4,272,344	3,777,011	3,414,524
Interest & Fiscal Charges	375,664	470,588	424,664
Total Governmental Activities Expenses	<u>25,999,740</u>	<u>26,029,148</u>	<u>23,247,178</u>
<u>Business-Type Activities</u>			
Water	11,778,764	10,024,654	10,400,178
Sewer	8,156,152	7,194,231	7,742,785
Total Business-Type Activities Expenses	<u>19,934,916</u>	<u>17,218,885</u>	<u>18,142,963</u>
Total Primary Government Program Expenses	<u>45,934,656</u>	<u>43,248,033</u>	<u>41,390,141</u>
<u>Net (Expense)/Revenue</u>			
Governmental Activities	(20,606,670)	(21,593,226)	(19,490,736)
Business-Type Activities	2,679,359	3,160,148	305,471
Total Primary Government Net Expense	<u>(17,927,311)</u>	<u>(18,433,078)</u>	<u>(19,185,265)</u>

2015	2014	2013	2012	2011	2010	2009
\$ 9,003,214	\$ 8,933,432	\$ 8,465,633	\$ 8,534,837	\$ 8,503,399	\$ 8,431,818	\$ 8,116,714
29,823	88,023	188,239	140,705	153,410	128,170	111,728
1,153,093	1,312,553	1,158,288	1,239,644	1,266,323	628,833	1,653,617
459,925	461,484	487,654	473,952	395,885	429,459	302,258
0	0	0	388,614	621,573	628,726	44,730
6,739,622	7,473,350	6,236,676	6,157,639	7,264,429	7,195,981	6,538,060
3,515,818	3,325,069	3,391,591	3,136,087	2,941,143	2,833,799	3,324,095
488,696	431,533	470,790	473,463	523,145	649,798	523,512
<u>21,390,191</u>	<u>22,025,444</u>	<u>20,398,871</u>	<u>20,544,941</u>	<u>21,669,307</u>	<u>20,926,584</u>	<u>20,614,714</u>
12,176,431	9,325,575	9,109,859	9,214,574	9,785,666	7,912,953	7,294,819
7,079,585	6,058,831	5,796,151	5,259,464	3,834,849	6,115,362	3,140,757
<u>19,256,016</u>	<u>15,384,406</u>	<u>14,906,010</u>	<u>14,474,038</u>	<u>13,620,515</u>	<u>14,028,315</u>	<u>10,435,576</u>
<u>40,646,207</u>	<u>37,409,850</u>	<u>35,304,881</u>	<u>35,018,979</u>	<u>35,289,822</u>	<u>34,954,899</u>	<u>31,050,290</u>
(18,403,224)	(17,954,682)	(17,023,501)	(17,448,450)	(18,053,731)	(17,363,141)	(18,903,162)
(1,887,617)	743,052	1,498,185	2,656,279	4,844,836	1,573,541	2,550,577
<u>(20,290,841)</u>	<u>(17,211,630)</u>	<u>(15,525,316)</u>	<u>(14,792,171)</u>	<u>(13,208,895)</u>	<u>(15,789,600)</u>	<u>(16,352,585)</u>

(Continued)

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

	2018	2017	2016
<u>General Revenues and Other Changes in Net Position</u>			
Governmental Activities			
Property Taxes Levied For:			
General Purposes	\$ 3,595,471	\$ 4,109,532	\$ 3,988,090
Debt Service Purpose	288,506	292,413	321,191
Other Purposes	1,883,814	1,911,587	1,994,500
Municipal Income Taxes Levied For:			
General Purposes	11,890,667	11,305,374	11,667,821
Sewer	0	0	0
Special Assessments	0	0	0
Intergovernmental	0	0	0
Grants and Entitlements not Restricted to			
Specific Programs	1,152,476	1,116,923	895,131
Investment Income	292,217	197,265	189,676
Gain on Sale of Capital Assets	2,617	1,591	23,080
All Other Revenues	636,284	461,349	89,313
Transfers	0	0	0
Total Governmental	19,742,052	19,396,034	19,168,802
Business-Type Activities			
Municipal Income Taxes Levied For:			
Sewer	0	0	0
Special Assessments	0	0	0
Intergovernmental	0	0	0
Investment Income	93,443	3,240	(775)
All Other Revenues	341,488	251,821	39,407
Transfers	0	0	0
Total Business-Type Activities	434,931	255,061	38,632
Total Primary Government General Revenues and Other Changes in Net Position	20,176,983	19,651,095	19,207,434
<u>Change in Net Position</u>			
Governmental Activities	(864,618)	(2,197,192)	(321,934)
Business-Type Activities	3,114,290	3,415,209	344,103
Total Primary Government Change in Net Position	\$ 2,249,672	\$ 1,218,017	\$ 22,169

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

2015	2014	2013	2012	2011	2010	2009
\$ 3,393,633	\$ 3,272,816	\$ 3,716,672	3,876,214	4,913,620	\$ 6,132,324	\$ 5,571,368
292,499	285,751	300,607	285,046	0	0	0
1,805,298	1,774,044	1,813,852	1,352,126	0	0	0
10,232,789	9,929,219	9,746,498	9,763,450	9,001,318	8,118,314	7,559,236
0	0	0	0	0	0	0
0	0	0	0	0	0	328,542
0	0	0	0	0	0	0
1,505,059	1,556,651	1,195,278	2,056,510	2,026,080	1,781,735	3,765,072
133,216	143,406	58,145	123,385	259,795	267,001	161,242
27,905	2,731	1,469	0	37,061	0	0
131,530	278,953	263,925	370,066	28,696	86,562	221,817
0	0	(13,159)	25,703	4,137	(882,072)	(408,931)
<u>17,521,929</u>	<u>17,243,571</u>	<u>17,083,287</u>	<u>17,852,500</u>	<u>16,270,707</u>	<u>15,503,864</u>	<u>17,198,346</u>
0	214,650	512,524	473,049	258,615	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
9,911	18,659	7,034	72,661	127,307	220,757	119,890
158,471	436,561	230,639	337,426	101,779	124,981	97,271
0	0	13,159	(25,703)	(4,137)	882,072	408,931
<u>168,382</u>	<u>669,870</u>	<u>763,356</u>	<u>857,433</u>	<u>483,564</u>	<u>1,227,810</u>	<u>626,092</u>
<u>17,690,311</u>	<u>17,913,441</u>	<u>17,846,643</u>	<u>18,709,933</u>	<u>16,754,271</u>	<u>16,731,674</u>	<u>17,824,438</u>
(881,295)	(711,111)	59,786	404,050	(1,783,024)	(1,859,277)	(1,704,816)
(1,719,235)	1,412,922	2,261,541	3,513,712	5,328,400	2,801,351	3,176,669
<u>\$ (2,600,530)</u>	<u>\$ 701,811</u>	<u>\$ 2,321,327</u>	<u>\$ 3,917,762</u>	<u>\$ 3,545,376</u>	<u>\$ 942,074</u>	<u>\$ 1,471,853</u>

City of Avon Lake, Ohio
Fund Balances, Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>General Fund</u>				
Nonspendable	\$ 141,347	\$ 118,833	\$ 70,880	\$ 67,966
Committed	351,169	429,429	442,006	261,380
Assigned	60,618	288,322	920,391	1,216,648
Unassigned	1,313,191	1,110,473	1,040,308	1,220,231
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>1,866,325</u>	<u>1,947,057</u>	<u>2,473,585</u>	<u>2,766,225</u>
<u>All Other Governmental Funds</u>				
Nonspendable	380,096	102,405	151,595	296,051
Restricted	6,393,727	5,689,588	6,114,011	5,408,042
Committed	8,414,997	10,370,333	8,536,885	5,702,131
Assigned	87,418	87,418	87,418	87,418
Unassigned (Deficit)	(6,639,437)	(6,966,288)	(6,807,634)	(4,276,494)
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>8,636,801</u>	<u>9,283,456</u>	<u>8,082,275</u>	<u>7,217,148</u>
Total Governmental Funds	<u>\$ 10,503,126</u>	<u>\$ 11,230,513</u>	<u>\$ 10,555,860</u>	<u>\$ 9,983,373</u>

Note: In 2011, the City implemented GASB Statement No. 54. As a result, the 2010 fund balances were reclassified to reflect the effects of GASB Statement No. 54.

2014	2013	2012	2011	2010	2009
\$ 112,319	\$ 149,282	\$ 154,115	\$ 147,081	\$ 0	\$ 0
278,633	384,401	365,421	390,996	0	0
1,710,552	2,203,130	1,971,632	2,145,213	0	0
760,805	331,507	636,982	671,702	0	0
0	0	0	0	137,555	260,041
0	0	0	0	59,093	59,717
0	0	0	0	34,016	534,720
0	0	0	0	2,956,952	2,587,648
<u>2,862,309</u>	<u>3,068,320</u>	<u>3,128,150</u>	<u>3,354,992</u>	<u>3,187,616</u>	<u>3,442,126</u>
234,170	70,355	80,426	90,173	0	0
3,302,014	5,303,791	2,603,420	2,463,198	0	0
6,698,389	6,365,290	6,635,452	5,743,801	0	0
87,921	143,428	145,545	145,515	0	0
(2,120,540)	(230,119)	(240,094)	(302,207)	0	0
0	0	0	0	179,810	1,948,154
0	0	0	0	130,486	103,997
0	0	0	0	7,766	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	5,827,991	6,960,348
0	0	0	0	587,008	582,506
0	0	0	0	1,964,956	1,644,416
<u>8,201,954</u>	<u>11,652,745</u>	<u>9,224,749</u>	<u>8,140,480</u>	<u>8,698,017</u>	<u>11,239,421</u>
<u>\$ 11,064,263</u>	<u>\$ 14,721,065</u>	<u>\$ 12,352,899</u>	<u>\$ 11,495,472</u>	<u>\$ 11,885,633</u>	<u>\$ 14,681,547</u>

City of Avon Lake, Ohio
Changes in Fund Balances, Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Years

	2018	2017	2016
<u>Revenues</u>			
Property and Other Taxes	\$ 6,154,376	\$ 6,329,612	\$ 6,280,195
Municipal Income Taxes	11,775,124	11,191,207	12,343,455
Intergovernmental	2,412,554	2,614,311	2,144,101
Interest	292,217	197,265	189,676
Fees, Licenses and Permits	320,828	316,657	421,148
Fines and Forfeitures	328,608	376,244	357,291
Charges for Services	1,229,239	1,729,626	1,732,212
Contributions and Donations	83,536	45,617	4,550
Special Assessments	228,025	236,923	339,961
All Other Revenues	359,581	443,768	89,313
Total Revenues	<u>23,184,088</u>	<u>23,481,230</u>	<u>23,901,902</u>
<u>Expenditures</u>			
Current:			
Security of Persons and Property	9,394,471	9,182,784	8,526,874
Public Health Services	13,317	0	77,920
Leisure Time Activities	1,528,769	1,295,348	943,592
Community Environment	510,854	485,603	481,223
Basic Utility Services (1)	0	0	0
Transportation	4,152,369	4,391,691	4,504,531
General Government	3,601,142	3,091,800	2,873,869
Capital Outlay	8,950,165	11,049,269	4,453,527
Debt Service:			
Principal Retirement	1,049,566	1,176,908	1,807,539
Interest and Fiscal Charges	401,123	402,100	237,478
Bond Issuance Costs	11,500	63,899	25,468
Total Expenditures	<u>29,613,276</u>	<u>31,139,402</u>	<u>23,932,021</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,429,188)</u>	<u>(7,658,172)</u>	<u>(30,119)</u>

2015	2014	2013	2012	2011	2010	2009
\$ 5,542,344	\$ 5,393,371	\$ 5,823,203	\$ 5,452,174	\$ 5,492,222	\$ 5,378,941	\$ 5,650,803
10,537,547	10,424,202	9,528,994	9,407,646	9,404,479	7,308,383	7,766,597
2,677,043	2,975,550	2,768,724	2,860,391	3,904,539	4,559,299	4,052,249
133,216	143,406	58,145	123,385	259,795	333,840	278,211
292,465	283,496	314,258	264,386	248,856	344,963	243,696
391,869	379,546	363,806	343,231	349,213	443,945	314,370
1,095,404	1,088,715	1,094,002	1,102,449	908,736	662,193	355,073
10,209	10,005	13,619	12,335	0	0	0
330,281	398,003	376,113	465,612	410,275	402,899	417,206
131,530	279,397	513,815	117,416	139,565	157,988	190,038
<u>21,141,908</u>	<u>21,375,691</u>	<u>20,854,679</u>	<u>20,149,025</u>	<u>21,117,680</u>	<u>19,592,451</u>	<u>19,268,243</u>
8,580,683	8,284,112	8,043,110	8,375,212	8,309,778	8,546,321	7,826,875
81,250	80,000	176,361	150,834	153,410	128,170	111,728
834,646	898,760	899,472	917,967	919,497	1,143,540	1,545,296
474,261	452,526	472,910	482,536	396,484	387,038	300,413
0	0	0	388,614	667,103	635,832	25,164
4,079,694	3,980,188	3,896,164	4,456,045	6,031,554	5,183,094	5,318,815
3,083,760	2,860,068	2,921,343	2,553,332	2,720,378	2,504,806	2,831,674
3,673,188	5,255,871	2,130,676	508,078	1,795,595	1,466,267	3,723,312
1,104,432	2,958,998	1,260,302	1,136,937	1,062,842	942,966	839,715
330,506	379,746	414,542	462,746	481,950	649,378	505,510
83,453	9,955	10,650	20,069	0	92,319	0
<u>22,325,873</u>	<u>25,160,224</u>	<u>20,225,530</u>	<u>19,452,370</u>	<u>22,538,591</u>	<u>21,679,731</u>	<u>23,028,502</u>
<u>(1,183,965)</u>	<u>(3,784,533)</u>	<u>629,149</u>	<u>696,655</u>	<u>(1,420,911)</u>	<u>(2,087,280)</u>	<u>(3,760,259)</u>

(Continued)

City of Avon Lake, Ohio
Changes in Fund Balances, Governmental Funds
Modified Accrual Basis of Accounting
Last Ten Years
(Continued)

	2018	2017	2016
<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	0	0	0
Transfers In	2,893,838	10,426,368	3,294,701
Transfers Out	(2,893,838)	(10,426,368)	(3,294,701)
Sale of Capital Assets	12,376	1,591	23,736
Bond Anticipation Notes Issued	0	0	0
Premium on Notes Issued	0	0	0
Inception of Capital Lease	0	329,484	0
Promissory Notes Issued	0	0	0
Bond Proceeds	0	0	0
Loan Proceeds	5,689,425	8,001,750	578,870
Capital Lease Proceeds	0	0	0
Total Other Financing Sources (Uses)	<u>5,701,801</u>	<u>8,332,825</u>	<u>602,606</u>
Net Change in Fund Balances	<u>\$ (727,387)</u>	<u>\$ 674,653</u>	<u>\$ 572,487</u>
 Debt Service as a Percentage of Noncapital Expenditures	 6.80%	 7.13%	 10.13%

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

2015	2014	2013	2012	2011	2010	2009
0	0	0	115,000	0	0	0
0	0	0	765,000	0	4,980,000	0
0	0	0	11,122	0	109,961	0
(3,234,044)	0	0	(756,053)	0	(4,993,270)	0
5,307,197	1,810,984	3,677,999	1,747,894	2,291,517	8,939,484	9,864,998
(5,307,197)	(1,810,984)	(3,714,762)	(1,722,191)	(2,287,380)	(9,821,556)	(10,273,929)
27,905	2,731	21,138	0	37,061	0	0
0	0	1,743,000	0	1,071,000	0	0
344,216	0	11,642	0	2,900	0	0
0	0	0	0	0	12,247	0
0	0	0	0	0	64,500	0
2,964,998	0	0	0	0	0	5,930,000
0	125,000	0	0	0	0	100,000
0	0	0	0	0	0	59,291
<u>103,075</u>	<u>127,731</u>	<u>1,739,017</u>	<u>160,772</u>	<u>1,115,098</u>	<u>(708,634)</u>	<u>5,680,360</u>
<u>\$ (1,080,890)</u>	<u>\$ (3,656,802)</u>	<u>\$ 2,368,166</u>	<u>\$ 857,427</u>	<u>\$ (305,813)</u>	<u>\$ (2,795,914)</u>	<u>\$ 1,920,101</u>
7.45%	15.36%	9.08%	8.82%	8.10%	8.60%	7.37%

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	Public Utility	
	Residential/ Agricultural	Other Real Estate	Actual Value	Assessed Value	Estimated Actual Value
2018	\$ 735,234,640	\$ 92,341,760	\$2,364,504,000	\$ 54,808,360	\$62,282,227
2017	721,156,790	94,388,670	2,330,129,886	51,256,120	58,245,591
2016	714,330,370	91,450,730	2,302,231,714	43,768,750	49,737,216
2015	656,953,220	91,620,740	2,138,782,743	39,187,470	44,531,216
2014	647,831,640	91,423,030	2,112,156,200	38,214,330	43,425,375
2013	639,492,550	89,718,790	2,083,460,971	56,087,710	63,736,034
2012	685,489,510	88,643,530	2,211,808,686	55,420,640	62,978,000
2011	679,942,600	88,859,130	2,196,576,371	57,136,730	64,928,102
2010	673,103,030	87,597,840	2,173,431,057	56,889,809	64,647,510
2009	696,704,860	87,612,390	2,240,906,429	78,619,679	89,340,544

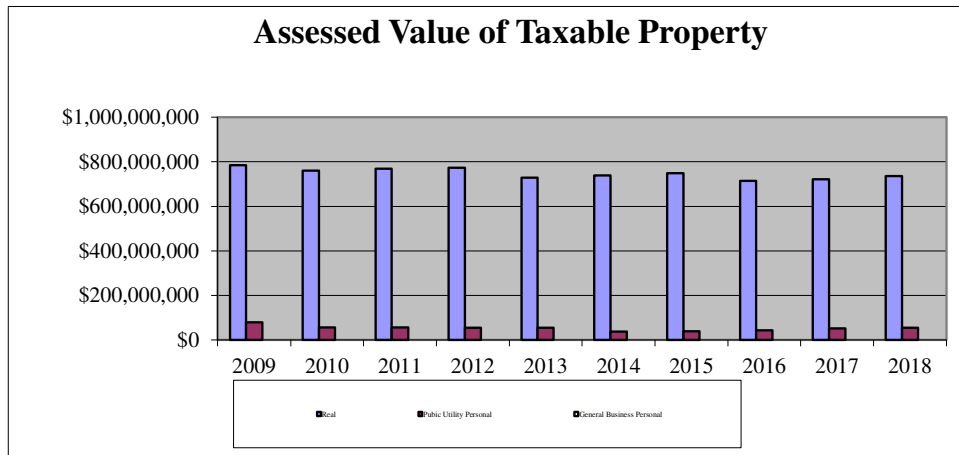
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

Tangible Personal Property		Total		Ratio	Direct Tax Rate
General Business		Assessed Value	Estimated Actual Value		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ -	\$ -	\$ 882,384,760	\$2,426,786,227	36.36%	\$ 8.08
-	-	866,801,580	2,388,375,477	36.29%	8.08
-	-	849,549,850	2,351,968,930	36.12%	8.10
-	-	787,761,430	2,183,313,959	36.08%	8.12
-	-	777,469,000	2,155,581,575	36.07%	8.13
-	-	785,299,050	2,147,197,005	36.57%	8.13
-	-	829,553,680	2,274,786,686	36.47%	7.34
-	-	825,938,460	2,261,504,474	36.52%	7.34
-	-	817,590,679	2,238,078,567	36.53%	7.35
-	-	862,936,929	2,330,246,973	37.03%	7.36



City of Avon Lake, Ohio
Property Tax Rates – Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

	Collection Year 2018	Collection Year 2017	Collection Year 2016	Collection Year 2015
<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	0.38	0.38	0.40	0.42
2009 Ambulance & EMS	-	-	-	-
2012 Ambulance & EMS	2.00	2.00	2.00	2.00
Total Voted Millage	3.88	3.88	3.90	3.92
Total Millage	\$ 8.08	\$ 8.08	\$ 8.10	\$ 8.12
<u>Overlapping Rates by Taxing District</u>				
City of Avon Lake				
Residential/Agricultural Effective Rate	\$ 7.4858	\$ 7.4944	\$ 7.5170	\$ 7.7490
Commercial/Industrial and Public Utility Effective Rate	8.0800	7.9870	7.9640	7.9884
General Business and Public Utility Personal Property	8.0800	8.0800	8.1000	8.1200
Avon Lake School District				
Residential/Agricultural Effective Rate	43.0180	43.1994	43.4947	46.6387
Commercial/Industrial and Public Utility Effective Rate	57.4012	54.9694	54.8818	56.7991
General Business and Public Utility Personal Property	72.2800	72.6900	72.6900	74.5700
Lorain County				
Residential/Agricultural Effective Rate	14.1817	14.2006	14.3715	14.0857
Commercial/Industrial and Public Utility Effective Rate	14.4874	14.4165	13.7749	13.7749
General Business and Public Utility Personal Property	15.0820	15.0820	15.0820	14.4820
Special Taxing Districts (1)				
Residential/Agricultural Effective Rate	4.8128	4.8266	4.8283	5.1100
Commercial/Industrial and Public Utility Effective Rate	4.8943	4.8377	4.7883	4.7956
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 2014	Collection Year 2013	Collection Year 2012	Collection Year 2011	Collection Year 2010	Collection Year 2009
\$ 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
-	-	-	-	-	-
0.43	0.43	0.39	0.39	0.40	0.41
-	-	1.25	1.25	1.25	1.25
2.00	2.00	-	-	-	-
<u>3.93</u>	<u>3.93</u>	<u>3.14</u>	<u>3.14</u>	<u>3.15</u>	<u>3.16</u>
<u>\$ 8.13</u>	<u>\$ 8.13</u>	<u>\$ 7.34</u>	<u>\$ 7.34</u>	<u>\$ 7.35</u>	<u>\$ 7.36</u>
\$ 7.7610	\$ 7.7630	\$ 6.8917	\$ 6.8907	\$ 6.8994	\$ 6.5797
8.0016	8.0090	7.2862	7.2847	7.2967	7.2115
8.1300	8.1300	7.3400	7.3400	7.3500	7.3600
47.1799	39.3201	36.3220	36.6250	36.7441	33.7194
57.3566	49.5474	48.4658	48.7681	48.9317	46.2283
75.1000	67.2300	65.5700	65.8900	66.0300	66.0300
14.0927	12.8534	12.2226	12.2143	11.5436	10.9380
13.7186	12.5193	12.4841	12.3890	11.9718	11.8436
14.4820	13.6550	13.6900	13.6900	13.3900	13.3900
5.1134	5.1161	4.9184	3.7588	3.7556	3.5562
4.7728	4.7762	4.8177	3.7564	3.7780	3.7243
5.2500	5.2500	5.2500	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
2018	\$ 6,692,792	\$ 6,438,197	96.20%	\$ 102,487	\$ 6,540,684	97.73%	\$ 158,810	2.37%
2017	6,572,706	6,478,101	98.56%	131,722	6,609,823	100.56%	172,188	2.62%
2016	6,452,483	6,345,423	98.34%	117,559	6,462,982	100.16%	188,269	2.92%
2015	6,141,076	6,056,711	98.63%	152,679	6,209,390	101.11%	164,684	2.68%
2014	6,070,204	5,959,788	98.18%	130,919	6,090,707	100.34%	215,597	3.55%
2013	6,138,888	6,024,471	98.14%	139,194	6,163,665	100.40%	303,289	4.94%
2012	5,776,842	5,634,246	97.53%	119,655	5,753,901	99.60%	303,401	5.25%
2011	5,751,945	5,574,744	96.92%	129,590	5,704,334	99.17%	286,221	4.98%
2010	5,698,741	5,314,413	93.26%	115,039	5,429,452	95.27%	531,893	9.33%
2009	5,787,865	5,637,584	97.40%	95,795	5,733,379	99.06%	186,606	3.22%

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
 2018 and 2009

2018		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
American Transmission Systems Inc	\$ 26,852,100	3.04 %
Orion Power Midwest LP	8,835,740	1.00 %
NRG Power Midwest LP	13,112,950	1.49 %
Cleveland Electric Illuminating Co	12,238,650	1.39 %
Ford Motor Company	4,877,560	0.55 %
Health Care REIT Inc	4,495,020	0.51 %
181 Somerset Realty LLC	4,356,650	0.49 %
Polyone Corporation	4,598,500	0.52 %
Hampshire Highlands One LLC	2,877,290	0.33 %
Columbia Gas of Ohio Inc	3,350,570	0.38 %
Total	\$ 85,595,030	9.70 %
Total Assessed Valuation	\$ 882,384,760	

2009		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Orion Power Midwest LP	\$ 82,355,140	9.54 %
Cleveland Electric	10,213,230	1.18 %
Ford Motor Company	7,510,160	0.87 %
American Transmission Systems Inc	4,443,180	0.51 %
Polyone Corporation	4,183,870	0.48 %
Legacy Pointe LTD	5,392,170	0.62 %
Waterside Crossings LTD	2,692,610	0.31 %
Avon Lake Village LLC	2,720,690	0.32 %
Towne Care Center LLC	1,939,460	0.22 %
Total	\$ 121,450,510	14.05 %
Total Assessed Valuation	\$ 862,936,929	

Source: Lorain County Auditor

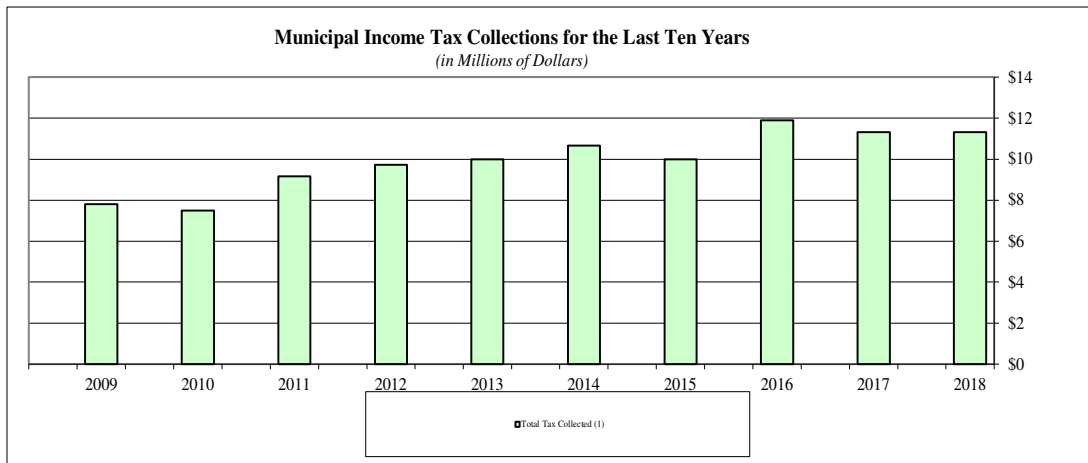
(1) The amounts presented represent the assessed values upon which 2018 and 2009 collections were based.

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)
2018	1.50%	\$ 11,314,759
2017	1.50%	11,320,836
2016	1.50%	11,895,371
2015	1.50%	9,992,454
2014	1.50%	10,668,132
2013	1.50%	9,999,500
2012	1.50%	9,724,368
2011	1.50%	9,167,096
2010	1.50%	7,492,129
2009	1.50%	7,798,625

(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
2018	\$4,327,799	\$445,834	\$15,398,377	\$168,747	\$0	\$235,194	\$0
2017	5,121,540	659,522	8,709,698	181,664	0	278,757	\$0
2016	5,925,733	867,458	782,318	162,499	0	0	23,000
2015	6,745,040	1,147,817	226,302	175,416	626,204	0	46,000
2014	7,009,404	1,415,685	232,081	188,333	626,784	0	69,000
2013	7,807,179	1,675,983	237,675	70,000	2,510,728	0	92,000
2012	8,595,954	1,928,697	0	76,666	938,972	0	135,000
2011	9,063,612	2,055,283	0	83,333	1,073,610	7,821	94,418
2010	9,725,770	2,271,423	65,835	90,000	0	38,048	64,500
2009	10,234,263	2,404,937	126,919	100,000	0	54,741	100,000

(1) Amounts include associated premiums

Note: Population and Personal Income data are presented on Demographic and Economic Statistics

Business-Type Activities							
General Obligation Bonds (1)	Capital Leases	OWDA Loans	Other Debt	Mortgage Revenue Bond	Total Debt	Percentage of Personal Income	Per Capita
\$2,361,342	\$0	\$121,442,001	\$0	\$3,720,076	\$148,099,370	16.05%	\$6,559
\$2,579,327	0	108,833,549	0	3,876,454	130,240,511	14.12%	5,768
2,792,312	0	75,706,390	0	3,982,832	90,242,542	9.78%	3,996
3,005,297	0	49,041,258	0	4,727,210	65,740,544	7.13%	2,911
3,218,282	0	46,068,004	0	6,210,000	65,037,573	7.05%	2,880
4,225,645	8,870	40,682,410	0	6,595,000	63,905,490	6.93%	2,830
5,177,681	36,017	39,988,768	0	7,545,000	64,422,755	6.98%	2,853
5,727,803	4,711	38,472,429	247,638	8,460,000	65,290,658	7.08%	2,891
6,535,221	60,534	33,899,521	0	9,340,000	62,090,852	6.73%	2,750
7,294,431	102,571	15,141,625	0	10,195,000	45,754,487	7.80%	2,522

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
2018	22,581	\$2,426,786,227	\$6,689,141	0.28 %	\$296
2017	22,581	2,388,375,477	7,700,867	0.32 %	\$341
2016	22,581	2,351,968,930	8,718,045	0.37 %	386
2015	22,581	2,183,313,959	9,750,337	0.45 %	432
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

Sources:

(1) Source: U. S. Census

(a) Years 2008 and 2009 - 2000 Federal Census

(b) Years 2010 through 2017 - 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, 2018*

<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	\$4,327,799	100.00%	\$ 4,327,799
Special Assessment Bonds, net	445,834	100.00%	445,834
OPWC Loan	168,747	100.00%	168,747
OWDA Loan	15,398,377	100.00%	15,398,377
Capital Leases	<u>235,194</u>	100.00%	<u>235,194</u>
Total Direct Debt	<u>20,575,951</u>		<u>20,575,951</u>
Overlapping			
Avon Lake City School District (2)	38,168,373	100.00%	38,168,373
Lorain County (3)	<u>23,545,000</u>	12.63%	<u>2,973,734</u>
Total Overlapping Debt	<u>61,713,373</u>		<u>41,142,107</u>
Total	<u><u>\$ 82,289,324</u></u>		<u><u>\$ 61,718,058</u></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 as of June 30, 2018
- (3) Debt outstanding as of December 31, 2017 (latest information available)

City of Avon Lake, Ohio
Legal Debt Margin
Last Ten Years

	2018	2017	2016	2015
Total Assessed Property Value	<u>\$ 882,384,760</u>	<u>\$ 866,801,580</u>	<u>\$ 849,549,850</u>	<u>\$ 787,761,430</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>92,650,400</u>	<u>91,014,166</u>	<u>89,202,734</u>	<u>82,714,950</u>
Debt Outstanding:				
General Obligation Bonds	\$ 4,327,799	\$ 5,121,540	\$ 5,925,733	\$ 6,745,040
General Obligation Bonds - Enterprise	2,361,342	2,579,327	2,792,312	3,005,297
Special Assessment Bonds	445,834	659,522	867,458	1,147,817
Notes Payable	7,793,616	8,303,351	14,435,160	5,879,628
OPWC Loans	168,747	181,664	162,499	175,416
OWDA Loans	15,398,377	8,709,698	782,318	226,302
OWDA Loans - Enterprise	121,442,001	108,833,549	75,706,390	49,041,258
Mortgage Revenue Bonds	<u>3,720,076</u>	<u>3,876,454</u>	<u>3,982,832</u>	<u>4,274,210</u>
Total Gross Indebtedness	<u>155,657,792</u>	<u>138,265,105</u>	<u>104,654,702</u>	<u>70,494,968</u>
Less:				
General Obligation Bonds - Enterprise	(2,361,342)	(2,579,327)	(2,792,312)	(3,005,297)
Special Assessment Bonds	(445,834)	(659,522)	(867,458)	(1,147,817)
OPWC Loans	(168,747)	(181,664)	(162,499)	(175,416)
OWDA Loans	(15,398,377)	(8,709,698)	(782,318)	(226,302)
OWDA Loans - Enterprise	(121,442,001)	(108,833,549)	(75,706,390)	(49,041,258)
Mortgage Revenue Bonds	(3,720,076)	(3,876,454)	(3,982,832)	(4,274,210)
General Obligation Bond Retirement Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Debt Applicable to Debt Limit	<u>12,121,415</u>	<u>13,424,891</u>	<u>20,360,893</u>	<u>12,624,668</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$ 80,528,985</u>	<u>\$ 77,589,275</u>	<u>\$ 68,841,841</u>	<u>\$ 70,090,282</u>
Legal Debt Margin as a Percentage of the Debt Limit	86.92%	85.25%	77.17%	84.74%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$ 48,531,162</u>	<u>\$ 47,674,087</u>	<u>\$ 46,725,242</u>	<u>\$ 43,326,879</u>
Total Gross Indebtedness	\$ 155,657,792	\$ 138,265,105	\$ 104,654,702	\$ 70,494,968
Less:				
General Obligation Bonds - Enterprise	(2,361,342)	(2,579,327)	(2,792,312)	(3,005,297)
Special Assessment Bonds	(445,834)	(659,522)	(867,458)	(1,147,817)
OPWC Loans	(168,747)	(181,664)	(162,499)	(175,416)
OWDA Loans	(15,398,377)	(8,709,698)	(782,318)	(226,302)
OWDA Loans - Enterprise	(121,442,001)	(108,833,549)	(75,706,390)	(49,041,258)
Mortgage Revenue Bonds	(3,720,076)	(3,876,454)	(3,982,832)	(4,274,210)
General Obligation Bond Retirement Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Debt Within 5 ½ % Limitations	<u>12,121,415</u>	<u>13,424,891</u>	<u>20,360,893</u>	<u>12,624,668</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$ 36,409,747</u>	<u>\$ 34,249,196</u>	<u>\$ 26,364,349</u>	<u>\$ 30,702,211</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	75.02%	71.84%	56.42%	70.86%

Source: City Financial Records

2014	2013	2012	2011	2010	2009
<u>\$ 777,469,000</u>	<u>\$ 785,299,050</u>	<u>\$ 829,553,680</u>	<u>\$ 825,938,460</u>	<u>\$ 817,590,679</u>	<u>\$ 862,936,929</u>
81,634,245	82,456,400	87,103,136	86,723,538	85,847,021	90,608,378
\$ 7,009,404	\$ 7,807,179	\$ 8,595,954	\$ 9,063,612	\$ 9,725,770	\$ 10,234,263
3,218,282	4,225,645	5,177,681	5,727,803	6,535,221	7,294,431
1,415,685	1,675,983	1,928,697	2,055,283	2,271,423	2,404,937
5,976,740	2,717,728	938,972	1,073,610	0	0
188,333	70,000	76,666	83,333	90,000	100,000
232,081	237,675	0	0	65,835	126,919
46,068,004	40,682,410	39,988,768	38,472,429	33,899,521	15,141,625
6,210,000	6,595,000	7,545,000	8,460,000	9,340,000	10,195,000
<u>70,318,529</u>	<u>64,011,620</u>	<u>64,251,738</u>	<u>64,936,070</u>	<u>61,927,770</u>	<u>45,497,175</u>
(3,218,282)	(4,225,645)	(5,177,681)	(5,727,803)	(6,535,221)	(7,294,431)
(1,415,685)	(1,675,983)	(1,928,697)	(2,055,283)	(2,271,423)	(2,404,937)
(188,333)	(70,000)	(76,666)	(83,333)	(90,000)	(100,000)
(232,081)	(237,675)	0	0	(65,835)	(126,919)
(46,068,004)	(40,682,410)	(39,988,768)	(38,472,429)	(33,899,521)	(15,141,625)
(6,210,000)	(6,595,000)	(7,545,000)	(8,460,000)	(9,340,000)	(10,195,000)
0	(177,555)	(138,247)	(119,200)	(96,386)	0
<u>12,986,144</u>	<u>10,347,352</u>	<u>9,396,679</u>	<u>10,018,022</u>	<u>9,629,384</u>	<u>10,234,263</u>
<u>\$ 68,648,101</u>	<u>\$ 72,109,048</u>	<u>\$ 77,706,457</u>	<u>\$ 76,705,516</u>	<u>\$ 76,217,637</u>	<u>\$ 80,374,115</u>
84.09%	87.45%	89.21%	88.45%	88.78%	88.70%
<u>\$ 42,760,795</u>	<u>\$ 43,191,448</u>	<u>\$ 45,625,452</u>	<u>\$ 45,426,615</u>	<u>\$ 44,967,487</u>	<u>\$ 47,461,531</u>
\$ 70,318,529	\$ 64,011,620	\$ 64,251,738	\$ 64,936,070	\$ 61,927,770	\$ 45,497,175
(3,218,282)	(4,225,645)	(5,177,681)	(5,727,803)	(6,535,221)	(7,294,431)
(1,415,685)	(1,675,983)	(1,928,697)	(2,055,283)	(2,271,423)	(2,404,937)
(188,333)	(70,000)	(76,666)	(83,333)	(90,000)	(100,000)
(232,081)	(237,675)	0	0	(65,835)	(126,919)
(46,068,004)	(40,682,410)	(39,988,768)	(38,472,429)	(33,899,521)	(15,141,625)
(6,210,000)	(6,595,000)	(7,545,000)	(8,460,000)	(9,340,000)	(10,195,000)
0	(177,555)	(138,247)	(119,200)	(96,386)	0
<u>12,986,144</u>	<u>10,347,352</u>	<u>9,396,679</u>	<u>10,018,022</u>	<u>9,629,384</u>	<u>10,234,263</u>
<u>\$ 29,774,651</u>	<u>\$ 32,844,096</u>	<u>\$ 36,228,773</u>	<u>\$ 35,408,593</u>	<u>\$ 35,338,103</u>	<u>\$ 37,227,268</u>
69.63%	76.04%	79.40%	77.95%	78.59%	78.44%

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>
2018	22,581	\$922,614,498	\$40,858	\$77,060	41.9	49.3%
2017	22,581	922,614,498	40,858	77,060	41.9	49.3%
2016	22,581	922,614,498	40,858	77,060	41.9	49.3%
2015	22,581	922,614,498	40,858	77,060	41.9	49.3%
2014	22,581	922,614,498	40,858	77,060	41.9	49.3%
2013	22,581	922,614,498	40,858	77,060	41.9	49.3%
2012	22,581	922,614,498	40,858	77,060	41.9	49.3%
2011	22,581	922,614,498	40,858	77,060	41.9	49.3%
2010	22,581	922,614,498	40,858	77,060	41.9	49.3%
2009	18,145	586,736,720	32,336	65,988	38.4	43.0%

(1) Source: U. S. Census

(a) Year 2009 - 2000 Federal Census

(b) Years 2010 through 2018 - 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, latest information available

(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>
3,772	5.2%	\$236,271	\$ 882,384,760
3,742	5.1%	235,270	866,801,580
3,700	5.8%	235,270	849,549,850
3,640	5.6%	218,583	787,761,430
3,543	5.7%	218,758	777,469,000
3,575	8.1%	217,034	785,299,050
3,718	8.1%	217,406	829,553,680
3,781	8.3%	231,737	825,938,460
3,689	9.4%	230,941	817,590,679
3,616	9.9%	230,180	862,936,929

City of Avon Lake, Ohio
Principal Municipal Income Tax Withholders
Current and Nine Years Ago

2018

Employer	Number of Employees
Ford Motor Company	1,901
Polyone Corporation	746
Avon Lake City Schools	541
City of Avon Lake	365
Lubrizol Advances Materials	260
Grace Management Svcs Inc	223
Hinkley Lighting	122
Southwire Company LLC	119
Thogus Products	113
Chemtron Corporation	95
Total	4,485
Total Estimated Employment within the City	N/A

2009

Employer	Number of Employees
Ford UAW Enemployment Ben Plan	1,677
Ford Motor Company	1,454
Avon Lake City Schools	770
Polyone Corporation	635
City of Avon Lake	353
Western/Scott Fetzer	227
Lubrizol Advances Materials	215
Grace Management Services	174
Riser Foods Company	159
Orion Power Operating Services	150
Total	5,814
Total Estimated Employment within the City	N/A

Source: Regional Income Tax Agency (RITA)

N/A - Information not available

City of Avon Lake, Ohio
Full-Time City Employees by Function/Program
Last Nine Years (1)

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government									
Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance	5.50	5.50	5.50	6.50	6.50	5.00	4.50	4.50	5.50
Law	3.00	3.00	3.00	2.50	2.50	3.00	3.50	3.00	3.50
Administration	2.50	2.50	2.50	3.00	3.00	3.00	5.00	3.00	3.00
Engineer	5.50	5.50	5.50	5.50	5.50	5.00	5.00	4.50	5.00
Court	10.00	10.00	10.00	8.50	8.50	6.50	6.50	6.50	7.50
Security of Persons and Property									
Police	30.00	32.50	29.00	31.00	34.00	33.00	32.00	31.50	31.00
Police - Dispatchers/Office/Other	16.00	8.00	16.00	15.50	15.50	13.50	15.50	14.00	14.00
Police - Animal Wardens	-	1.00	-	0.50	0.50	1.00	0.50	0.50	0.50
Fire	30.00	28.00	28.00	28.00	28.00	28.00	29.00	29.00	30.00
Fire - Secretary - Other	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Leisure Time Activities									
Recreation	30.50	30.50	30.50	13.50	24.50	27.50	24.50	24.50	27.00
Municipal Pool	42.50	42.50	42.50	46.50	46.50	51.00	45.50	40.00	35.00
Cable Television	4.00	4.00	4.00	4.50	4.50	4.00	3.50	4.00	4.50
Community Environment									
Building	4.50	4.50	4.50	5.00	5.00	7.00	4.50	5.00	5.00
Economic Development	1.00	1.50	1.50	0.50	0.50	0.50	-	-	-
Transportation									
Service	28.50	28.50	28.50	28.00	27.50	27.00	31.00	28.00	25.50
Streets	9.50	9.50	9.50	11.00	11.50	11.00	11.00	11.00	12.50
Basic Utility Services									
Water	33.50	33.50	33.50	22.00	21.00	23.00	19.00	22.50	21.00
Sewer	21.50	21.50	21.50	28.00	27.50	25.50	32.50	26.50	30.50
Totals:	<u>286.00</u>	<u>279.00</u>	<u>282.50</u>	<u>267.00</u>	<u>279.50</u>	<u>281.50</u>	<u>280.00</u>	<u>265.00</u>	<u>268.00</u>

Source: City Payroll Department

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2010 is not available

City of Avon Lake, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2018	2017	2016
General Government			
<i>Council and Clerk</i>			
Number of Ordinances Introduced	176	203	168
Number of Resolutions Introduced	13	10	10
<i>Finance Department</i>			
Number of checks issued	5,722	5,606	4,480
Amount of checks issued	\$ 38,387,867	\$ 39,864,957	\$ 29,424,779
Community Environment			
<i>Building Department Indicators</i>			
Construction Permits Issued	2,168	2,191	1,902
Estimated Value of Construction	\$ 48,835,557	\$ 50,731,789	\$ 67,569,737
Amount of Revenue generated from permits	\$ 286,872	\$ 286,228	\$ 421,266
Number of contract registrations issued (A)	742	871	660
Annual Apartment/Rooming House License Fees (B)	0	0	0
Revenue generated from above (A, B)	\$ 74,575	\$ 87,100	\$ 66,300
Security of Persons & Property			
<i>Police</i>			
Total Calls for Services	10,364	11,657	11,651
Number of traffic citations issued	301	362	642
Number of parking citations issued	93	160	208
Number of criminal arrests	171	159	182
Number of accident reports completed	298	317	257
Part 1 Offenses (major offenses)	107	184	196
Animal Warden service calls responded to per annual report	482	n/a	n/a
DUI Arrests	22	24	39
Prisoners	196	191	245
Prisoner meal costs	\$ 35	\$ 62	\$ 176
Property damage accidents	271	57	63
Fatalities from Motor Vehicle Accidents	0	0	0
<i>Fire</i>			
Fire Calls	52	66	48
Overpressure, Overhear (no fire)	1	1	2
Rescue & EMS Incident	1,837	1,728	1,602
Hazardous Condition (no fire)	115	97	88
Service Call	357	363	296
Good Intent Call	157	137	163
False Alarm & False Call	296	239	214
Severe Weather & Natural Disaster	4	5	0
Special Incident Type	2	0	0
Miscellaneous Calls	0	0	0
Total Calls	<u>2,821</u>	<u>2,636</u>	<u>2,413</u>
Number of times Mutual Aid given to Fire and EMS	85	56	79
Number of times Mutual Aid received for Fire and EMS	64	73	67

	2015	2014	2013	2012	2011	2010	2009
	158	148	157	148	123	104	105
	14	18	13	22	19	26	21
	5,420	5,020	4,921	4,951	5,105	5,120	4,963
\$	\$ 31,395,228	\$ 23,547,741	\$ 18,807,358	\$ 18,060,712	\$ 23,132,288	\$ 21,580,223	\$ 21,755,452
	1,888	1,786	1,431	1,117	1,036	1,662	906
\$	\$ 41,058,238	\$ 39,275,086	\$ 44,513,459	\$ 38,500,941	\$ 32,298,388	\$ 49,964,911	\$ 30,158,897
\$	\$ 302,660	\$ 275,925	\$ 309,563	\$ 237,941	\$ 192,688	\$ 269,941	\$ 183,048
	754	747	695	656	743	810	734
	0	0	0	0	0	0	0
\$	\$ 75,700	\$ 75,775	\$ 47,575	\$ 43,477	\$ 49,650	\$ 54,140	\$ 47,931
	14,571	14,882	13,057	12,444	13,866	14,005	14,308
	777	434	438	489	397	514	534
	263	227	144	191	137	90	268
	144	717	596	405	412	460	344
	276	298	375	311	352	345	291
	158	71	37	33	49	33	53
	62	105	128	115	94	184	194
	46	48	40	43	36	56	53
	68	341	282	319	283	391	342
\$	\$ 468	\$ 926	\$ 2,227	\$ 1,029	n/a	n/a	n/a
	59	52	63	74	43	92	54
	0	0	0	0	0	0	0
	54	48	35	65	50	58	61
	4	3	1	0	1	1	1
	1,650	1,423	1,416	1,476	1,443	1,364	1,390
	94	71	62	70	107	81	47
	327	294	233	224	229	203	139
	129	91	80	91	126	78	62
	173	211	174	182	197	170	162
	3	0	3	4	0	3	0
	5	1	4	9	5	3	4
	0	0	0	0	0	0	0
	2,439	2,142	2,008	2,121	2,158	1,961	1,866
	62	59	58	58	67	45	52
	54	44	37	61	50	51	37

(Continued)

City of Avon Lake, Ohio
Operating Indicators by Function/Program
Last Ten Years
(Continued)

Function/Program	2018	2017	2016
Leisure Time Activities			
<i>Recreation</i>			
Pool:			
Total Attendance	35,808	37,155	41,528
Total Admission Income	\$ 72,755	\$ 70,620	\$ 74,294
Total Pass Sales	122,012	125,234	93,205
Total Pool Parties	29	12	12
Total Pool Party Income	\$ 1,450	\$ 1,600	\$ 1,800
Other Recreation Programs:			
Total Income from Sport related Programs	\$ 205,941	\$ 301,000	\$ 135,915
Total Income from Non-Sport related Programs	\$ 111,615	\$ 70,000	\$ 110,867
Total Income from Food Programs	\$ 75,503	\$ 79,380	\$ 77,267
Total Income from Youth & Family related Programs	\$ 15,734	\$ 11,000	\$ 7,341
Rental of Facilities:			
Total Income from Pavilion Rentals	\$ 8,650	\$ 3,000	\$ 8,115
Total Income from Lake House Rentals	\$ 60,479	\$ 47,700	\$ 32,170
<i>Cable Television</i>			
Bulletin Boards	393	452	334
Program Hours	\$457	413	397h 0m
Community Producers	11	17	15
Facebook Post Requests	324	n/a	n/a
Website Post Requests	261	n/a	n/a
Media Duplication	115	n/a	n/a
Series:			
Public	14	15	15
Government	7	9	8
One Time/Specials:			
Public	19	33	27
Government	26	25	33
Studio Tours	1	8	2
Public Editor Used	23	34	28
Water			
Water rates per 1000 gallons, 1st 50,000 gallons of water used (2)	\$ 1.92	\$ 1.85	\$ 1.78
Total accounts within Avon Lake	8,793	8,590	8,855
Bulk customers outside of Avon Lake	7	7	7
Total water sales (billions of gallons)	7.394	7.678	7.428
Average daily production (millions of gallons)	21	21.0	20
Total miles of water line in Avon Lake	136	136	134
Total water revenues from within Avon Lake	\$ 2,304,718	\$ 2,121,284	\$ 2,237,628
Total water revenues from bulk customers outside of Avon Lake	\$ 8,796,372	\$ 8,583,127	\$ 8,083,827
Sewer			
Wastewater rates per 1000 gallons	\$ 5.52	\$ 4.80	\$ 4.17
Total accounts within Avon Lake	8,538	8,355	8,269
Bulk customers outside of Avon Lake	2	2	2
Total flow of wastewater treatment plant (billions of gallons)	2.000	1.800	1.700
Average daily flow (millions of gallons per day)	5	5	5
Tons of dry sludge removed	3,134	3,313	3,266
Total miles of sanitary and combined sewer in Avon Lake	104	104	103
Total wastewater pumping stations in Avon Lake	5	5	5
Total wastewater revenues from within Avon Lake	\$ 4,951,874	\$ 3,874,132	\$ 3,604,454
Total wastewater revenues from bulk customers outside of Avon Lake	\$ 908,684	\$ 699,787	\$ 587,422

Source: Information provided by the City's various departments.
n/a - Information is unavailable

	2015	2014	2013	2012	2011	2010	2009
	35,761	75,761	39,784	51,810	25,871	27,283	6,885
\$	164,271	\$ 150,363	\$ 137,257	\$ 143,946	\$ 140,962	\$ 119,160	\$ 36,969
	1,143	930	641	642	793	555	300
	0	41	55	53	46	59	9
\$	1,950	\$ 6,158	\$ 8,160	\$ 8,348	\$ 10,066	\$ 8,850	\$ 1,350
\$	101,348	\$ 70,207	\$ 49,972	\$ 41,000	\$ 34,626	\$ 35,079	\$ 21,432
\$	20,194	\$ 3,940	\$ 4,039	\$ 4,112	\$ 6,283	n/a	n/a
\$	66,530	\$ 2,421	\$ 2,972	\$ 2,568	\$ 2,948	n/a	n/a
\$	6,141	\$ 892	\$ 2,723	\$ 3,134	\$ 2,317	\$ 1,987	\$ 2,605
\$	8,225	\$ 9,325	\$ 9,475	\$ 8,500	\$ 8,000	n/a	n/a
\$	18,708	\$ 40,972	n/a	\$ 37,135	\$ 35,168	n/a	n/a
	406	544	350	229	386	306	334
	388h 56m	386h 33m	414h 35m	387h 29m	392h 40m	376h 31m	315h 16m
	24	20	21	17	16	11	15
	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	16	15	12	12	13	13	15
	8	12	11	11	12	11	15
	8	16	15	11	7	11	11
	57	39	33	22	23	21	22
	1	1	1	5	0	0	3
	25	6	11	13	7	3	13
\$	1.73	\$ 1.68	\$ 1.61	\$ 1.55	\$ 1.37	\$ 1.19	\$ 1.19
	8,355	8,311	8,251	8,192	8,124	8,082	8,034
	7	7	7	7	7	7	7
	7.020	6.831	7.159	8.086	7.548	7.532	7.314
	20	19	20	22	21	21	21
	134	134	133	133	132	131	131
\$	1,437,738	\$ 1,557,478	\$ 1,493,529	\$ 1,563,952	\$ 1,315,101	\$ 1,279,250	\$ 1,134,044
\$	8,712,715	\$ 7,860,528	\$ 7,320,250	\$ 7,557,323	\$ 6,306,417	\$ 6,020,174	\$ 5,960,861
\$	3.63	\$ 3.39	\$ 3.17	\$ 2.84	\$ 2.51	\$ 2.18	\$ 2.18
	8,186	8,140	8,054	7,990	7,929	7,885	7,831
	2	2	2	2	2	1	1
	1.678	1.699	1.942	2.042	2.229	1.760	1.663
	5	5	5	6	6	5	5
	3,311	2,492	2,536	2,781	2,233	1,891	2,043
	103	103	102	102	102	101	101
	5	5	5	5	5	5	5
\$	3,047,574	\$ 3,247,971	\$ 3,019,221	\$ 2,900,898	\$ 2,590,456	\$ 2,425,504	\$ 2,255,238
\$	502,313	\$ 444,078	\$ 411,844	\$ 385,622	\$ 323,587	\$ 257,500	\$ 252,431

City of Avon Lake, Ohio
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Administrative Building	1	1	1	1	1	1	1	1	1	1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	33	26	32	31	31	26	24	24	23	24
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	13	13	13	15	15	13	13	11	11	11
Personal Water Craft (PWC)	2	2	2	2	2	2	2	2	2	2
Recreation										
Number of Parks	14	14	14	14	14	14	14	14	14	14
Parks (in acres)	226	226	226	226	226	226	226	226	226	226
Number of Lighted Tennis Courts (1 location)	4	4	4	4	4	4	4	4	4	4
Baseball/Softball Diamonds (2 locations)	11	11	11	11	11	11	11	11	11	11
Pool	1	1	1	1	1	1	1	1	1	1
Transportation										
Streets (miles)	117	117	117	117	117	116	114	113	108	108
Water										
Water Lines (miles)	136	134	134	134	134	133	133	132	131	131
Sewer and Storm Sewer										
Sanitary Sewers (miles)	103	103	103	103	103	102	102	102	101	101
Storm Sewers (miles)	88	88	88	88	88	87	86	86	86	86

Source: City's Department records

OHIO AUDITOR OF STATE
KEITH FABER



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 5, 2019**