



City of Avon Lake, Ohio

Comprehensive Annual Financial Report

For the year ended December 31, 2019



CITY OF AVON LAKE, OHIO



Comprehensive Annual Financial Report

**For the Year Ended
December 31, 2019**

Issued by the Finance Department

**Steven J. Presley
Director of Finance**

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INTRODUCTORY SECTION



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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

August 24, 2020

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, 2019.

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, 2019. 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. 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 employees, enacts ordinances and resolutions relating to City Services, tax levies, appropriations borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President of Council, who is elected by Council for a two-year term. The charter established certain administrative departments and Council may establish additional departments and divisions within departments.

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

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

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

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

Profile of the City

The City of Avon Lake is served by diversified transportation facilities, including U.S. Highway 90 and Interstate I-71 and I-80 (The Ohio Turnpike). It is served by Norfolk and Southern Railroad for freight rail services, Amtrak for passenger rail services (located in nearby Cleveland and 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 Avon Lake are the Rock and Roll Hall of Fame, Progressive Field, Quicken Loans Arena, FirstEnergy Stadium, the world-Class Cleveland Orchestra, Cleveland Museum of Art, Cleveland Museum of Natural History, Western Reserve Historical Society, Cleveland Playhouse, and Karamu House. These and other facilities in the area offer an extensive variety of cultural and educational programs to the community. The Cleveland metropolitan area is also proud to be the home of many professional sports team such as the Cleveland Indians (baseball), Cleveland Cavaliers (basketball), Cleveland Browns (football), and Cleveland Monsters (AHL hockey), as well as the Lake Erie Crushers, an independent professional minor league baseball team.

The Avon Lake City Schools (ALCS) also play a significant role in the success of our community. The school system educates over 3,700 students with 551 contracted employees including teachers, professionals, and support staff working to offer quality educational opportunities. It issued 725 W-2 forms in 2019 due to the number of part-time workers it employs. Avon Lake City Schools has been recognized as Excellent by the Ohio Department of Education for the past 16 years. According to U.S. News and World Report, in 2019 the school system ranked #24 out of 614 districts in Ohio, and #593 out of 18,000 districts in the U.S.

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, provide a wide variety of both active and passive recreational opportunities. 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 hosts one of the Recreation Department's Greenbox program locations, 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). Many neighborhood parks include a playground, picnic tables, and charcoal grills. Resatar Park includes 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 contain a wide variety of amenities, which include athletic fields (baseball, softball, lacrosse, and soccer), picnic areas/pavilions, hiking/biking trails, a skate park, and volleyball and basketball courts. Miller Road Park and Veterans Memorial Park are situated along the Lake Erie shoreline and contain beach areas and water access facilities (a boat launch and fishing pier). Additionally, Veterans Memorial Park is home to the Avon Lake Boat Club, the historic Folger Home, and The Lake House, a popular event venue. Miller Road Park includes the Peter Miller House Museum (c. 1830) and an adjoining wildflower garden. Both the Peter Miller House Museum and the Folger Home are listed 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 Avon Lake Place Space playground, lighted tennis and basketball courts, as well as the Ellen Trivanovich Aquatic Center. Weiss Field features a dog park, horse arena, and skate park. Many of the community parks host large programs and festivals produced by both the City and other organizations.

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 to the Mayor and Council with estimated budget amounts for current and future year needs. The City annually spends \$1 million to \$2.3 million on road maintenance and upkeep every year. Supplementing the yearly street program are projects for which the City pursues OPWC grant funding and ODOT LTIP funding. In 2017, the City completed a project to install LED traffic signals and added turn lanes to the Lear Road/ Krebs Road intersection. Lear Road, has become a major arterial route since the new interchange on I-90 was added. The City continues to apply for various roadway grants through NOACA, OPWC and ODOT.

The City continues to work on sewer separation projects and has met our EPA obligation of 2020 to be fully separated. The last and final project was the separation of sewers in the Cottage District off Lear Road, which separated nearly 350 homes in a historic district of the City. This monumental \$17 million project was challenging due to the new waterlines, storm sewers, sanitary sewers, roadside drainage and full roadway reconstruction that the project entailed. In addition to the separation, the City temporarily took over the community park to use as a staging area. Once completed, a new playground and spray ground were installed.

In addition to sewer separation, the City also completed a lateral separation program in 2019. This project reviewed over 2600 homes in Avon Lake that were constructed prior to 1972. Through inspections and testing, many of these homes that had clean water connections to the sanitary sewer were mandated to separate their lateral connections. By the end of 2019, all homes had been separated and/or confirmed to be connected properly to prevent clean water flooding of the sanitary sewers.

The City continues to pursue grants to fund other needed Capital Projects. The City of Avon Lake has hired Mannik and Smith Engineers to conduct a Lake Road (US-6) Safety Corridor Study for the bike routes. Due to an increase in bicycle and vehicle accidents, this study is being undertaken and will be paid for by the City with the intention of seeking grant money to assist in paying for the needed improvements.

Four cities along the Lake Erie shore received another NOACA Multi-Modal Transportation Grant in 2016 to study the four communities along the south shore of the lake in order to develop a link among the communities in Lorain County. A second objective is to stimulate economic development by maximizing access to Lake Erie. The City purchased an empty law office building along the route as well as a .49 acre parcel for use as a park as a result of this effort.

The city has been working with a historical group now called Heritage Avon Lake (HAL) to restore an early 1900's house on Lake Erie. The group was awarded a \$150,000 grant from the State of Ohio to achieve that goal and the group has been granted another \$75,000 to continue the project in 2016. The City has continued to work with HAL to do improvements at the park. In recent years the City has reconfigured the parking lot in front of the Folger Home and added a new public restroom building in the park. Additional improvements are planned for the park including installing security cameras.

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, as well as Pin Oak Parkway. The largest are Avient (formerly PolyOne Corporation), a Fortune 1000 company, Ford Motor Company's Ohio Assembly Plant, and a division of Lubrizol Corporation. At the end of 2019, Ford Motor Company and the United Auto Workers (UAW) announced an investment of \$900 million in the Ohio Assembly Plant and a new vehicle by 2023. Other companies include Thogus Products, Mexichem (Orbia) Specialty Resins, Inc., Western Enterprises, National Fleet Services of Ohio, and Fontaine Modifications. The Comprehensive Land Use Plan, adopted in 2019 looks to continue growth in the industrial area by attracting new companies and developing the small amount of still available land. The total number of acres in our industrial areas is over 1,400 acres, with less than 150 available for future development

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 Avient (formerly 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.

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 GenOn plant along Lake Road and is the home of the post office, restaurants, 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. Avon Lake companies that have recently expanded with the help of the CRA Program include Randall's Lawn Care & Landscaping, Catania Medallie, and Northern Hammerworks.

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 are generated from sources other than tax revenues.

In its early years, the CIC held a business plan competition which required that the applicants attend a series of workshops to help them improve their business practices. They then ran a grant program for small businesses which awarded up to ten businesses \$2,500 each to achieve their goals. Most recently, when the Covid-19 public health crisis shuttered restaurants and bars the CIC quickly mobilized to organize a grant program that gave \$98,000 to Avon Lake restaurants and bars.

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. In the most recent administration of the program, the average award amount was \$2,372.

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 higher than for the state as a whole. In 2018, the median family income in Avon Lake was \$87,525, while the median family income for the State of Ohio was \$72,028. Housing prices in Avon Lake continue to remain strong. The median home value in the city is \$270,192 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 Aa3 as of April 2017. This is a slight reduction from the previous rating of an Aa2. Substantial improvements in the city's infrastructure focusing on the separation of combined sewer and an expansion of the water and wastewater plants required the issuing of substantial debt caused the rating to drop from Aa2. These EPA mandated changes are being done in order to comply with strict environmental standards. While the debt is General Obligation the majority of the repayment is owed by Avon Lake Region Water.

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

Awards and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Avon Lake for its comprehensive annual financial report for the year ended December 31, 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, 2018

Christopher P. Morrill

Executive Director/CEO

City of Avon Lake, Ohio

Directory of Officials

December 31, 2019

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 Streator

Police Chief

Jeremy Betsa

Fire Chief

Ted Esborn

Director of Economic Development

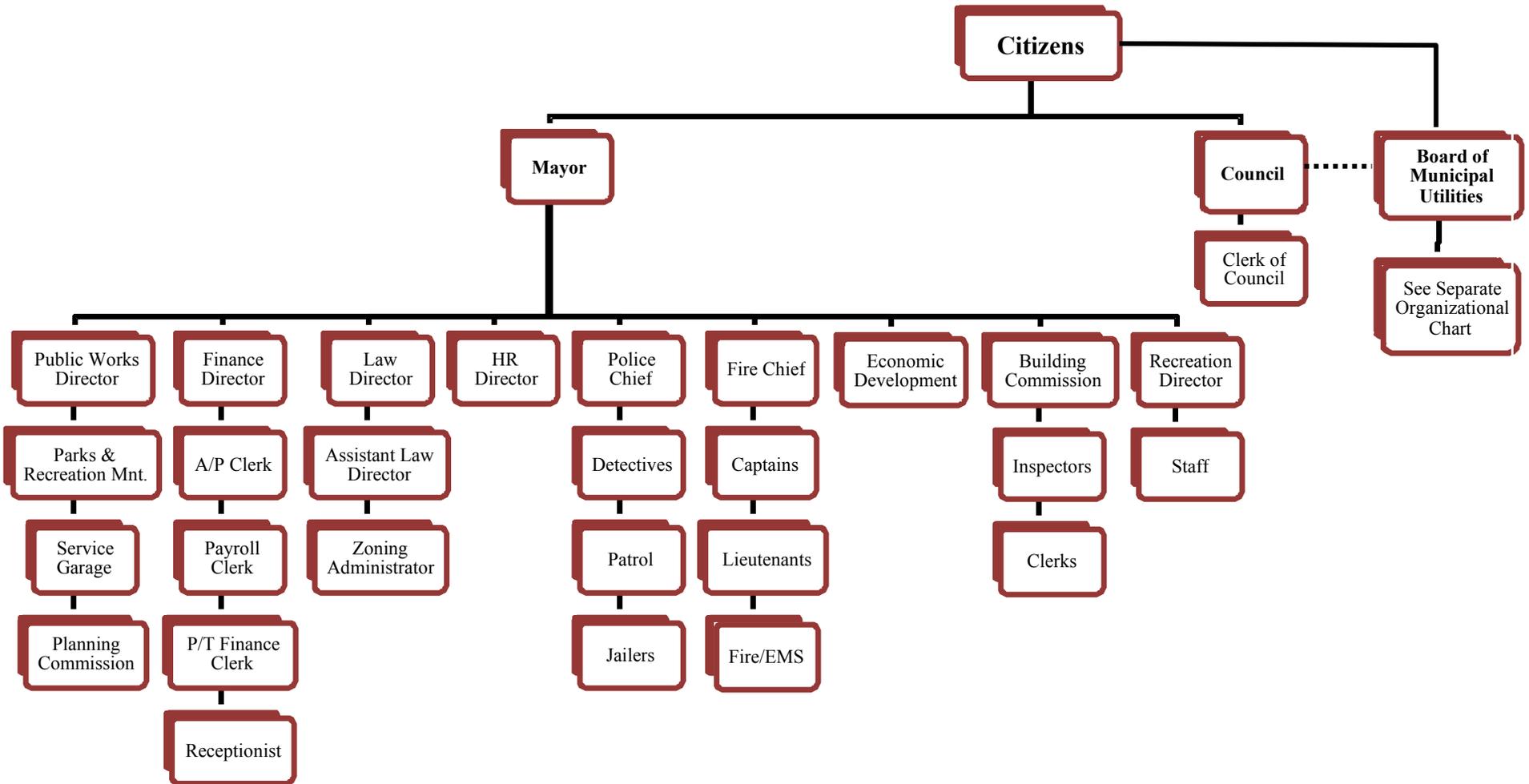
Tim Pinchek

Recreation Director

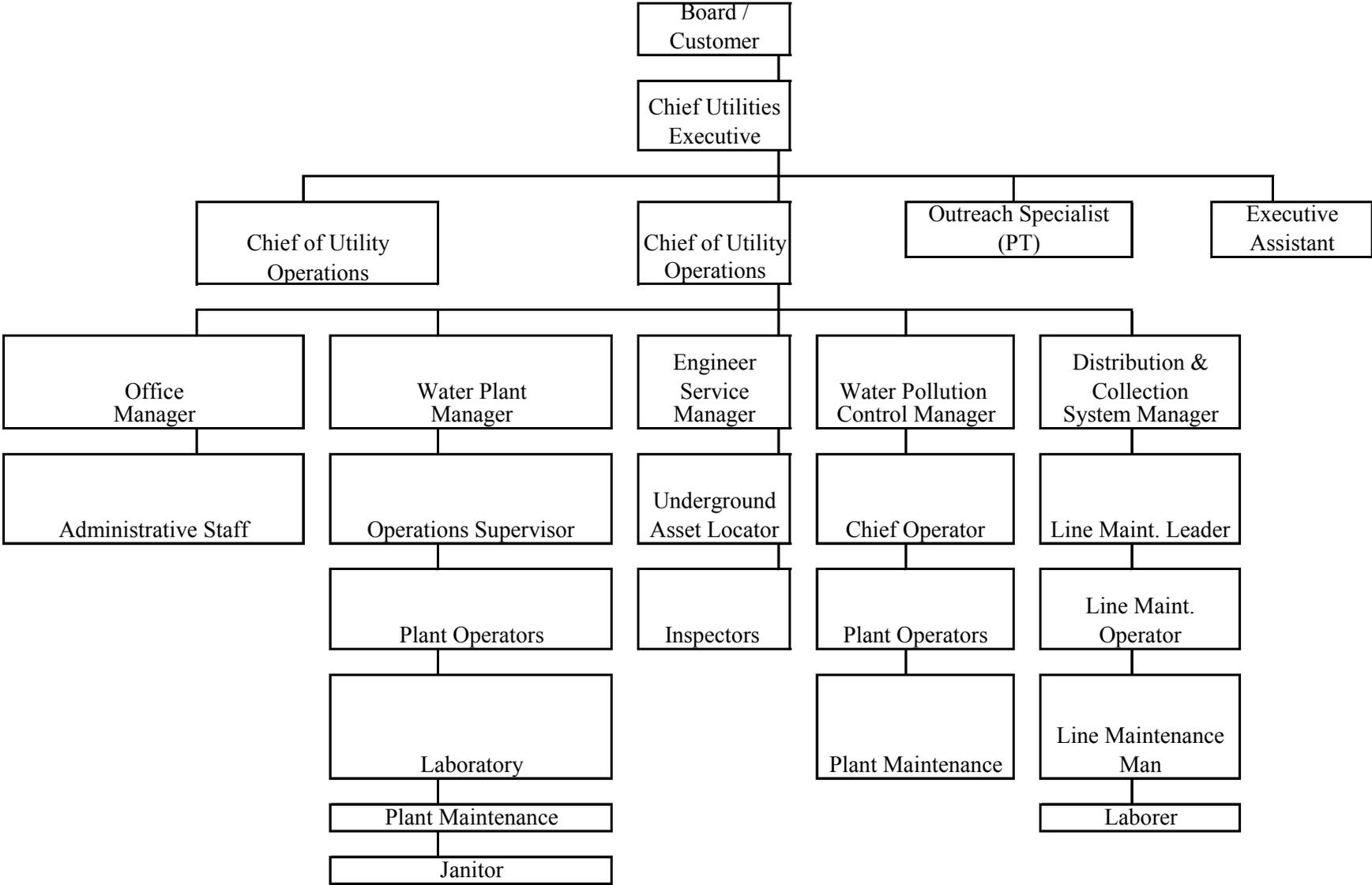
Darrel Bilancini

Judge of Municipal Court

City of Avon Lake, Ohio
Organizational Chart – City
 December 31, 2019



City of Avon Lake, Ohio
Organizational Chart – Avon Lake Regional Water
 December 31, 2019



FINANCIAL SECTION



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

Certified Public Accountants

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Garfield Hts., Ohio 44125

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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, 2019, 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, 2019, 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 24 to the basic financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension 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 August 24, 2020, 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

August 24, 2020

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City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(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, 2019. 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 2019 are as follows:

- The City's economic condition continued to improve as total revenues increased by \$1,630,215 or 3.38 % over 2018.
- Total Net Position increased \$11,932,559 in 2019 over 2018.
- In 2019, the City issued \$15,995,000 in general obligation bonds, which were utilized to retire the 2018 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.

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

City of Avon Lake, Ohio
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(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 \$84,359,183 to \$96,291,742.

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	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	\$ 32,116,439	\$ 29,348,902	\$ 19,095,403	\$ 16,848,536	\$ 51,211,842	\$ 46,197,438
Net Pension Asset	24,668	29,647	19,256	23,144	43,924	52,791
Capital assets, net	73,845,983	70,913,304	185,760,972	181,653,975	259,606,955	252,567,279
Total Assets	105,987,090	100,291,853	204,875,631	198,525,655	310,862,721	298,817,508
DEFERRED OUTFLOWS OF RESOURCES						
Deferral on Refunding	328,867	366,274	115,289	127,425	444,156	493,699
Pension	8,253,990	3,748,819	2,445,975	1,141,328	10,699,965	4,890,147
OPEB	2,063,781	1,757,753	394,140	204,641	2,457,921	1,962,394
Total Deferred Outflows of Resources	10,646,638	5,872,846	2,955,404	1,473,394	13,602,042	7,346,240
LIABILITIES						
Current and other liabilities	1,684,238	9,461,983	979,251	8,226,817	2,663,489	17,688,800
Long-term liabilities:						
Due within one year	2,213,078	1,523,329	4,573,903	4,244,448	6,786,981	5,767,777
Due in More Than One Year:						
Net Pension Liability	28,608,542	19,192,456	7,423,820	3,973,952	36,032,362	23,166,408
Net OPEB Liability	6,575,777	16,494,943	3,469,926	2,714,061	10,045,703	19,209,004
Other Amounts	32,399,679	21,400,283	132,397,117	123,909,737	164,796,796	145,310,020
Total Liabilities	71,481,314	68,072,994	148,844,017	143,069,015	220,325,331	211,142,009
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	6,485,820	6,529,752	-	-	6,485,820	6,529,752
Pension	471,917	2,181,688	176,991	1,253,273	648,908	3,434,961
OPEB	684,027	458,261	28,935	239,582	712,962	697,843
Total Deferred Inflows of Resources	7,641,764	9,169,701	205,926	1,492,855	7,847,690	10,662,556
NET POSITION						
Net Investment in						
Capital Assets	41,911,671	42,910,011	49,468,981	47,469,992	91,380,652	90,380,003
Restricted	9,450,107	12,190,510	-	-	9,450,107	12,190,510
Unrestricted	(13,851,128)	(26,178,517)	9,312,111	7,967,187	(4,539,017)	(18,211,330)
Total Net Position	\$ 37,510,650	\$ 28,922,004	\$ 58,781,092	\$ 55,437,179	\$ 96,291,742	\$ 84,359,183

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The City previously 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.

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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.

Total assets increased by \$12,045,213 in 2019. 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 \$7,039,676. This increase was mainly attributed to several new construction projects beginning in 2019 which were offset by current year depreciation expenses.

Current and other assets increased \$5,014,404 mainly from an increase in equity in pooled cash and cash equivalents in the business-type activities.

Total liabilities increased by \$9,183,322 in 2019 with current liabilities decreasing \$15,025,311 and long-term liabilities increasing \$24,208,633. The decrease in current liabilities and increase in long-term liabilities is due to the issuance of general obligation bonds in 2019, which were utilized to retire the 2018 bond anticipation notes and provide resources for new projects.

The changes in deferred outflows of resources, net pension liability, net OPEB liability and deferred inflows of resources are due to the recording of GASB Statements No. 68 and 75 as previously discussed.

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 \$1,000,649 from 2018 to 2019. Restricted net position decreased \$2,740,403 and unrestricted net position increased \$13,672,313.

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Table 2 shows the Changes in Net Position for governmental activities and business-type activities for the year ended December 31, 2019 compared to December 31, 2018.

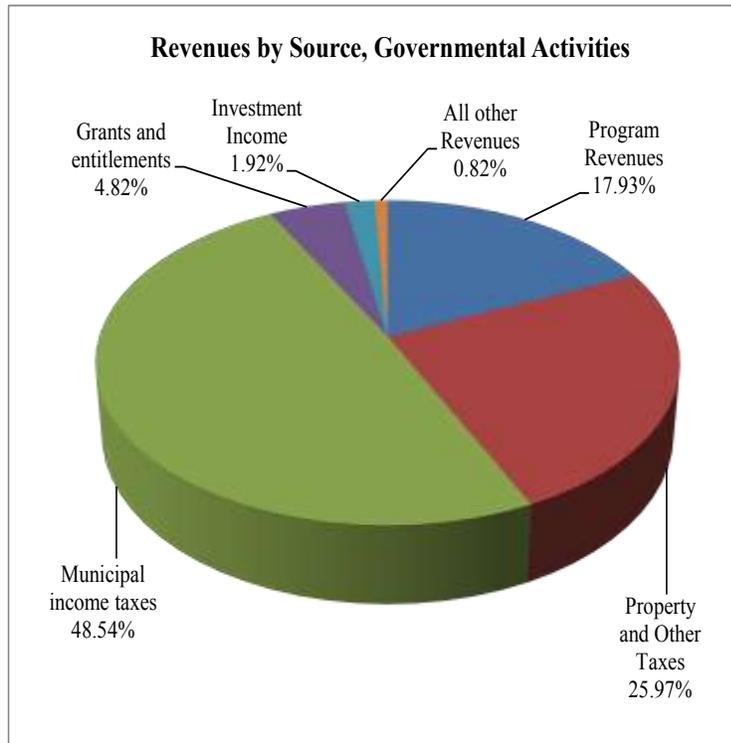
Table 2- Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues:						
Charges for services	\$ 2,110,353	\$ 1,976,933	\$ 22,291,415	\$ 20,708,688	\$ 24,401,768	\$ 22,685,621
Operating grants and contributions	2,099,621	1,398,967	217,249	261,737	2,316,870	1,660,704
Capital grants and contributions	536,270	2,017,170	392,650	1,643,850	928,920	3,661,020
Total Program Revenues	4,746,244	5,393,070	22,901,314	22,614,275	27,647,558	28,007,345
General Revenues:						
Property taxes	6,465,834	5,767,791	-	-	6,465,834	5,767,791
Municipal income taxes	12,851,527	11,890,667	-	-	12,851,527	11,890,667
Other taxes	409,588	431,779	-	-	409,588	431,779
Grants and entitlements	1,277,192	1,152,476	-	-	1,277,192	1,152,476
Investment income	508,868	292,217	206,463	93,443	715,331	385,660
All other revenues	216,348	207,122	231,165	341,488	447,513	548,610
Total General Revenues	21,729,357	19,742,052	437,628	434,931	22,166,985	20,176,983
Total Revenues	26,475,601	25,135,122	23,338,942	23,049,206	49,814,543	48,184,328
EXPENSES						
Program Expenses:						
Security of persons and property	1,151,587	11,330,517	-	-	1,151,587	11,330,517
Leisure time activities	2,071,149	1,979,149	-	-	2,071,149	1,979,149
Community environment	687,950	580,475	-	-	687,950	580,475
Transportation	8,366,486	7,461,591	-	-	8,366,486	7,461,591
General government	4,656,345	4,272,344	-	-	4,656,345	4,272,344
Interest and fiscal charges	953,438	375,664	-	-	953,438	375,664
Water	-	-	12,588,737	11,778,764	12,588,737	11,778,764
Sewer	-	-	7,406,292	8,156,152	7,406,292	8,156,152
Total Expenses	17,886,955	25,999,740	19,995,029	19,934,916	37,881,984	45,934,656
Changes in Net Position	8,588,646	(864,618)	3,343,913	3,114,290	11,932,559	2,249,672
Net Position - Beginning of Year, restated	28,922,004	29,786,622	55,437,179	52,322,889	84,359,183	82,109,511
Net Position - End of Year	\$ 37,510,650	\$ 28,922,004	\$ 58,781,092	\$ 55,437,179	\$ 96,291,742	\$ 84,359,183

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Governmental Activities

Revenues by source of governmental activities for 2019 were comprised of:



Revenues

Total revenues increased by \$1,340,479 or 5.33%. The 1.50% municipal income tax is the largest revenue source totaling \$12,851,527 or 48.54%. Municipal income tax increased by \$960,860 or 8.08%. 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 2019 the Capital Improvement Fund, General Bond Retirement Fund, Recreation Trust Fund and General Fund received \$2,250,000, \$1,550,000, \$525,000 and \$8,163,574 respectively.

The next largest general revenue source is property taxes totaling \$6,465,834 or 24.42%. Property taxes increased by \$698,043 or 12.10%. The increase was due to the tri-annual update and growth in the City's housing stock. Charges for services increased by \$133,420 or 6.75%, operating grants and contributions increased by \$700,654 or 50.08% due to OPWC and OWDA grants to the City, and capital grants and contributions decreased by \$1,480,900. The decrease in capital grants and contributions is mainly due to contributions from developers in 2018 as compared to 2019.

Expenses

Expenses decreased \$8,112,785 in 2019. The significant reduction in expense is due to The Ohio Police and Fire Pension Fund (OP&F) making a change to its health care model. Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered.

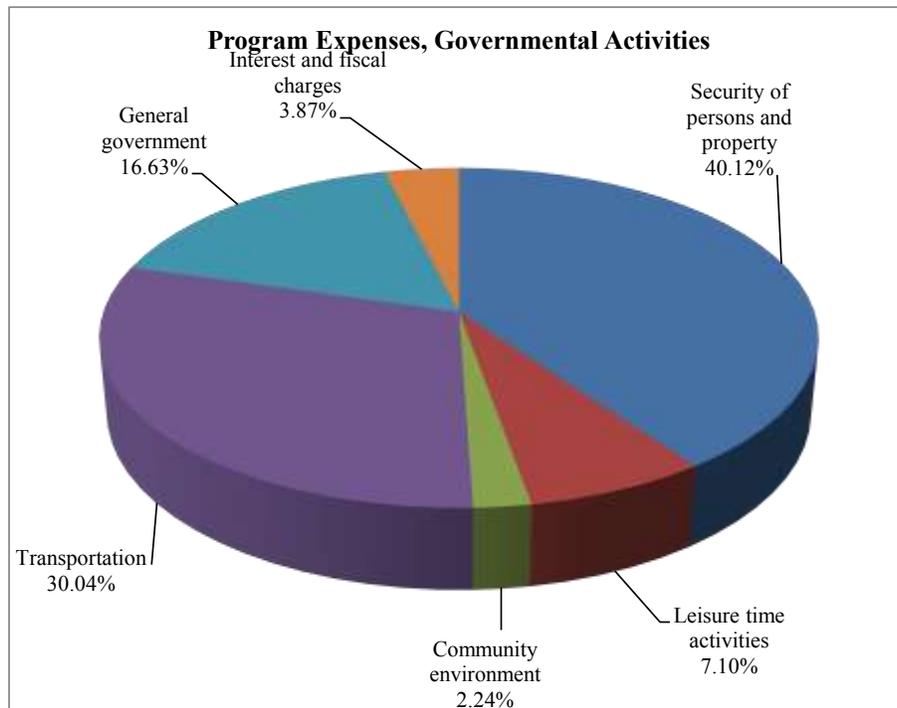
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In its place will be a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, OP&F management expects that it will be able to provide stipends to eligible participants for the next 15 years.

The provisions of GASB Statements 68 and 75 required the City to recognize a pension/OPEB adjustment that reduced expenses by \$6,793,305 in 2019 compared to 2018. As a result, it is difficult to ascertain the true operational cost of services and the changes in the cost of services from year to year. The table below shows the total cost of services by function with the GASB Statements 68 and 75 pension and OPEB costs removed.

EXPENSES	Governmental Activities	
	2019	2018
Program Expenses:		
Security of persons and property	\$ 9,902,468	\$ 9,668,064
Leisure time activities	1,752,118	1,860,507
Community environment	552,406	526,876
Transportation	7,414,928	7,079,883
General government	4,104,902	4,046,096
Interest and fiscal charges	953,438	375,664
Total Expenses	\$ 24,680,260	\$ 23,557,090

Program expenses of governmental activities for 2019 were comprised of:



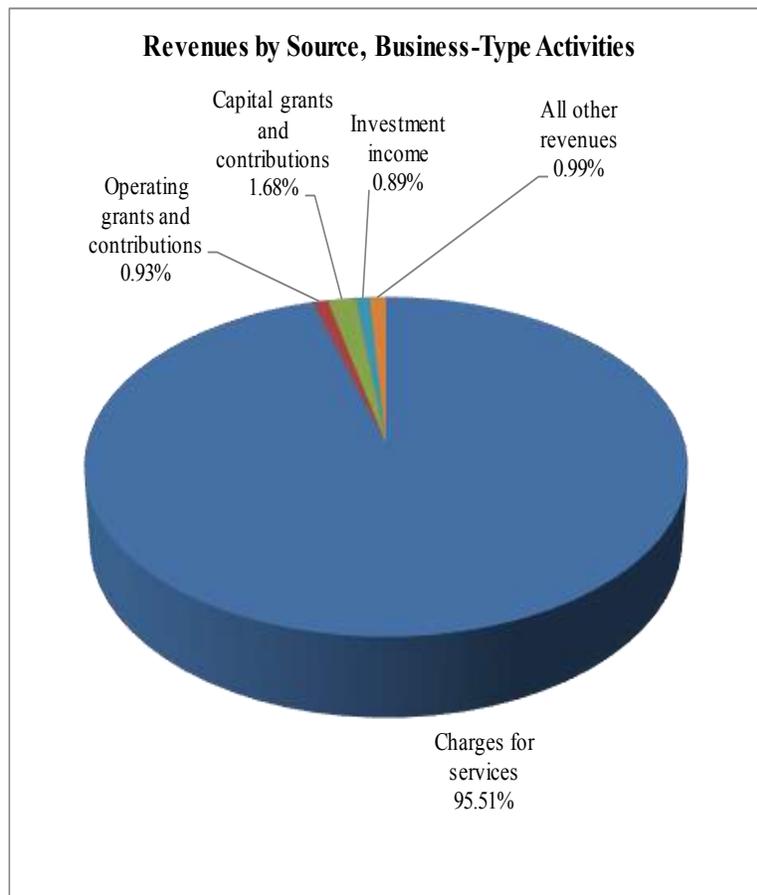
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Using the table on the previous page, program expenses amounted to \$24,680,260 in 2019, of which only \$4,746,244 was supported by program revenues. Security of persons and property, which includes police, fire and paramedic services, represented \$9,902,468 or 40.12% of total program expenses. Transportation, which includes street maintenance, snow removal, etc., represents \$7,414,928 or 30.04% 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 \$4,104,902 or 16.63%. Leisure time activities represented \$1,752,118 or 7.10% of program expenses and includes recreation pool and special programs. Other program expenses consisting of community environment, and interest and fiscal charges amounted to 6.11%. Program expenses increased in 2019 by \$1,123,170 or 4.77% from the 2018 program expenses due to street improvement expenses and interest and fiscal charges.

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 2019 were comprised of:



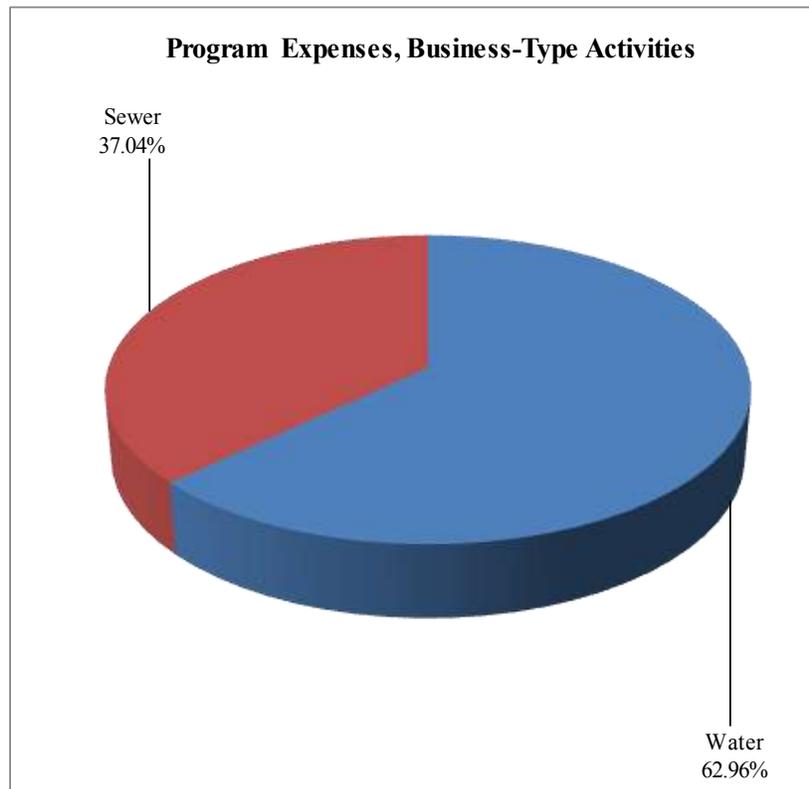
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Revenues

Program revenue consisting of charges for services, operating and capital grants and contributions represented 98.12% of total revenues for the business-type activities in 2019. Charges for services for the business-type activities amounted to \$22,291,415 with 64.85% provided by water services and 35.15% 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 \$703,245 or 5.08% due to an increase in sales, in addition to an increase in rates charged to users.

Program Expenses for business-type activities for 2019 were comprised of:



Expenses

Water operation expenses amounted to \$12,588,737 or 62.96% and sanitary sewer operation expenses amounted to \$7,406,292 or 37.04% of total program expenses for business-type activities in 2019.

Total expenses for business-type activities increased slightly in 2019 by \$60,113.

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 \$25,807,408 and expenditures of \$28,233,023 (not including other financing sources and uses).

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The General Fund's fund balance increased by \$922,164. 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 \$1,866,325. General Fund expenditures (including transfers out) for the current year were \$14,451,745, with revenues and other financing sources of \$15,373,909 leaving a fund balance of \$2,788,489, and an unassigned balance of \$2,125,878 in the General Fund.

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 14.71% of total General Fund expenditures while total fund balance represents 19.30% of that same amount. The fund balance of the City's General Fund balance increased by \$922,164 in 2019 when compared to 2018.

Other Major Funds Analysis

The City's Capital Improvement fund experienced an increase in fund balance in the amount of \$2,515,750 mainly due to the issuance of general obligation bonds in 2019.

The City's 45' Sewer fund experienced a slight decrease in fund balance in the amount of \$38,416.

The City's Water Fund experienced an increase of \$2,593,374 in its 2019 net position compared to 2018. The main contributor to this is the City's efforts to maintain expense lower than revenues.

The City's Sewer Fund experienced an increase of \$750,539 in its 2019 net position compared to 2018. The main contributor to this is the City's efforts to maintain expense lower than revenues.

General Fund Budgeting Highlights

The City's budget is prepared according to the laws of the State of Ohio and is based on accounting for certain transactions on a cash basis for receipts, expenditures, and encumbrances. The most significant budgeted fund is the General Fund. The legal level of budgetary control is at the personnel and other levels within the departments for the general fund and at the personnel and other levels for all other funds. Any budgetary modifications at these levels may only be made by an ordinance of City Council. During 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.

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(Unaudited)

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 including other financing sources are \$15,496,983 and final budgeted revenues including other financing sources are \$15,407,644, and actual revenue including other financing sources are \$15,132,185. Final budgeted revenues decreased slightly from original budgeted revenues. Actual revenue decreased over the final budgeted amounts. Original budgeted expenditures including other financing uses are \$15,231,478 and final budgeted expenditures including other financing uses are \$14,774,608, this decrease is mainly due to transportation. Actual general fund expenditures including other financing uses were \$14,589,822 or \$184,786 less than the final budget. The decrease in actual expenditures represents the City's proactive management and legislative action to control costs across the City's departments when practicable.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Capital assets, net of depreciation, at December 31, 2019 and 2018 consisted of:

Table 3- Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 5,713,977	\$ 5,652,252	\$ 1,922,412	\$ 1,922,412	\$ 7,636,389	\$ 7,574,664
Construction in progress	17,722,509	13,760,067	89,878,147	83,004,975	107,600,656	96,765,042
Buildings and improvements	12,895,271	13,394,074	19,872,643	20,577,340	32,767,914	33,971,414
Machinery and equipment	1,780,230	1,882,034	2,138,325	2,262,263	3,918,555	4,144,297
Vehicles	2,002,271	1,670,286	495,642	417,661	2,497,913	2,087,947
Infrastructure	33,731,725	34,554,591	71,453,803	73,469,324	105,185,528	108,023,915
Total Capital Assets, Net of Depreciation	<u>\$ 73,845,983</u>	<u>\$ 70,913,304</u>	<u>\$ 185,760,972</u>	<u>\$ 181,653,975</u>	<u>\$ 259,606,955</u>	<u>\$ 252,567,279</u>

Capital assets are major assets that are used in operations and have useful lives of more than one year. As of December 31, 2019, total capital assets for the City were \$259,606,955 which reflects an increase of \$7,039,676 from the 2018 ending balance of \$252,567,279. Governmental activities' capital assets, net of depreciation, increased \$2,932,679 from 2018 and Business-type capital assets, net of depreciation, increased \$4,106,997, both as a result of several new construction projects beginning in 2019 and the continuing projects from 2018, 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, 2019, was \$168,742,420 which consisted of \$32,335,140 for governmental activities and \$136,407,280 for business-type activities. The City-wide balance reflects an increase of \$20,567,852 from 2018.

City of Avon Lake, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

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

Table 4- Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 13,198,553	\$ 4,327,799	\$ 9,021,242	\$ 2,361,342	\$ 22,219,795	\$ 6,689,141
Special Assessment Bonds	225,417	445,834	-	-	225,417	445,834
OWDA Loans	18,492,868	15,398,377	124,272,340	121,442,001	142,765,208	136,840,378
OPWC Loans	155,830	168,747	-	-	155,830	168,747
Mortgage Revenue Bonds	-	-	3,113,698	3,720,076	3,113,698	3,720,076
Police Pension Liability	71,961	75,198	-	-	71,961	75,198
Capital Leases	190,511	235,194	-	-	190,511	235,194
Total Outstanding Debt	\$ 32,335,140	\$ 20,651,149	\$ 136,407,280	\$ 127,523,419	\$ 168,742,420	\$ 148,174,568

During 2019, the City issued general obligation bonds for the retirement of the 2018 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 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. COVID -19 has placed a strain on the City's income tax revenues for 2020. While the economy is beginning to reopen Municipal Income Tax Receipts continue to fall further behind previous year to date figures. As of June 30, 2020, municipal income tax receipts are off 10.44% or \$720,500. The City will continue to monitor the situation. However, there are no layoffs or reductions in workforce planned at this time.

On a cash basis, property tax revenue increased in 2019 as a result of the tri-annual update and an increase in the housing stock. Municipal income tax revenues increased by \$710,000 from 2018. This increase 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 Stop 45 Sewer Separation and the residential sewer separations projects in 2019. 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, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 19,123,214	\$ 11,453,629	\$ 30,576,843
With Escrow Agents	11,065	-	11,065
Materials and Supplies Inventory	518,634	114,213	632,847
Accounts Receivable	303,127	2,368,909	2,672,036
Accrued Interest Receivable	41,063	16,147	57,210
Intergovernmental Receivable	1,418,705	1,931,664	3,350,369
Prepaid Items	86,465	140,139	226,604
Municipal Income Taxes Receivable	3,234,468	-	3,234,468
Property Taxes Receivable	6,644,116	-	6,644,116
Special Assessments Receivable	735,582	171,136	906,718
Loans Receivable	-	1,112,691	1,112,691
Investment In Joint Venture	-	1,786,875	1,786,875
Nondepreciable Capital Assets	23,436,486	91,800,559	115,237,045
Depreciable Capital Assets	50,409,497	93,960,413	144,369,910
Net Pension Asset	24,668	19,256	43,924
Total Assets	105,987,090	204,875,631	310,862,721
DEFERRED OUTFLOWS OF RESOURCES			
Deferral on Refunding	328,867	115,289	444,156
Pension	8,253,990	2,445,975	10,699,965
OPEB	2,063,781	394,140	2,457,921
Total Deferred Outflows of Resources	10,646,638	2,955,404	13,602,042
LIABILITIES			
Accounts Payable	635,596	397,679	1,033,275
Accrued Wages and Benefits	724,673	236,384	961,057
Intergovernmental Payable	243,036	272,880	515,916
Matured Compensated Absences Payable	-	31,657	31,657
Accrued Interest Payable	30,420	40,651	71,071
Retainage Payable	50,513	-	50,513
Long-term Liabilities:			
Due within one year	2,213,078	4,573,903	6,786,981
Due in more than one year:			
Net Pension Liability	28,608,542	7,423,820	36,032,362
Net OPEB Liability	6,575,777	3,469,926	10,045,703
Other Amounts	32,399,679	132,397,117	164,796,796
Total Liabilities	71,481,314	148,844,017	220,325,331
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	6,485,820	-	6,485,820
Pension	471,917	176,991	648,908
OPEB	684,027	28,935	712,962
Total Deferred Inflows of Resources	7,641,764	205,926	7,847,690
NET POSITION			
Net Investment in Capital Assets	41,911,671	49,468,981	91,380,652
Restricted for:			
Debt Service	1,952,959	-	1,952,959
Capital Projects	2,355,427	-	2,355,427
Public Safety	2,303,085	-	2,303,085
Parks and Recreation	432	-	432
Streets and Highways	2,743,814	-	2,743,814
Other Purposes	94,390	-	94,390
Unrestricted	(13,851,128)	9,312,111	(4,539,017)
Total Net Position	\$ 37,510,650	\$ 58,781,092	\$ 96,291,742

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, 2019

	<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	\$ 1,151,587	\$ 677,959	\$ 135,633	\$ -
Leisure Time Activities	2,071,149	762,797	39,673	-
Community Environment	687,950	3,781	-	-
Transportation	8,366,486	188,098	1,603,905	536,270
General Government	4,656,345	477,718	320,410	-
Interest and Fiscal Charges	953,438	-	-	-
Total Governmental activities	<u>17,886,955</u>	<u>2,110,353</u>	<u>2,099,621</u>	<u>536,270</u>
Business-type activities:				
Water	12,588,737	14,455,666	217,249	308,250
Sewer	7,406,292	7,835,749	-	84,400
Total Business-type activities	<u>19,995,029</u>	<u>22,291,415</u>	<u>217,249</u>	<u>392,650</u>
Total Primary Government	<u>\$ 37,881,984</u>	<u>\$ 24,401,768</u>	<u>\$ 2,316,870</u>	<u>\$ 928,920</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

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
\$ (337,995)	\$ -	\$ (337,995)
(1,268,679)	-	(1,268,679)
(684,169)	-	(684,169)
(6,038,213)	-	(6,038,213)
(3,858,217)	-	(3,858,217)
(953,438)	-	(953,438)
<u>(13,140,711)</u>	<u>-</u>	<u>(13,140,711)</u>
-	2,392,428	2,392,428
-	513,857	513,857
-	2,906,285	2,906,285
<u>(13,140,711)</u>	<u>2,906,285</u>	<u>(10,234,426)</u>
4,114,587	-	4,114,587
301,864	-	301,864
2,049,383	-	2,049,383
12,851,527	-	12,851,527
409,588	-	409,588
1,277,192	-	1,277,192
508,868	206,463	715,331
25,444	-	25,444
190,904	231,165	422,069
<u>21,729,357</u>	<u>437,628</u>	<u>22,166,985</u>
8,588,646	3,343,913	11,932,559
28,922,004	55,437,179	84,359,183
<u>\$ 37,510,650</u>	<u>\$ 58,781,092</u>	<u>\$ 96,291,742</u>

City of Avon Lake, Ohio
Balance Sheet
Governmental Funds
December 31, 2019

	<u>General Fund</u>	<u>Capital Improvement</u>	<u>45's Sewer Separation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 1,737,261	\$ 3,469,582	\$ 408,646	\$ 13,507,725	\$ 19,123,214
Cash and Cash Equivalents:					
With Escrow Agents	-	11,065	-	-	11,065
Materials and Supplies Inventory	-	-	-	518,634	518,634
Accrued Interest Receivable	-	30,891	-	10,172	41,063
Accounts Receivable	297,138	-	-	5,989	303,127
Interfund Receivable	81,841	-	-	145,042	226,883
Intergovernmental Receivable	514,629	-	-	904,076	1,418,705
Prepaid Items	73,481	-	-	12,984	86,465
Municipal Income Taxes Receivable	2,134,749	743,928	-	355,791	3,234,468
Property Taxes Receivable	4,227,896	-	-	2,416,220	6,644,116
Special Assessments Receivable	-	-	-	735,582	735,582
Total Assets	<u>\$ 9,066,995</u>	<u>\$ 4,255,466</u>	<u>\$ 408,646</u>	<u>\$ 18,612,215</u>	<u>\$ 32,343,322</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 56,547	\$ 507,587	\$ 38,416	\$ 33,046	\$ 635,596
Accrued Wages and Benefits	568,347	-	-	156,326	724,673
Intergovernmental Payable	190,457	-	-	52,579	243,036
Retainage Payable	-	50,513	-	-	50,513
Interfund Payable	-	-	-	226,883	226,883
<i>Total Liabilities</i>	<u>815,351</u>	<u>558,100</u>	<u>38,416</u>	<u>468,834</u>	<u>1,880,701</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	4,127,199	-	-	2,358,621	6,485,820
Unavailable Revenue - Delinquent Property Taxes	100,697	-	-	57,599	158,296
Unavailable Revenue - Municipal Income Taxes	664,978	231,735	-	110,829	1,007,542
Unavailable Revenue - Other	570,281	-	-	1,342,785	1,913,066
<i>Total Deferred Inflows of Resources</i>	<u>5,463,155</u>	<u>231,735</u>	<u>-</u>	<u>3,869,834</u>	<u>9,564,724</u>
FUND BALANCES					
Nonspendable	155,322	-	-	531,618	686,940
Restricted	-	-	370,230	7,188,417	7,558,647
Committed	330,097	3,465,631	-	6,639,225	10,434,953
Assigned	177,192	-	-	87,418	264,610
Unassigned (Deficits)	2,125,878	-	-	(173,131)	1,952,747
<i>Total Fund Balances</i>	<u>2,788,489</u>	<u>3,465,631</u>	<u>370,230</u>	<u>14,273,547</u>	<u>20,897,897</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,066,995</u>	<u>\$ 4,255,466</u>	<u>\$ 408,646</u>	<u>\$ 18,612,215</u>	<u>\$ 32,343,322</u>

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, 2019*

Total Governmental Funds Balance \$ 20,897,897

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 73,845,983

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

Delinquent property taxes	\$	158,296	
Municipal income taxes		1,007,542	
Special assessments		735,582	
Intergovernmental		1,003,726	
Charges for services		173,758	
Total			3,078,904

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental funds, an interest expenditure is reported when due. (30,420)

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		8,253,990	
Deferred Inflows - Pension		(471,917)	
Net Pension Asset		24,668	
Net Pension Liability		(28,608,542)	
Deferred Outflows - OPEB		2,063,781	
Deferred Inflows - OPEB		(684,027)	
Net OPEB Liability		(6,575,777)	
Total			(25,997,824)

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		(12,800,000)	
Special assessment bonds		(225,000)	
OPWC loans		(155,830)	
OWDA loan		(18,492,868)	
Deferral on refunding		328,867	
Unamortized bond premium		(398,970)	
Capital leases		(190,511)	
Other long-term obligations		(287,984)	
Compensated absences		(2,061,594)	
Total			(34,283,890)

Net Position of Governmental Activities \$ 37,510,650

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, 2019

	General Fund	Capital Improvement	45's Sewer Separation	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 4,114,914	\$ -	\$ -	\$ 2,351,434	\$ 6,466,348
Municipal Income Taxes	8,364,847	2,410,917	-	1,988,201	12,763,965
Franchise Taxes	408,587	-	-	-	408,587
Intergovernmental	1,045,657	234,129	-	1,875,405	3,155,191
Interest	-	397,582	-	111,286	508,868
Fees, Licenses, and Permits	247,225	-	-	3,781	251,006
Fines and Forfeitures	283,196	-	-	83,717	366,913
Rentals	62,068	-	-	70,884	132,952
Charges for Services	643,104	-	-	645,324	1,288,428
Contributions and Donations	6,373	-	-	39,673	46,046
Special Assessments	-	-	-	224,594	224,594
All Other Revenues	171,189	287	-	23,034	194,510
Total Revenues	15,347,160	3,042,915	-	7,417,333	25,807,408
EXPENDITURES					
Current:					
Security of Persons and Property	7,268,130	-	-	2,280,974	9,549,104
Leisure Time Activities	169,358	-	-	1,258,615	1,427,973
Community Environment	522,783	-	-	9,033	531,816
Transportation	2,787,003	-	-	1,293,462	4,080,465
General Government	3,231,621	-	-	415,020	3,646,641
Capital Outlay	-	3,715,438	2,975,087	188,391	6,878,916
Debt Service:					
Principal Retirement	-	44,683	-	1,075,860	1,120,543
Interest and Fiscal Charges	2,850	6,044	139,525	608,597	757,016
Debt Issuance Costs	-	-	-	240,549	240,549
Total Expenditures	13,981,745	3,766,165	3,114,612	7,370,501	28,233,023
Excess of Revenues (Under) Expenditures	1,365,415	(723,250)	(3,114,612)	46,832	(2,425,615)
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	7,628	14,000	-	3,816	25,444
General Obligation Bonds Issued	-	1,775,000	-	7,585,000	9,360,000
Loans Issued	-	-	3,076,196	198,001	3,274,197
Premium on Debt Issuance	-	-	-	160,745	160,745
Transfers In	19,121	1,450,000	-	470,000	1,939,121
Transfers Out	(470,000)	-	-	(1,469,121)	(1,939,121)
Total Other Financing Sources (Uses)	(443,251)	3,239,000	3,076,196	6,948,441	12,820,386
Net Change in Fund Balances	922,164	2,515,750	(38,416)	6,995,273	10,394,771
Fund Balances - Beginning of Year	1,866,325	949,881	408,646	7,278,274	10,503,126
Fund Balances - End of Year	\$ 2,788,489	\$ 3,465,631	\$ 370,230	\$ 14,273,547	\$ 20,897,897

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, 2019*

Net Change in Fund Balances-Total Governmental Funds \$ 10,394,771

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	\$	5,690,987	
Capital contributions		536,270	
Depreciation		<u>(3,294,578)</u>	
Total			2,932,679

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

Delinquent property taxes		(514)	
Municipal income taxes		87,562	
Special assessments		(214,977)	
Intergovernmental		138,612	
Charges for services		<u>95,796</u>	
Total			106,479

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 a Bond and the related premium and OWDA loans. (12,794,942)

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. 1,120,543

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

Pension			1,790,629
OPEB			32,719

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			(4,996,752)
OPEB			9,966,709

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		(72,347)	
Landfill postclosure costs		67,193	
Accrued interest on bonds		87,964	
Amortization of bond premium		32,828	
Amortization of deferral on refunding		(37,407)	
Accretion on Bond		<u>(42,420)</u>	
Total			<u>35,811</u>

Change in Net Position of Governmental Activities \$ 8,588,646

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, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,127,201	\$ 4,127,201	\$ 4,114,914	\$ (12,287)
Municipal Income Taxes	8,163,574	8,163,574	8,163,574	-
Other Taxes	468,906	457,821	411,142	(46,679)
Intergovernmental	1,117,278	1,051,040	995,848	(55,192)
Fees, Licenses, and Permits	279,725	277,632	249,325	(28,307)
Fines and Forfeitures	316,596	314,226	282,188	(32,038)
Charges for Services	727,543	722,098	648,473	(73,625)
Rentals	69,637	69,115	62,068	(7,047)
Contributions and Donations	7,149	7,096	6,373	(723)
All Other Revenues	193,376	191,843	172,282	(19,561)
Total Revenues	15,470,985	15,381,646	15,106,187	(275,459)
Expenditures:				
Current:				
Security of Persons and Property	7,406,358	7,214,158	7,211,638	2,520
Community Environment	504,808	505,608	499,728	5,880
Transportation	3,345,649	2,951,314	2,916,742	34,572
General Government	3,292,813	3,421,678	3,279,864	141,814
Total Expenditures	14,549,628	14,092,758	13,907,972	184,786
Excess of Revenues Over (Under) Expenditures	921,357	1,288,888	1,198,215	(90,673)
Other Financing Sources (Uses)				
Sale of Capital Assets	6,877	6,877	6,877	-
Transfers In	19,121	19,121	19,121	-
Transfers Out	(681,850)	(681,850)	(681,850)	-
Total Other Financing Sources (Uses)	(655,852)	(655,852)	(655,852)	-
Net Change in Fund Balance	265,505	633,036	542,363	(90,673)
Fund Balance - Beginning of Year	536,615	536,615	536,615	-
Prior Year Encumbrances Appropriated	182,839	182,839	182,839	-
Fund Balance - End of Year	\$ 984,959	\$ 1,352,490	\$ 1,261,817	\$ (90,673)

City of Avon Lake, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$8,223,465	\$3,230,164	\$11,453,629
Materials and Supplies Inventory	82,318	31,895	114,213
Accrued Interest Receivable	11,344	4,803	16,147
Accounts Receivable	1,061,528	1,307,381	2,368,909
Interfund Receivable	3,150,000	-	3,150,000
Intergovernmental Receivable	739,050	1,192,614	1,931,664
Prepaid Items	43,454	96,685	140,139
Special Assessments Receivable	-	171,136	171,136
Loans Receivable	-	1,112,691	1,112,691
Total Current Assets	13,311,159	7,147,369	20,458,528
Noncurrent Assets:			
Investment in Joint Venture	1,786,875	-	1,786,875
Capital Assets:			
Land	846,330	1,076,082	1,922,412
Construction in Progress	40,568,172	49,309,975	89,878,147
Depreciable Assets, Net of Depreciation	39,149,602	54,810,811	93,960,413
Net Pension Asset	10,947	8,309	19,256
Total Noncurrent Assets	82,361,926	105,205,177	187,567,103
Total Assets	95,673,085	112,352,546	208,025,631
DEFERRED OUTFLOWS OF RESOURCES			
Deferral on Refunding	-	115,289	115,289
Pension	1,419,835	1,026,140	2,445,975
OPEB	224,063	170,077	394,140
Total Deferred Outflows of Resources	1,643,898	1,311,506	2,955,404
LIABILITIES			
Current Liabilities:			
Accounts Payable	245,389	152,290	397,679
Accrued Wages and Benefits	124,620	111,764	236,384
Matured Compensated Absences Payable	31,657	-	31,657
Intergovernmental Payable	236,472	36,408	272,880
Interfund Payable	-	3,150,000	3,150,000
Accrued Interest Payable	23,317	17,334	40,651
Compensated Absences Payable	88,494	126,044	214,538
General Obligation Bonds Payable	170,000	325,000	495,000
Revenue Bonds Payable	600,000	-	600,000
OWDA Loans Payable	2,142,323	1,122,042	3,264,365
Total Current Liabilities	3,662,272	5,040,882	8,703,154
Noncurrent Liabilities:			
Compensated Absences Payable	132,539	216,663	349,202
General Obligation Bonds Payable	1,820,717	6,705,525	8,526,242
Revenue Bonds Payable	2,513,698	-	2,513,698
OWDA Loans Payable	41,097,971	79,910,004	121,007,975
Net Pension Liability	4,220,352	3,203,468	7,423,820
Net OPEB Liability	1,972,612	1,497,314	3,469,926
Total Noncurrent Liabilities	51,757,889	91,532,974	143,290,863
Total Liabilities	55,420,161	96,573,856	151,994,017
DEFERRED INFLOWS OF RESOURCES			
Pension	68,949	108,042	176,991
OPEB	16,448	12,487	28,935
Total Deferred Inflows of Resources	85,397	120,529	205,926
NET POSITION			
Net Investment in Capital Assets	32,219,395	17,249,586	49,468,981
Unrestricted	9,592,030	(279,919)	9,312,111
Total Net Position	\$41,811,425	\$16,969,667	\$58,781,092

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, 2019

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for Services	\$14,455,666	\$7,835,749	\$22,291,415
Miscellaneous	81,618	149,547	231,165
Total Operating Revenues	14,537,284	7,985,296	22,522,580
OPERATING EXPENSES			
Salaries	3,587,727	2,954,267	6,541,994
Purchased Services	5,812,010	678,051	6,490,061
Materials and Supplies	1,234,916	391,298	1,626,214
Depreciation	1,410,845	1,993,235	3,404,080
Other	5,137	125,737	130,874
Total Operating Expense	12,050,635	6,142,588	18,193,223
Operating Income	2,486,649	1,842,708	4,329,357
NONOPERATING REVENUES (EXPENSES)			
Loss on Sale of Capital Assets	(5,026)	(5,026)	(10,052)
Interest	119,328	87,135	206,463
Interest and Fiscal Charges	(506,281)	(1,258,678)	(1,764,959)
Intergovernmental	217,249	-	217,249
Loss on Investment in Joint Venture	(26,795)	-	(26,795)
Total Nonoperating Revenues (Expenses)	(201,525)	(1,176,569)	(1,378,094)
Capital Contributions	308,250	84,400	392,650
Change in Net Position	2,593,374	750,539	3,343,913
Net Position - Beginning of Year	39,218,051	16,219,128	55,437,179
Net Position - End of Year	\$41,811,425	\$16,969,667	\$58,781,092

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, 2019

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Charges for Services	\$14,409,111	\$7,520,052	\$21,929,163
Cash Received from Other Operating Sources	81,618	148,406	230,024
Cash Payments for Employee Services and Benefits	(2,795,757)	(2,438,277)	(5,234,034)
Cash Payments for Goods and Services	(7,081,233)	(1,392,689)	(8,473,922)
Cash Payments for Other Operating Expenses	(5,231)	(57,596)	(62,827)
Net Cash Provided by Operating Activities	<u>4,608,508</u>	<u>3,779,896</u>	<u>8,388,404</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental Revenue	98,847	-	98,847
Advances Out	-	(81,500)	(81,500)
Transfers In	4,127,659	2,798,785	6,926,444
Transfers Out	(3,945,000)	(2,798,785)	(6,743,785)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>281,506</u>	<u>(81,500)</u>	<u>200,006</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from OWDA Loans	1,849,776	1,805,846	3,655,622
Proceeds from Notes	1,825,000	4,810,000	6,635,000
Principal Paid on G.O. Bonds	(600,000)	(215,000)	(815,000)
Principal Paid on Notes and Revenue Bonds	(2,000,000)	(4,750,000)	(6,750,000)
Principal Paid on OWDA Loans	(2,230,707)	(1,180,680)	(3,411,387)
Interest Payments	(535,858)	(1,543,380)	(2,079,238)
Payments for Capital Acquisitions	(2,094,318)	(2,448,057)	(4,542,375)
Special Assessments	-	29,664	29,664
Premium on Debt Issued	167,142	85,525	252,667
Net Cash (Used in) Capital and Related Financing Activities	<u>(3,618,965)</u>	<u>(3,406,082)</u>	<u>(7,025,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	119,238	63,356	182,594
Net Cash Provided by Investing Activities	<u>119,238</u>	<u>63,356</u>	<u>182,594</u>
Net Increase in Cash and Cash Equivalents	1,390,287	355,670	1,745,957
Cash and Cash Equivalents - Beginning of Year	6,833,178	2,874,494	9,707,672
Cash and Cash Equivalents - End of Year	<u><u>\$8,223,465</u></u>	<u><u>\$3,230,164</u></u>	<u><u>\$11,453,629</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, 2019
(Continued)

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Total
RECONCILIATION OF OPERATING INCOME			
TO NET CASH PROVIDED BY			
OPERATING ACTIVITIES			
Operating Income	\$2,486,649	\$1,842,708	\$4,329,357
Adjustments:			
Depreciation	1,410,845	1,993,235	3,404,080
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	(46,555)	(315,697)	(362,252)
Prepays	4,546	(61,399)	(56,853)
Materials and Supplies Inventory	16,890	92,247	109,137
Net Pension Asset	2,210	1,678	3,888
Deferred Outflows of Resources - Pension	(710,695)	(593,952)	(1,304,647)
Deferred Outflows of Resources - OPEB	(107,727)	(81,772)	(189,499)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	(29,554)	(248,411)	(277,965)
Accrued Wages and Benefits	(2,584)	(27,582)	(30,166)
Compensated Absences Payable	(73,689)	6,663	(67,026)
Matured Compensated Absences Payable	(12,311)	-	(12,311)
Intergovernmental Payable	(30,005)	(46,138)	(76,143)
Net Pension Liability	1,961,208	1,488,660	3,449,868
Net OPEB Liability	429,701	326,164	755,865
Deferred Inflows of Resources - Pension	(570,670)	(505,612)	(1,076,282)
Deferred Inflows of Resources - OPEB	(119,751)	(90,896)	(210,647)
Net Cash Provided by Operating Activities	\$4,608,508	\$3,779,896	\$8,388,404
<u>Schedule of Noncash Investing, Capital, and Financing Activities:</u>			
Noncash loan proceeds and capital additions	\$ 38,313	\$ 2,547,791	\$ 2,586,104
Capital contribution from developers	308,250	84,400	392,650

City of Avon Lake, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2019

	<u>Agency Funds</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,473,570
Total Assets	<u>\$ 1,473,570</u>
Liabilities	
Due to Other Governments	\$ 1,804
Deposits Held and Due to Others	1,471,766
Total Liabilities	<u>\$ 1,473,570</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, 2019

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, 2019
(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, 2019
(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, 2019
(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, 2019
(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, 2019, but which were levied to finance year 2020 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, 2019
(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 2019.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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, 2019
(Continued)

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

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

For 2019, 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 2019 amounted to \$397,582 which includes \$316,183 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 \$11,065 represents cash held by escrow agent for contractor retainage. During 2019, 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, 2019 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, 2019
(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 2019, 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, 2019
(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, 2019
(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, 2019
(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 \$9,450,107 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, 2019
(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 2019.

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**

During the year, the City implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 95, *Postponement of the Effect Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The City has postponed the implementation of GASB Statement No. 83, GASB Statement No. 84, GASB Statement No. 88 and GASB Statement No. 90.

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, 2019
(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.

	<u>General</u>
GAAP Basis- Net Change in Fund Balance	\$ 922,164
<u>Increase (Decrease) Due to:</u>	
Revenue Accruals	(239,270)
Expenditure Accruals	17,219
Outstanding Encumbrances	(180,388)
Funds with Separate Legally Adopted Budgets	22,638
Budgetary Basis-Net Change in Fund Balance	\$ 542,363

NOTE 5: **ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

At December 31, 2019, the COPS Fund, Pool Renovation Fund, Troy School Driveway Fund, Cove Avenue Improvements Fund, and Curtis Road Sewer Improvements Fund (non-major governmental funds) had deficit fund balances of \$5,144, \$20,000, \$580, \$116,407, and \$31,000, 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 COPS Special Revenue Fund, Curtis Road Sewer Improvement Fund Capital Projects Fund, Capital Project Fund, and Sewer Debt Service Reserve Fund in the amounts of \$15,261, \$31,000, \$87,619 and \$294,570, 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>Income Tax Capital Improvement</u>			
Final Budget	\$ 6,146,602	\$ 6,306,581	\$ (159,979)
<u>COPS Fund</u>			
Final Budget	246,008	263,550	(17,542)

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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	\$ 4,100,248	\$ 4,105,238	\$ (4,990)
<u>Lear/Krebs Intersection Fund</u>			
Capital Outlay	5,000	102,632	(97,632)
<u>Cove Avenue Improvement</u>			
Transfers Out	-	17,034	(17,034)
<u>Cable Television Fund</u>			
Leisure Time Activities			
Personal Services	127,775	131,212	(3,437)
<u>General Bond Retirement (Unvoted) Fund</u>			
Debt Service			
Interest and Fiscal Charges	320,830	438,737	(117,907)
Debt Issuance Costs	15,000	106,992	(91,992)
<u>Special Assessment Bond Retirement Fund</u>			
Debt Service			
Principal	249,100	272,020	(22,920)
<u>Recreation Fund</u>			
Leisure Time Activities			
Personal Services	768,240	779,767	(11,527)

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, 2019
(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, 2019
(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 \$12,122,036 and \$2,645 in petty cash with the bank balance at \$12,358,846. The City's bank balance of \$761,065 was covered by federal depository insurance and \$8,428,032 uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name, and \$3,169,749 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, 2019.

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, 2019
(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, 2019. As previously discussed, Star Ohio is reported at its net asset value. As of December 31, 2019, 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	\$ 249,385	2	2/18/2021
Federal National Mtg Assn.	300,009	2	1/21/2020
Fannie Mae	1,298,080	2	6/22/20-10/15/24
United States Treasury Notes	12,001,675	2	10/31/21-4/30/23
Money Market Mutual Funds	1,455,318	N/A	n/a
STAR Ohio	4,632,330	N/A	n/a
Total Investments	<u>\$ 19,936,797</u>		
Carrying Amount of Deposits	12,122,036		
Petty Cash	2,645		
Total Cash and Investments	<u>\$ 32,061,478</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, 2019
(Continued)

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

F. **Concentration of Credit Risk**

The following is the City's allocation as of December 31, 2019:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Investment</u>
Federal Home Loan Bank	\$ 249,385	1.25%
Federal Nation Mtg Assn.	300,009	1.50%
Fannie Mae	1,298,080	6.51%
United States Treasury Notes	12,001,675	60.20%
Money Market Mutual Funds	1,455,318	7.30%
STAR Ohio	4,632,330	23.24%
Total Investments	<u>\$ 19,936,797</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, 2019, 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, 2019
(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, 2019 was \$8.04 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Real Property -	
Residential/Agriculture	\$ 822,000,240
Other Real Estate	115,185,740
Tangible Personal Property	
Public Utilities	65,134,520
Total Valuation	\$ 1,002,320,500

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, 2019
(Continued)

NOTE 7: **RECEIVABLES** (Continued)

B. Income Taxes (Continued)

By City ordinance, 65 percent of the income tax proceeds were credited to the General Fund, 18 percent of the municipal income tax proceeds were credited to the Capital Improvement Fund (a capital projects fund) 12 percent of the income tax proceeds were credited to the General Bond Retirement (Unvoted) Fund (an debt service fund) and 5 percent of the income tax proceeds were credited to the Recreation Fund (a special revenue fund).

C. Intergovernmental Revenues

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Homestead and Rollback	\$ 401,721
Gasoline Tax	647,088
Permissive Tax	10,661
Local Government	199,928
Auto Registration	52,467
Courts	22,484
Avon Lake City School District	20,000
Miscellaneous	64,356
Total Governmental Activities	1,418,705
Business-Type Activities	
Water	739,050
Sewer	1,192,614
Total Business-Type Activities	1,931,664
Total Intergovernmental Receivable	\$ 3,350,369

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, 2019
(Continued)

NOTE 8: **CAPITAL ASSETS**

	Balances 12/31/2018	Additions	Disposals	Balances 12/31/2019
Governmental Activities				
Nondepreciable Assets:				
Land	\$ 5,652,252	\$ 61,725	\$ -	\$ 5,713,977
Construction in progress	13,760,067	4,449,410	(486,968)	17,722,509
Total Nondepreciable Assets	<u>19,412,319</u>	<u>4,511,135</u>	<u>(486,968)</u>	<u>23,436,486</u>
Depreciable Assets:				
Buildings and Improvements	21,559,487	35,000	-	21,594,487
Machinery and Equipment	4,829,422	124,271	(235,700)	4,717,993
Vehicles	5,337,050	698,184	(36,000)	5,999,234
Infrastructure	82,330,246	1,345,635	-	83,675,881
Total Depreciable Assets	<u>114,056,205</u>	<u>2,203,090</u>	<u>(271,700)</u>	<u>115,987,595</u>
Less Accumulated Depreciation				
Buildings and Improvements	(8,165,413)	(533,803)	-	(8,699,216)
Machinery and Equipment	(2,947,388)	(226,075)	235,700	(2,937,763)
Vehicles	(3,666,764)	(366,199)	36,000	(3,996,963)
Infrastructure	(47,775,655)	(2,168,501)	-	(49,944,156)
Total Accumulated Depreciation	<u>(62,555,220)</u>	<u>(3,294,578)</u>	<u>271,700</u>	<u>(65,578,098)</u>
Total Depreciable Assets, Net	<u>51,500,985</u>	<u>(1,091,488)</u>	<u>-</u>	<u>50,409,497</u>
Governmental Activities Capital Assets, Net	<u>\$ 70,913,304</u>	<u>\$ 3,419,647</u>	<u>\$ (486,968)</u>	<u>\$ 73,845,983</u>

Depreciation expense was charged to governmental functions as follows:

Security of Persons and Property	\$ 303,343
Leisure Time Activities	319,687
Transportation	2,134,274
Community Environment	3,313
General Government	533,961
Total Depreciation Expense	<u>\$ 3,294,578</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

	Balances 12/31/2018	Additions	Disposals	Balances 12/31/2019
Business-Type Activities				
Nondepreciable Assets:				
Land	\$ 1,922,412	\$ -	\$ -	\$ 1,922,412
Construction in progress	83,004,975	6,873,172	-	89,878,147
Total Nondepreciable Assets	<u>84,927,387</u>	<u>6,873,172</u>	<u>-</u>	<u>91,800,559</u>
Depreciable Assets:				
Buildings and Improvements	43,095,369	19,250	-	43,114,619
Machinery and Equipment	4,431,469	99,587	(13,554)	4,517,502
Vehicles	992,939	136,470	-	1,129,409
Infrastructure	102,984,655	392,650	-	103,377,305
Total Depreciable Assets	<u>151,504,432</u>	<u>647,957</u>	<u>(13,554)</u>	<u>152,138,835</u>
Less Accumulated Depreciation				
Buildings and Improvements	(22,518,029)	(723,947)	-	(23,241,976)
Machinery and Equipment	(2,169,206)	(213,473)	3,502	(2,379,177)
Vehicles	(575,278)	(58,489)	-	(633,767)
Infrastructure	(29,515,331)	(2,408,171)	-	(31,923,502)
Total Accumulated Depreciation	<u>(54,777,844)</u>	<u>(3,404,080)</u>	<u>3,502</u>	<u>(58,178,422)</u>
Total Depreciable Assets, Net	<u>96,726,588</u>	<u>(2,756,123)</u>	<u>(10,052)</u>	<u>93,960,413</u>
Business-Type Activities Capital Assets, Net	<u>\$ 181,653,975</u>	<u>\$ 4,117,049</u>	<u>\$ (10,052)</u>	<u>\$ 185,760,972</u>

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City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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				
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
Variou Purpose Bond	2019	2039	2.0% - 3.0%	9,360,000
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%	7,952,352
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
Utilities Improvement Bond	2019	2049	3.0% - 5.0%	6,635,000
Mortgage Revenue Bonds				
Water System Refunding	2015	2026	2.0% - 2.25%	4,820,000
Ohio Water Development Authority Loans				
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%	24,301,377
Additional Storage and Interconnection HAB (*)	2016	2038	0.00%	5,996,445
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 ControlCenter Rehab (*)	2016	2050	0.45%	37,602,786
Stop 45 Area CSO (*)	2017	2050	1.61%	8,113,607
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 (*)	2018	2039	2.15%	2,009,525
Water Main Bundle (*)	2019	2041	2.25%	2,717,821

* - Project remains open as of December 31, 2019 and final amortization schedules have not been completed

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Changes in the City's long-term obligations during 2019 were as follows:

	Outstanding 12/31/2018	Additions	Reductions	Outstanding 12/31/2019	Amount Due in One Year
Governmental activities					
General obligation bonds					
Refunding bonds (2010)					
various through 2020	\$ 720,000	\$ -	\$ 355,000	\$ 365,000	\$ 365,000
Unamortized premium	5,190	-	2,482	2,708	-
Refunding bonds (2012)					
various through 2028	520,000	-	45,000	475,000	50,000
Unamortized premium	6,867	-	654	6,213	-
Refunding bonds (2015)					
Recreational Facilities through 2028	2,600,000	-	-	2,600,000	255,000
CAB Bond	117,224	-	117,224	-	-
Accretion on Bond	100,356	42,420	142,776	-	-
Unamortized premium	258,162	-	24,587	233,575	-
Various Purpose Bonds (2019) through 2039	-	9,360,000	-	9,360,000	470,000
Unamortized premium	-	160,745	4,688	156,057	-
Total general obligation bonds	<u>4,327,799</u>	<u>9,563,165</u>	<u>692,411</u>	<u>13,198,553</u>	<u>1,140,000</u>
Special assessment bonds					
Refunding bonds (2010)					
various % through 2020	445,000	-	220,000	225,000	225,000
Unamortized premium	834	-	417	417	-
Total special assessment bonds	<u>445,834</u>	<u>-</u>	<u>220,417</u>	<u>225,417</u>	<u>225,000</u>
Loans					
OPWC loan- Walker Rd/Bike Lane					
0.0% through 2024	36,665	-	6,667	29,998	6,667
OPWC loan- Walker Rd/Lear Rd Intersection					
Upgrade, 0.0% through 2034	100,000	-	6,250	93,750	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	210,486	-	6,579	203,907	6,796
OWDA loan - Belmar Sewer Separation (2013)					
2.94% through 2044	1,029,655	-	27,601	1,002,054	28,418
OWDA loan - Mull/Norman Sanitary Sewer					
Force Main, 2.21% through 2036	530,004	-	30,261	499,743	30,261
OWDA loan - Stop 45 Area CSO (2017)					
1.610% through 2050	4,876,156	3,076,196	-	7,952,352	-
OWDA loan - Fairfield-Brookfield Combined					
Sewer Separation (2017) 0.760% through 2049	8,354,188	25,455	105,317	8,274,326	-
OWDA loan - Curtis Sanitary Sewer Rehab (2018)					
2.15% through 2035	397,888	172,546	9,948	560,486	-
Total loans	<u>15,567,124</u>	<u>3,274,197</u>	<u>192,623</u>	<u>18,648,698</u>	<u>78,392</u>
Net Pension Liability					
OPERS	5,090,767	4,419,396	-	9,510,163	-
OP&F	14,101,689	4,996,690	-	19,098,379	-
Total Net Pension Liability	<u>19,192,456</u>	<u>9,416,086</u>	<u>-</u>	<u>28,608,542</u>	<u>-</u>
Net OPEB Liability					
OPERS	3,476,805	968,290	-	4,445,095	-
OP&F	13,018,138	-	10,887,456	2,130,682	-
Total Net OPEB Liability	<u>16,494,943</u>	<u>968,290</u>	<u>10,887,456</u>	<u>6,575,777</u>	<u>-</u>
Landfill postclosure costs	283,216	3,611	70,804	216,023	72,008
Police pension liability	75,198	-	3,237	71,961	3,376
Capital leases	235,194	-	44,683	190,511	45,831
Compensated absences	1,989,247	662,369	590,022	2,061,594	648,471
Total Governmental activities	<u>\$ 58,611,011</u>	<u>\$ 23,887,718</u>	<u>\$ 12,701,653</u>	<u>\$ 69,797,076</u>	<u>\$ 2,213,078</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

NOTE 9: LONG-TERM OBLIGATIONS (Continued)

	Outstanding 12/31/2018	Additions	Reductions	Outstanding 12/31/2019	Amount Due in One Year
Business-type activities					
General obligation bonds					
Refunding bonds (2012)					
various % through 2028	\$ 2,330,000	\$ -	\$ 215,000	\$ 2,115,000	\$ 215,000
Unamortized premium	31,342	-	2,985	28,357	-
Utilities Improvement bonds (2019)					
various % through 2049	-	6,635,000	-	6,635,000	280,000
Unamortized premium	-	252,667	9,782	242,885	-
Total general obligation bonds	<u>2,361,342</u>	<u>6,887,667</u>	<u>227,767</u>	<u>9,021,242</u>	<u>495,000</u>
Mortgage revenue bonds					
Water system refunding (2015)					
various % through 2026	3,685,000	-	600,000	3,085,000	600,000
Unamortized premium	35,076	-	6,378	28,698	-
Total Mortgage revenue bonds	<u>3,720,076</u>	<u>-</u>	<u>606,378</u>	<u>3,113,698</u>	<u>600,000</u>
OWDA					
Water system improvements (2003)					
4.51% through 2025	2,031,762	-	275,557	1,756,205	288,124
Fay/Vineyard sanitary sewer (2008)					
4.15% through 2029	930,935	-	76,847	854,088	80,069
Center Road pump station (2008)					
4.28% through 2029	819,614	-	67,242	752,372	70,150
LORCO force main (2009)					
3.68% through 2041	8,453,609	-	239,044	8,214,565	247,922
LORCO collection system (2009)					
4.08% through 2041	16,513,109	-	444,300	16,068,809	462,611
Sewer separation (2010)					
3.27% through 2041	2,264,346	-	71,774	2,192,572	74,141
Water Plant Expansion (2013)					
2.84% through 2044	4,365,134	-	121,940	4,243,194	125,427
Belmar Sewer Separation (2013)					
2.94% through 2044	3,311,218	-	88,759	3,222,459	91,388
Additional Storage and Interconnection HAB (2015)					
0.18% through 2038	24,301,377	-	1,258,414	23,042,963	1,258,980
Additional Storage and Interconnection HAB (2016)					
0.00% through 2038	5,996,445	-	410,124	5,586,321	410,124
Lear/Nagel Sanitary Sewer Force main (2016)					
2.21% through 2036	213,622	-	28,483	185,139	28,483
Mull/Norman Sanitary Sewer Force Main (2016)					
2.21% through 2036	2,221,110	-	126,946	2,094,164	126,946
Water Pollution ControlCenter Rehab (2016)					
0.45% through 2050	35,137,035	2,465,751	-	37,602,786	-
Stop 45 Area CSO (2017)					
1.610% through 2050	6,401,834	1,711,773	-	8,113,607	-
Lateral Loan Program (2017)					
0.000% through 2036	844,540	486,937	-	1,331,477	-
Fairfield-Brookfield Combined					
Sewer Separation (2017) 0.760% through 2049	6,081,821	28,418	117,577	5,992,662	-
Elyria Interconnect HAB	604,132	1,292,658	53,854	1,842,936	-
Curtis Sanitary Sewer Rehab (2018)					
2.15% through 2035	950,358	64,145	30,526	983,977	-
Water Main Bundle (2019)					
2.25% through 2041	-	192,044	-	192,044	-
Total OWDA	<u>121,442,001</u>	<u>6,241,726</u>	<u>3,411,387</u>	<u>124,272,340</u>	<u>3,264,365</u>
Net Pension Liability - OPERS	3,973,952	3,449,868	-	7,423,820	-
Net OPEB Liability - OPERS	2,714,061	755,865	-	3,469,926	-
Compensated absences	630,766	154,688	221,714	563,740	214,538
Total business-type activities	<u>\$ 134,842,198</u>	<u>\$ 17,489,814</u>	<u>\$ 4,467,246</u>	<u>\$ 147,864,766</u>	<u>\$ 4,573,903</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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. 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 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, 2019 is \$610,000.

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, 2019
(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 May 21, 2019, the City issued \$9,360,000 in various purpose bonds. These bonds will mature on December 1, 2049 and have an interest rate of 2.00 – 3.00 percent. The proceeds of the bonds were used to pay off the 2018 notes and for street projects.

On July 2, 2019, the City issued \$6,635,000 in utilities improvements bonds. These bonds will mature on December 1, 2039 and have an interest rate of 3.00 – 5.00 percent. The proceeds of the bonds were used to pay off the 2018 notes and for utility projects.

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 \$3,280,750. Principal and interest paid for the current year were \$676,050, total net revenues were \$1,075,804 and total revenues were \$14,537,284.

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, 2019 is \$4,045,000.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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.

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 2019, the loan balance for the portion of the project completed was \$37,602,786. 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, 2019
(Continued)

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

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 2019, the loan balance for the portion of the project completed was \$16,065,959. 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 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 2019, the loan balance for the portion of the project completed was \$1,331,477. 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 2019, the loan balance for the portion of the project completed was \$14,266,988. 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 2019, the loan balance for the portion of the project completed was \$1,842,936. 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 2019, the loan balance for the portion of the project completed was \$1,544,463. An amortization schedule has not been prepared by OWDA since the project is still ongoing.

During 2019, the City entered into a loan agreement with OWDA for the Water Main Bundle project. The loan has a fixed rate of 2.15 percent interest over a fifteen-year period beginning July 1, 2021 through July 1, 2041. As of December 2019, the loan balance for the portion of the project completed was \$192,044. 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 2019, 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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 2019, 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.

Principal and interest requirements to retire long-term obligations, except net pension liability, landfill post-closure costs, promissory note, compensated absences, at December 31, 2019 are as follows:

Year Ended	Governmental Activities					
	General Obligation Bonds		Special Assessment Bonds		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,140,000	\$ 347,425	\$ 225,000	\$ 8,438	\$ 65,475	\$ 46,645
2021	785,000	315,688	-	-	66,541	44,911
2022	810,000	297,388	-	-	67,638	43,144
2023	830,000	278,463	-	-	68,769	41,344
2024	850,000	258,963	-	-	69,935	39,509
2025-2029	4,145,000	968,471	-	-	368,436	168,758
2030-2034	2,995,000	460,650	-	-	403,354	117,116
2035-2039	1,245,000	109,500	-	-	338,438	63,355
2040-2043	-	-	-	-	257,118	18,411
	<u>\$ 12,800,000</u>	<u>\$ 3,036,548</u>	<u>\$ 225,000</u>	<u>\$ 8,438</u>	<u>\$ 1,705,704</u>	<u>\$ 583,193</u>

Year Ended	Police Pension Liability		OPWC Loan	Total	
	Principal	Interest	Principal	Principal	Interest
2020	\$ 3,376	3,023	\$ 12,917	\$ 1,446,768	\$ 405,531
2021	3,521	2,878	12,917	867,979	363,477
2022	3,673	2,727	12,917	894,228	343,259
2023	3,830	2,569	12,917	915,516	322,376
2024	3,995	10,230	9,587	933,517	308,702
2025-2029	22,701	5,136	31,243	4,567,380	1,142,365
2030-2034	21,932	316	31,250	3,451,536	578,082
2035-2039	8,933	-	-	1,592,371	172,855
	<u>\$ 71,961</u>	<u>\$ 26,879</u>	<u>\$ 123,748</u>	<u>\$ 14,669,295</u>	<u>\$ 3,636,647</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Year Ended	Business-Type Activities			
	General Obligation Bonds		Mortgage Revenue Bond	
	Principal	Interest	Principal	Interest
2020	\$ 495,000	\$ 283,863	\$ 600,000	\$ 64,050
2021	510,000	265,563	615,000	52,050
2022	515,000	246,813	630,000	39,750
2023	525,000	227,700	640,000	27,150
2024	535,000	207,890	600,000	12,750
2025-2029	2,585,000	755,607	-	-
2030-2034	715,000	495,900	-	-
2035-2039	815,000	382,650	-	-
2040-2044	940,000	253,800	-	-
2045-2049	1,115,000	102,600	-	-
	<u>\$ 8,750,000</u>	<u>\$ 3,222,386</u>	<u>\$ 3,085,000</u>	<u>\$ 195,750</u>

Year Ended	Business-Type Activities			
	OWDA Loans		Total	Total
	Principal	Interest	Principal	Interest
2020	\$ 1,595,261	\$ 1,417,985	\$ 2,690,261	\$ 1,765,898
2021	1,651,809	1,360,858	2,776,809	1,678,471
2022	1,710,617	1,301,596	2,855,617	1,588,159
2023	1,771,778	1,240,113	2,936,778	1,494,963
2024	1,835,392	1,176,317	2,970,392	1,396,957
2025-2029	8,111,491	4,946,942	10,696,491	5,702,549
2030-2034	8,396,300	3,505,011	9,111,300	4,000,911
2035-2039	9,509,635	2,199,715	10,324,635	2,582,365
2040-2044	5,001,284	47,593	5,941,284	301,393
2045-2049	-	-	1,115,000	102,600
	<u>\$ 39,583,567</u>	<u>\$ 17,196,130</u>	<u>\$ 51,418,567</u>	<u>\$ 20,614,266</u>

There are nine OWDA loans and two OPWC where the final amortization schedules have not been completed as of December 31, 2019, 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, 2019
(Continued)

NOTE 10: SHORT-TERM OBLIGATIONS

Changes in the City's short-term obligations during 2019 were as follows:

	Outstanding 12/31/2018	Additions	Reductions	Outstanding 12/31/2019
Short-Term Notes Payable				
<i>Governmental Activities</i>				
Various Purpose Improvement				
Notes (2018) 3.00% through 2019	\$ 7,750,000	\$ -	\$ 7,750,000	\$ -
Unamortized premium	43,616	-	43,616	-
<i>Total Governmental Activities</i>	<u>7,793,616</u>	<u>-</u>	<u>7,793,616</u>	<u>-</u>
<i>Water</i>				
Various Purpose Improvement				
Notes (2018) 3.00% through 2019	2,000,000	-	2,000,000	-
Unamortized premium	11,256	-	11,256	-
<i>Total Water</i>	<u>2,011,256</u>	<u>-</u>	<u>2,011,256</u>	<u>-</u>
<i>Sewer</i>				
Various Purpose Improvement				
Notes (2018) 2.50% through 2019	4,750,000	-	4,750,000	-
Unamortized premium	26,733	-	26,733	-
<i>Total Sewer</i>	<u>4,776,733</u>	<u>-</u>	<u>4,776,733</u>	<u>-</u>
<i>Total Business-Type Activities</i>	<u>6,787,989</u>	<u>-</u>	<u>6,787,989</u>	<u>-</u>
Total Short-Term Notes Payable	<u>\$ 14,581,605</u>	<u>\$ -</u>	<u>\$ 14,581,605</u>	<u>\$ -</u>

NOTE 11: OPERATING LEASE

The City is obligated under leases accounted for as operating lease. Total lease expense for the year ended December 31, 2019, 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 noncancelable lease terms in excess of one year as of December 31, 2019.

Year Ending December 31,	Business-Type Activities
2020	\$ 4,000
2021	4,000
2022	4,000
2023	4,000
2024	4,000
thereafter	332,000
Total Minimum Lease Payments	<u>\$ 352,000</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

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 60 months 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.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The base amount of a member’s pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

When a traditional plan 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2019 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 \$1,173,232 for 2019. Of this amount, \$94,297 is reported as an intergovernmental payable.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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 participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the members' base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2019 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 \$1,131,739 for 2019. Of this amount, \$93,336 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, 2019, the specific liability of the City was \$71,961 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, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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)

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

	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	0.057781%	0.038779%	0.101500%	0.128264%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	<u>0.061830%</u>	<u>0.039280%</u>	<u>0.102186%</u>	<u>0.131787%</u>	
Change in Proportionate Share	<u>0.004049%</u>	<u>0.000501%</u>	<u>0.000686%</u>	<u>0.003523%</u>	
Proportionate Share of the Net Pension Liability/(Asset)	\$ 16,933,983	\$ (43,924)	\$ 8,341,078	\$ 10,757,301	\$ 35,988,438
Pension Expense	\$ 4,000,301	\$ 11,524	\$ 1,135,436	\$ 1,436,660	\$ 6,583,921

At December 31, 2019, 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				
Net difference between projected and actual earnings on pension plan investments	\$2,307,877	\$1,027,615	\$1,325,289	\$4,660,781
Differences between expected and actual experience	781	342,701	441,974	785,456
Changes of assumptions	1,483,949	221,133	285,191	1,990,273
Changes in proportion and differences between City contributions and proportionate share of contributions	545,964	175,203	237,317	958,484
City contributions subsequent to the measurement date	<u>1,173,232</u>	<u>492,278</u>	<u>639,461</u>	<u>2,304,971</u>
Total Deferred Outflows of Resources	<u>\$5,511,803</u>	<u>\$2,258,930</u>	<u>\$2,929,232</u>	<u>\$10,699,965</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$240,292	\$7,787	\$10,045	\$258,124
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>131,015</u>	<u>74,312</u>	<u>185,457</u>	<u>390,784</u>
Total Deferred Inflows of Resources	<u>\$371,307</u>	<u>\$82,099</u>	<u>\$195,502</u>	<u>\$648,908</u>

\$2,304,971 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, 2020.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F Police</u>	<u>OP&F Fire</u>	<u>Total</u>
2020	\$1,731,988	\$518,951	\$641,592	\$2,892,531
2021	955,473	294,244	351,790	\$1,601,507
2022	212,351	331,996	403,771	\$948,118
2023	1,071,022	503,863	652,221	\$2,227,106
2024	(1,799)	35,499	44,895	78,595
Thereafter	<u>(1,771)</u>	<u>-</u>	<u>-</u>	<u>(1,771)</u>
Total	<u>\$3,967,264</u>	<u>\$1,684,553</u>	<u>\$2,094,269</u>	<u>\$7,746,086</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, 2018, 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	7.2 percent
Actuarial Cost Method	Individual Entry Age

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

E. Actuarial Assumptions – OPERS (Continued)

The total pension asset in the December 31, 2018, 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	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA	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	7.2 percent
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 previously 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 was at a loss of 2.94 percent for 2018.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

E. Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 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 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

City's proportionate share of the net pension liability/(asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	\$25,016,418	\$16,933,983	\$10,217,408
Combined Plan	(\$14,534)	(\$43,924)	(\$65,205)

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

F. Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below:

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 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
Cost of Living Adjustments	3.00 percent simple, 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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. 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

F. Actuarial Assumptions – OP&F (Continued)

Age	Police	Fire
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 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, 2018 are summarized on the next page:

Asset Class	Target Allocation	10 year Expected Real Rate of Return **	30 year Expected Real Rate of Return **
Cash and Cash Equivalents	0.00 %	1.00 %	0.80 %
Domestic Equity	16.00	5.60	5.50
Non-US Equity	16.00	6.10	5.90
Core Fixed Income *	23.00	2.20	2.60
U.S. Inflation Linked Bonds *	17.00	1.30	2.30
High Yield Fixed Income	7.00	4.20	4.80
Real Estate	12.00	5.70	6.10
Private Markets	8.00	8.40	8.40
Master Limited Partnerships	8.00	6.70	6.40
Private Credit	5.00	8.30	7.50
Real Assets	8.00	7.00	7.00
Total	120.00 %		

Note: Assumptions are geometric
* levered 2x
** numbers are net of expected inflation

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

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

F. Actuarial Assumptions – OP&F (Continued)

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.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City’s proportionate share of the net pension liability	\$ 25,103,503	\$ 19,098,379	\$ 14,080,231

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

A. Net OPEB Liability (Continued)

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.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

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. During 2019, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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.

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 0 percent during calendar year 2018. 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 2019 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 \$10,963 for 2019.

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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

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.

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 2019, 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.

On January 1, 2019, OP&F changed its retiree health care model and 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 City's contractually required contribution to OP&F was \$26,561 for 2019. Of this amount, \$2,194 is reported as an intergovernmental payable.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. 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. 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	0.057010%	0.229765%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.060709%</u>	<u>0.233973%</u>	
Change in Proportionate Share	<u>0.003699%</u>	<u>0.004208%</u>	
Proportionate Share of the Net OPEB			
Liability	\$ 7,915,021	\$ 2,130,682	\$ 10,045,703
OPEB Expense	\$ 822,373	\$ (10,428,558)	\$ (9,606,185)

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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)

At December 31, 2019, 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	\$ 2,681	\$ -	\$ 2,681
Changes of assumptions	255,189	1,104,443	1,359,632
Net difference between projected and actual earnings on pension plan investments	362,856	72,125	434,981
Changes in proportion and differences between City contributions and proportionate share of contributions	267,357	355,746	623,103
City contributions subsequent to the measurement date	<u>10,963</u>	<u>26,561</u>	<u>37,524</u>
Total Deferred Outflows of Resources	<u>\$ 899,046</u>	<u>\$ 1,558,875</u>	<u>\$ 2,457,921</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 21,476	\$ 57,086	\$ 78,562
Changes of assumptions	-	589,874	589,874
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>44,526</u>	<u>-</u>	<u>44,526</u>
Total Deferred Inflows of Resources	<u>\$ 66,002</u>	<u>\$ 646,960</u>	<u>\$ 712,962</u>

\$37,524 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 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2020	\$ 374,577	\$ 154,341	\$ 528,918
2021	200,929	154,341	355,270
2022	63,781	154,340	218,121
2023	182,794	176,155	358,949
2024	-	141,763	141,763
Thereafter	<u>-</u>	<u>104,414</u>	<u>104,414</u>
Total	<u>\$ 822,081</u>	<u>\$ 885,354</u>	<u>\$ 1,707,435</u>

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

E. Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan 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, 2017, rolled forward to the measurement date of December 31, 2018. 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:

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	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

E. Actuarial Assumptions – OPERS (Continued)

During 2018, 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 5.60 percent for 2018.

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 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	5.16 %

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 6.00 percent and a municipal bond rate of 3.71 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

E. Actuarial Assumptions – OPERS (Continued)

Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, 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 3.96 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 (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$10,126,261	\$7,915,021	\$6,156,500

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 2019 is 10.00 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	\$7,608,052	\$7,915,021	\$8,268,566

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

F. Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, 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, 2018, with actuarial liabilities rolled forward to December 31, 2018
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	4.66 percent
Prior measurement date	3.24 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, 2019
(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.

Age	Police	Fire
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.

Age	Police	Fire
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 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, 2018, are summarized on the next page:

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

F. Actuarial Assumptions – OP&F

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 year Expected Real Rate of Return **</u>	<u>30 year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	0.00 %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Core Fixed Income *	23.00	2.20	2.60
U.S. Inflation Linked Bonds *	17.00	1.30	2.30
High Yield Fixed Income	7.00	4.20	4.80
Real Estate	12.00	5.70	6.10
Private Markets	8.00	8.40	8.40
Master Limited Partnerships	8.00	6.70	6.40
Private Credit	5.00	8.30	7.50
Real Assets	8.00	7.00	7.00
Total	<u>120.00 %</u>		

Note: Assumptions are geometric

* levered 2x

** numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on 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 4.66 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 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 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 4.66 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 (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

F. Actuarial Assumptions – OP&F (Continued)

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$2,595,753	\$2,130,682	\$1,740,296

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 because it is based on a medical benefit that is a flat dollar amount.

Changes between Measurement Date and Report Date

Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). 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. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years.

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 2019, the City contracted with Zurich American Insurance Company for the following types of insurance:

Company	Type	Coverage
Zurich American Insurance Company	Blanket Building and Content Replacement	\$ 97,489,378
	Miscellaneous Equipment	2,453,699
	Earthquake Coverage	1,000,000
	Flood Coverage	1,000,000
	Hazardous Substance	100,000
	Public Employee Dishonesty	100,000
	Faithful Performance of Duty	100,000
	Money and Securities In/Out Coverage	100,000
	Forgery and Alteration	25,000
	General Liability - Each Occurrence	1,000,000
	Employee Benefits Liability	1,000,000
	Law Enforcement Liability - Each Occurrence	1,000,000
	Public Official Liability - Each Occurrence	1,000,000
	Employment Practice - Each Occurrence	1,000,000
	Automobile Liability	1,000,000
	Excess Liability - Each Occurrence	10,000,000
	Terrorism Insurance	Included
	Cyber Liability	1,000,000

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

NOTE 14: **RISK MANAGEMENT** (Continued)

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.

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 235 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 2019, 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.

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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, 2019, the City's equity interest in the Consortium was \$1,786,875. 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, 2019
(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, 2019, consisted of the following:

<u>Transfer To</u>	Transfer From		<u>Total</u>
	Governmental Activities		
	General Fund	Other Governmental Funds	
<i>Governmental Activities:</i>			
General Fund	\$ -	\$ 19,121	\$ 19,121
Capital Improvement Fund	-	1,450,000	1,450,000
Non-Major Governmental Funds	470,000	-	470,000
Total Governmental Activities	\$ 470,000	\$ 1,469,121	\$ 1,939,121

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, 2019 consisted of the following:

	Interfund Receivable	Interfund Payable
<i>Governmental Activities:</i>		
General Fund	\$ 81,841	\$ -
Non-Major Governmental Funds	145,042	226,883
Total Governmental Activities	226,883	226,883
<i>Business-Type Activities:</i>		
Water	\$ 3,150,000	\$ -
Sewer	-	3,150,000
Total Business-Type Activities	3,150,000	3,150,000
	\$ 3,376,883	\$ 3,376,883

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Interfund balances at December 31, 2019 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 \$31,000 due from the Curtis Road Sewer Improvement nonmajor governmental fund, \$15,261 due to the COPS nonmajor governmental fund, and \$145,042 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, \$31,000, and \$15,261 to the Pool Renovation, Curtis Road Sewer Improvement, and COPS non-major funds, respectively, 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.

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City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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	\$ 73,481	\$ -	\$ -	\$ 12,984	\$ 86,465
Materials and Supplies Inventory	-	-	-	518,634	518,634
Long-term Interfund Balances	81,841	-	-	-	81,841
Total Nonspendable	155,322	-	-	531,618	686,940
<i>Restricted for</i>					
Paramedic Services	-	-	-	1,574,412	1,574,412
Other Law Enforcement	-	-	-	218,716	218,716
Streets and Highways	-	-	-	1,777,045	1,777,045
Courts	-	-	-	374,020	374,020
Debt Service - Unvoted and Voted	-	-	-	649,684	649,684
Debt Service - Special Assessments	-	-	-	697,719	697,719
Capital Projects	-	-	370,230	1,807,549	2,177,779
Recreation	-	-	-	42,255	42,255
Other Purposes	-	-	-	47,017	47,017
Total Restricted	-	-	370,230	7,188,417	7,558,647
<i>Committed to</i>					
Termination Benefits	184,473	-	-	-	184,473
Dial-A-Bus Program	80,500	-	-	-	80,500
Cable TV	55,101	-	-	-	55,101
Office on Aging	10,023	-	-	-	10,023
Income Tax Allocation	-	-	-	5,094,207	5,094,207
Street Trees	-	-	-	155,845	155,845
Recreation	-	-	-	277,036	277,036
Capital Improvements	-	3,465,631	-	1,112,137	4,577,768
Total Committed	330,097	3,465,631	-	6,639,225	10,434,953
<i>Assigned to</i>					
Fiscal Year 2020 Appropriations	29,371	-	-	-	29,371
Police/Court Facility	11,510	-	-	79,494	91,004
Other Capital Projects	-	-	-	7,924	7,924
Purchases on Order:					
Transportation	71,241	-	-	-	71,241
Community Environment	709	-	-	-	709
General Government	64,361	-	-	-	64,361
Total Assigned	177,192	-	-	87,418	264,610
<i>Unassigned (Deficit)</i>	2,125,878	-	-	(173,131)	1,952,747
Total Fund Balances	\$ 2,788,489	\$ 3,465,631	\$ 370,230	\$ 14,273,547	\$ 20,897,897

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(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, 2019, the City had the following significant contractual commitments:

Contractor	Total Contractor Amount	Amount Paid as of 12/31/2019	Remaining on the Contract
<i>Business-Type Activities</i>			
Storage Improvement Project:			
Storage and Interconnection HAB	\$ 31,416,523	\$ 31,190,200	\$ 226,323
Walker Road Water Main Replacement:			
Underground Utilities, Inc.	2,769,941	2,484,550	285,391
45 Area Combined Sewer Separation			
Underground Utilities, Inc.	16,583,317	15,736,098	847,219
Fairfield Area Combined Sewer Separation Project:			
Underground Utilities, Inc.	8,799,740	7,114,811	1,684,929
Total Business-Type Activities	\$ 59,569,521	\$ 56,525,659	\$ 3,043,862

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, 2019, the City's commitments for encumbrances in the governmental and proprietary funds were as follows:

	Outstanding Encumbrances
<i>Governmental Funds</i>	
General	\$ 147,823
All Other Governmental Funds	893,630
Total Governmental Funds	1,041,453
<i>Proprietary Funds</i>	
Water	6,500
Sewer	223,082
Total Proprietary Funds	229,582
Total All Funds	\$ 1,271,035

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

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, 2019. The following is a schedule of future minimum lease payments as of December 31, 2019.

	2020	\$ 50,727
	2021	50,727
	2022	50,726
	2023	<u>50,726</u>
Total minimum lease payments		202,906
Less: amount representing interest		<u>(12,395)</u>
Total		<u>\$ 190,511</u>

NOTE 23: **TAX ABATEMENTS**

A. Real Estate Tax Abatement

In 1994, pursuant to Ohio Revised Code Sections 3735.60 to 3735.70 on Community Reinvestment Area (CRA), the City of Avon Lake (“City”) established “Community Reinvestment Area No. 2” (“Reinvestment Area”) with Resolution 132-94. In 2019, the City renewed the original legislation with Resolution 113-2019. The boundaries of the Reinvestment Area were the boundaries of the entire incorporated area of the City of Avon Lake. With that legislation, the City authorized tax abatement which equals an agreed upon percentage of the additional property tax resulting from the increase in an increased in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient’s property tax bill. The establishment of the Reinvestment Area gave the City the ability to maintain and expand businesses located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate.

B. City Council’s Incentive Criteria for Decision Making

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

C. Other

The following are the tax abatements or other economic incentives provided in 2019, by the City, identified by dollar amount and type.

\$91,714,094	Total abated assessed value on the active CRA tax abated properties
\$ 2,155,281	Total CRA real property taxes exempted for the active CRA agreements
\$ 538,820	Estimated amounts paid directly to the Avon Lake City Schools by the owner of tax abated property pursuant to the terms of each CRA Agreement

City of Avon Lake, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019
(Continued)

NOTE 24: **SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investment portfolio and the investments of the pension and other employee benefit plan in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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 Six Years (1)

Traditional Plan	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.061830%	0.057781%	0.058649%	0.057354%	0.057386%	0.057386%
City's Proportionate Share of the Net Pension Liability	\$16,933,983	\$9,064,719	\$13,318,191	\$9,934,436	\$6,921,393	\$6,765,062
City's Covered Payroll	\$8,292,214	\$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	204.22%	117.31%	175.66%	139.38%	98.05%	101.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension (Asset)	0.039280%	0.038779%	0.041606%	0.028590%	0.025707%	0.025707%
City's Proportionate Share of the Net Pension (Asset)	(\$43,924)	(\$52,791)	(\$23,157)	(\$13,912)	(\$9,897)	(\$2,697)
City's Covered Payroll	\$168,000	\$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	26.15%	33.01%	14.30%	13.44%	10.45%	3.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	126.64%	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 Six Years (1)

Police	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.102186%	0.1015002%	0.0983150%	0.1010208%	0.1002948%	0.1002948%
City's Proportionate Share of the Net Pension Liability	\$8,341,078	\$6,229,525	\$6,227,173	\$6,498,740	\$5,195,688	\$4,884,671
City's Covered Payroll	\$2,612,216	\$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	319.31%	252.92%	262.55%	285.65%	234.67%	211.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%	66.77%	71.71%	73.00%
Fire	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.131787%	0.1282644%	0.1266430%	0.1333956%	0.1329545%	0.1329545%
City's Proportionate Share of the Net Pension Liability	\$10,757,301	\$7,872,164	\$8,021,441	\$8,581,432	\$6,887,597	\$6,475,301
City's Covered Payroll	\$2,641,885	\$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	407.18%	309.01%	322.74%	350.71%	289.05%	275.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	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 Seven Years (1)

	<u>2019</u>	<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	1,141,776	1,160,910	1,004,569	909,791	855,294	847,060	864,967
Combined Plan	31,456	23,520	20,792	19,435	12,422	11,361	10,618
Total Required Contributions	\$1,173,232	\$1,184,430	\$1,025,361	\$929,226	\$867,716	\$858,421	\$875,585
Contributions in Relation to the Contractually Required Contribution	(\$1,173,232)	(\$1,184,430)	(\$1,025,361)	(\$929,226)	(\$867,716)	(\$858,421)	(\$875,585)
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>City's Covered Payroll</u>							
Traditional Plan	\$8,155,543	\$8,292,214	\$7,727,454	\$7,581,592	\$7,127,450	\$7,058,833	\$6,653,592
Combined Plan	\$224,686	\$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%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Combined Plan	14.00%	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>2019</u>	<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>Contractually Required Contributions</u>										
Police	\$492,278	\$496,321	\$467,973	\$450,638	\$432,260	\$420,668	\$364,145	\$304,719	\$296,600	\$276,708
Fire	\$639,461	\$620,843	\$598,677	\$584,078	\$575,022	\$559,974	\$475,121	\$419,600	\$410,338	\$264,793
Total Required Contributions	\$1,131,739	\$1,117,164	\$1,066,650	\$1,034,716	\$1,007,282	\$980,642	\$839,266	\$724,319	\$706,938	\$541,501
Contributions in Relation to the Contractually Required Contribution	(\$1,131,739)	(\$1,117,164)	(\$1,066,650)	(\$1,034,716)	(\$1,007,282)	(\$980,642)	(\$839,266)	(\$724,319)	(\$706,938)	(\$541,501)
Contribution Deficiency / (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>City's Covered Payroll</u>										
Police	\$2,590,937	\$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
Fire	\$2,721,111	\$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
<u>Pension Contributions as a Percentage of Covered Payroll</u>										
Police	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	[1]	12.75%	12.75%	12.75%
Fire	23.50%	23.50%	23.50%	23.50%	23.50%	23.50%	[1]	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 Three Years (1)

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.060709%	0.057010%	0.058250%
City's Proportionate Share of the Net OPEB Liability	\$ 7,915,021	\$ 6,190,866	\$ 5,883,448
City's Covered Payroll	\$ 8,740,452	\$ 8,075,130	\$ 8,049,392
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	90.56%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	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 Six Years (1)

	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.233973%	0.229765%	0.224960%
City's Proportionate Share of the Net OPEB Liability	\$ 2,130,682	\$ 13,018,138	\$ 10,678,345
City's Covered Payroll	\$ 5,254,101	\$ 5,010,578	\$ 4,857,217
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.55%	259.81%	219.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	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 Six Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 10,963	\$ 11,210	\$ 88,882	\$ 167,105	\$ 144,847
Contributions in Relation to the Contractually Required Contribution	<u>(10,963)</u>	<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>	<u>\$ -</u>
City Covered Payroll	\$ 8,576,000	\$ 8,740,452	\$ 8,075,130	\$ 8,049,392	\$ 7,499,001
Contributions as a Percentage of Covered Payroll	0.13%	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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually Required Contribution	\$ 26,561	\$ 26,270	\$ 25,053	\$ 24,043	\$ 23,516	\$ 22,883	\$ 162,354	\$ 317,590	\$ 307,059	\$ 250,107
Contributions in Relation to the Contractually Required Contribution	<u>(26,561)</u>	<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>
Contribution Deficiency (Excess)	<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
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	3.62%	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 2014-2019.

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. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2019.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%.

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 2014-2019.

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. For 2019, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018. For 2019, see below regarding changes to stipend-based model.

Changes in assumptions: For 2018, the single discount rate changed from 3.79 percent to 3.24 percent. For 2019, the changes of assumptions were: (a) beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). 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. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years (b) beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5% (c) the single discount rate changed from 3.24 percent to 4.66 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, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 9,442,951	\$ 1,014,035	\$ 3,050,739	\$ 13,507,725
Materials and Supplies Inventory	518,634	-	-	518,634
Accrued Interest Receivable	-	10,172	-	10,172
Accounts Receivable	5,989	-	-	5,989
Interfund Receivable	-	145,042	-	145,042
Intergovernmental Receivable	865,048	19,028	20,000	904,076
Prepaid Items	12,984	-	-	12,984
Municipal Income Taxes Receivable	97,034	258,757	-	355,791
Property and Other Taxes Receivable	2,106,086	310,134	-	2,416,220
Special Assessments Receivable	-	528,944	206,638	735,582
Total Assets	\$ 13,048,726	\$ 2,286,112	\$ 3,277,377	\$ 18,612,215
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 33,046	\$ -	\$ -	\$ 33,046
Accrued Wages and Benefits	156,326	-	-	156,326
Intergovernmental Payable	52,579	-	-	52,579
Interfund Payable	15,261	-	211,622	226,883
<i>Total Liabilities</i>	<u>257,212</u>	<u>-</u>	<u>211,622</u>	<u>468,834</u>
Deferred Inflows of Resources:				
Property Taxes	2,055,888	302,733	-	2,358,621
Unavailable Revenue - Delinquent Property Taxes	50,198	7,401	-	57,599
Unavailable Revenue - Municipal Income Taxes	30,226	80,603	-	110,829
Unavailable Revenue - Other	568,175	547,972	226,638	1,342,785
<i>Total Deferred Inflows of Resources</i>	<u>2,704,487</u>	<u>938,709</u>	<u>226,638</u>	<u>3,869,834</u>
Fund Balances:				
Nonspendable	531,618	-	-	531,618
Restricted	4,033,465	1,347,403	1,807,549	7,188,417
Committed	5,527,088	-	1,112,137	6,639,225
Assigned	-	-	87,418	87,418
Unassigned (Deficits)	(5,144)	-	(167,987)	(173,131)
<i>Total Fund Balances</i>	<u>10,087,027</u>	<u>1,347,403</u>	<u>2,839,117</u>	<u>14,273,547</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,048,726	\$ 2,286,112	\$ 3,277,377	\$ 18,612,215

City of Avon Lake, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Property and Other Taxes	\$ 2,049,546	\$ 301,888	\$ -	\$ 2,351,434
Municipal Income Taxes	494,231	1,493,970	-	1,988,201
Intergovernmental	1,837,349	38,056	-	1,875,405
Interest	3,029	108,257	-	111,286
Fees, Licenses, and Permits	3,781	-	-	3,781
Fines and Forfeitures	83,717	-	-	83,717
Rentals	70,884	-	-	70,884
Charges for Services	645,324	-	-	645,324
Contributions and Donations	39,673	-	-	39,673
Special Assessments	-	188,098	36,496	224,594
All Other Revenues	22,234	800	-	23,034
Total Revenues	5,249,768	2,131,069	36,496	7,417,333
EXPENDITURES				
Current:				
Security of Persons and Property	2,280,974	-	-	2,280,974
Leisure Time Activities	1,258,615	-	-	1,258,615
Community Environment	9,033	-	-	9,033
Transportation	1,293,462	-	-	1,293,462
General Government	407,807	5,809	1,404	415,020
Capital Outlay	-	-	188,391	188,391
Debt Service:				
Principal Retirement	3,237	1,072,623	-	1,075,860
Interest and Fiscal Charges	3,162	564,280	41,155	608,597
Debt Issuance Costs	-	240,549	-	240,549
Total Expenditures	5,256,290	1,883,261	230,950	7,370,501
Excess of Revenues Over (Under) Expenditures	(6,522)	247,808	(194,454)	46,832
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	3,816	-	-	3,816
General Obligation Bonds Issued	-	7,585,000	-	7,585,000
Loans Issued	-	-	198,001	198,001
Premium on Debt Issuance	-	160,745	-	160,745
Transfers In	470,000	-	-	470,000
Transfers Out	(469,121)	(1,000,000)	-	(1,469,121)
Total Other Financing Sources (Uses)	4,695	6,745,745	198,001	6,948,441
Net Change in Fund Balances	(1,827)	6,993,553	3,547	6,995,273
Fund Balances (Deficits) - Beginning of Year	10,088,854	(5,646,150)	2,835,570	7,278,274
Fund Balances - End of Year	\$ 10,087,027	\$ 1,347,403	\$ 2,839,117	\$ 14,273,547

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	Street Construction Maintenance and Repair	State Highway	Income Tax Transfer	Paramedic	Law Enforcement Trust
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 1,491,428	\$ 68,296	\$ 5,094,207	\$ 1,708,261	\$ 64,305
Materials and Supplies Inventory	518,634	-	-	-	-
Accounts Receivable	-	-	-	-	223
Intergovernmental Receivable	657,749	52,467	-	94,250	-
Prepaid Items	7,790	-	-	5,194	-
Income Taxes Receivable	-	-	-	-	-
Property Taxes Receivable	-	-	-	1,556,996	-
Total Assets	<u>\$ 2,675,601</u>	<u>\$ 120,763</u>	<u>\$ 5,094,207</u>	<u>\$ 3,364,701</u>	<u>\$ 64,528</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 2,762	\$ -	\$ -	\$ 28,465	\$ -
Accrued Wages and Benefits	39,062	-	-	75,994	-
Intergovernmental Payable	10,726	-	-	29,390	-
Interfund Payable	-	-	-	-	-
<i>Total Liabilities</i>	<u>52,550</u>	<u>-</u>	<u>-</u>	<u>133,849</u>	<u>-</u>
Deferred Inflows of Resources:					
Property Taxes	-	-	-	1,519,896	-
Unavailable Revenue - Delinquent Property Taxes	-	-	-	37,100	-
Unavailable Revenue - Income Taxes	-	-	-	-	-
Unavailable Revenue - Other	407,319	33,026	-	94,250	-
<i>Total Deferred Inflows of Resources</i>	<u>407,319</u>	<u>33,026</u>	<u>-</u>	<u>1,651,246</u>	<u>-</u>
Fund Balances:					
Nonspendable	526,424	-	-	5,194	-
Restricted	1,689,308	87,737	-	1,574,412	64,528
Committed	-	-	5,094,207	-	-
Unassigned (Deficits)	-	-	-	-	-
<i>Total Fund Balances (Deficits)</i>	<u>2,215,732</u>	<u>87,737</u>	<u>5,094,207</u>	<u>1,579,606</u>	<u>64,528</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,675,601</u>	<u>\$ 120,763</u>	<u>\$ 5,094,207</u>	<u>\$ 3,364,701</u>	<u>\$ 64,528</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>
\$ 18,388	\$ 50,668	\$ 172,066	\$ -	\$ 432	\$ 12,980	\$ 155,845
-	-	-	-	-	-	-
-	832	2,146	-	-	-	-
-	-	-	27,002	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 18,388</u>	<u>\$ 51,500</u>	<u>\$ 174,212</u>	<u>\$ 27,002</u>	<u>\$ 432</u>	<u>\$ 12,980</u>	<u>\$ 155,845</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	12,574	-	-	-
-	-	-	4,311	-	-	-
-	-	-	15,261	-	-	-
-	-	-	<u>32,146</u>	-	-	-

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

-	-	-	-	-	-	-
18,388	51,500	174,212	-	432	12,980	-
-	-	-	-	-	-	155,845
-	-	-	(5,144)	-	-	-
<u>18,388</u>	<u>51,500</u>	<u>174,212</u>	<u>(5,144)</u>	<u>432</u>	<u>12,980</u>	<u>155,845</u>
<u>\$ 18,388</u>	<u>\$ 51,500</u>	<u>\$ 174,212</u>	<u>\$ 27,002</u>	<u>\$ 432</u>	<u>\$ 12,980</u>	<u>\$ 155,845</u>

(Continued)

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019
(Continued)

	Continued Professional Training	Court Security	Court Interlock
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 33,605	\$ 70,755	\$ 128,155
Materials and Supplies Inventory	-	-	-
Accounts Receivable	-	2,138	650
Intergovernmental Receivable	-	-	-
Prepaid Items	-	-	-
Income Taxes Receivable	-	-	-
Property Taxes Receivable	-	-	-
Total Assets	<u>\$ 33,605</u>	<u>\$ 72,893</u>	<u>\$ 128,805</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Accrued Wages and Benefits	-	1,528	-
Intergovernmental Payable	-	362	-
Interfund Payable	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>1,890</u>	<u>-</u>
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>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	-	-	-
Restricted	33,605	71,003	128,805
Committed	-	-	-
Unassigned (Deficits)	-	-	-
<i>Total Fund Balances</i>	<u>33,605</u>	<u>71,003</u>	<u>128,805</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 33,605</u>	<u>\$ 72,893</u>	<u>\$ 128,805</u>

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Recreation Trust</u>	<u>Recreation Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 57,551	\$ 26,749	\$ 277,036	\$ 12,224	\$ 9,442,951
-	-	-	-	518,634
-	-	-	-	5,989
16,790	16,790	-	-	865,048
-	-	-	-	12,984
-	-	-	97,034	97,034
274,545	274,545	-	-	2,106,086
<u>\$ 348,886</u>	<u>\$ 318,084</u>	<u>\$ 277,036</u>	<u>109,258</u>	<u>\$ 13,048,726</u>

\$ -	\$ -	\$ -	\$ 1,819	\$ 33,046
-	-	-	27,168	156,326
-	-	-	7,790	52,579
-	-	-	-	15,261
<u>-</u>	<u>-</u>	<u>-</u>	<u>36,777</u>	<u>257,212</u>

267,996	267,996	-	-	2,055,888
6,549	6,549	-	-	50,198
-	-	-	30,226	30,226
16,790	16,790	-	-	568,175
<u>291,335</u>	<u>291,335</u>	<u>-</u>	<u>30,226</u>	<u>2,704,487</u>

-	-	-	-	531,618
57,551	26,749	-	42,255	4,033,465
-	-	277,036	-	5,527,088
-	-	-	-	(5,144)
<u>57,551</u>	<u>26,749</u>	<u>277,036</u>	<u>42,255</u>	<u>10,087,027</u>
<u>\$ 348,886</u>	<u>\$ 318,084</u>	<u>\$ 277,036</u>	<u>\$ 109,258</u>	<u>\$ 13,048,726</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, 2019

	Street Construction Maintenance and Repair	State Highway	Income Tax Transfer	Paramedic	Law Enforcement Trust
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ 1,516,804	\$ -
Municipal Income Taxes	-	-	-	-	-
Intergovernmental	1,357,582	98,670	-	188,500	-
Interest	-	-	-	-	-
Fees, Licenses, and Permits	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	1,589
Rentals	-	-	-	-	-
Charges for Services	-	-	-	-	-
Contributions and Donations	-	-	-	3,334	-
All Other Revenues	6,864	-	-	13,445	-
Total Revenues	<u>1,364,446</u>	<u>98,670</u>	<u>-</u>	<u>1,722,083</u>	<u>1,589</u>
EXPENDITURES					
Current:					
Security of Persons and Property:	-	-	-	1,491,160	-
Leisure Time Activities	-	-	-	-	-
Community Environment	-	-	-	-	-
Transportation	1,229,493	63,969	-	-	-
General Government	-	-	407,807	-	-
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>1,229,493</u>	<u>63,969</u>	<u>407,807</u>	<u>1,491,160</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>134,953</u>	<u>34,701</u>	<u>(407,807)</u>	<u>230,923</u>	<u>1,589</u>
OTHER FINANCING SOURCES					
Sale of Capital Assets	-	-	-	3,816	-
Transfers In	350,000	-	-	-	-
Transfers Out	-	-	(469,121)	-	-
Total Other Financing Sources	<u>350,000</u>	<u>-</u>	<u>(469,121)</u>	<u>3,816</u>	<u>-</u>
Net Change in Fund Balances	484,953	34,701	(876,928)	234,739	1,589
Fund Balances (Deficits) - Beginning of Year	1,730,779	53,036	5,971,135	1,344,867	62,939
Fund Balances (Deficits) - End of Year	<u>\$ 2,215,732</u>	<u>\$ 87,737</u>	<u>\$ 5,094,207</u>	<u>\$ 1,579,606</u>	<u>\$ 64,528</u>

Law Enforcement Education	Indigent Drivers Alcohol Treatment	Municipal Court Computer	COPS	Avon Lake Bay Park	Board of Building Standards	Street Tree
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	125,439	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,781	-
395	12,276	24,837	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	9,264
-	-	-	-	-	-	1,925
<u>395</u>	<u>12,276</u>	<u>24,837</u>	<u>125,439</u>	<u>-</u>	<u>3,781</u>	<u>11,189</u>
5,806	-	2,686	265,147	-	-	-
-	-	-	-	-	-	14,006
-	8,646	-	-	-	387	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,806</u>	<u>8,646</u>	<u>2,686</u>	<u>265,147</u>	<u>-</u>	<u>387</u>	<u>14,006</u>
<u>(5,411)</u>	<u>3,630</u>	<u>22,151</u>	<u>(139,708)</u>	<u>-</u>	<u>3,394</u>	<u>(2,817)</u>
-	-	-	-	-	-	-
-	-	-	120,000	-	-	-
-	-	-	-	-	-	-
-	-	-	120,000	-	-	-
<u>(5,411)</u>	<u>3,630</u>	<u>22,151</u>	<u>(19,708)</u>	<u>-</u>	<u>3,394</u>	<u>(2,817)</u>
23,799	47,870	152,061	14,564	432	9,586	158,662
<u>\$ 18,388</u>	<u>\$ 51,500</u>	<u>\$ 174,212</u>	<u>\$ (5,144)</u>	<u>\$ 432</u>	<u>\$ 12,980</u>	<u>\$ 155,845</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, 2019
(Continued)

	Continued Professional Training	Court Security	Court Interlock
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Municipal Income Taxes	-	-	-
Intergovernmental	-	-	-
Interest	-	-	-
Fees, Licenses, and Permits	-	-	-
Fines and Forfeitures	-	32,934	11,686
Rentals	-	-	-
Charges for Services	-	-	-
Contributions and Donations	-	-	-
All Other Revenues	-	-	-
Total Revenues	<u>-</u>	<u>32,934</u>	<u>11,686</u>
EXPENDITURES			
Current:			
Security of Persons and Property:			
Leisure Time Activities	-	37,924	-
Community Environment	-	-	-
Transportation	-	-	-
General Government	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>-</u>	<u>37,924</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>(4,990)</u>	<u>11,686</u>
OTHER FINANCING SOURCES			
Sale of Capital Assets	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(4,990)	11,686
Fund Balances (Deficits) - Beginning of Year	33,605	75,993	117,119
Fund Balances (Deficits) - End of Year	<u>\$ 33,605</u>	<u>\$ 71,003</u>	<u>\$ 128,805</u>

Police Pension	Fire Pension	Recreation Trust	Recreation Fund	Total Nonmajor Special Revenue Funds
\$ 266,371	\$ 266,371	\$ -	\$ -	\$ 2,049,546
-	-	-	494,231	494,231
33,579	33,579	-	-	1,837,349
-	-	3,029	-	3,029
-	-	-	-	3,781
-	-	-	-	83,717
-	-	-	70,884	70,884
-	-	50,825	594,499	645,324
-	-	-	27,075	39,673
-	-	-	-	22,234
<u>299,950</u>	<u>299,950</u>	<u>53,854</u>	<u>1,186,689</u>	<u>5,249,768</u>
217,799	260,452	-	-	2,280,974
-	-	-	1,244,609	1,258,615
-	-	-	-	9,033
-	-	-	-	1,293,462
-	-	-	-	407,807
3,237	-	-	-	3,237
3,162	-	-	-	3,162
<u>224,198</u>	<u>260,452</u>	<u>-</u>	<u>1,244,609</u>	<u>5,256,290</u>
<u>75,752</u>	<u>39,498</u>	<u>53,854</u>	<u>(57,920)</u>	<u>(6,522)</u>
-	-	-	-	3,816
-	-	-	-	470,000
-	-	-	-	(469,121)
-	-	-	-	4,695
<u>75,752</u>	<u>39,498</u>	<u>53,854</u>	<u>(57,920)</u>	<u>(1,827)</u>
(18,201)	(12,749)	223,182	100,175	10,088,854
<u>\$ 57,551</u>	<u>\$ 26,749</u>	<u>\$ 277,036</u>	<u>\$ 42,255</u>	<u>\$ 10,087,027</u>

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2019

	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	\$ 387,414	\$ 82,826	\$ 543,795	\$ 1,014,035
Accrued Interest Receivable	1,290	-	8,882	10,172
Interfund Receivable		-	145,042	145,042
Intergovernmental Receivable		19,028	-	19,028
Income Taxes Receivable	258,757	-	-	258,757
Property Taxes Receivable		310,134	-	310,134
Special Assessments Receivable		-	528,944	528,944
Total Assets	\$ 647,461	\$ 411,988	\$ 1,226,663	\$ 2,286,112
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Deferred Inflows of Resources:				
Property Taxes and Payments in Lieu of Taxes	-	302,733	-	302,733
Unavailable Revenue - Delinquent Property Taxes	-	7,401	-	7,401
Unavailable Revenue - Income Taxes	80,603	-	-	80,603
Unavailable Revenue - Other	-	19,028	528,944	547,972
<i>Total Deferred Inflows of Resources</i>	<u>80,603</u>	<u>329,162</u>	<u>528,944</u>	<u>938,709</u>
Fund Balances:				
Restricted	566,858	82,826	697,719	1,347,403
<i>Total Fund Balances</i>	<u>566,858</u>	<u>82,826</u>	<u>697,719</u>	<u>1,347,403</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 647,461	\$ 411,988	\$ 1,226,663	\$ 2,286,112

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, 2019

	GO Bond Retirement (Unvoted)	GO Bond Retirement (Voted)	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
REVENUES				
Property Taxes	\$ -	\$ 301,888	\$ -	\$ 301,888
Income Taxes	1,493,970	-	-	1,493,970
Intergovernmental	-	38,056	-	38,056
Interest	12,671	57,522	38,064	108,257
Special Assessments	-	-	188,098	188,098
All Other Revenues	800	-	-	800
Total Revenues	<u>1,507,441</u>	<u>397,466</u>	<u>226,162</u>	<u>2,131,069</u>
EXPENDITURES				
Current:				
General Government	(6,458)	4,526	7,741	5,809
Debt Service:				
Principal Retirement	592,623	260,000	220,000	1,072,623
Interest and Fiscal Charges	426,508	135,522	2,250	564,280
Debt Issuance Costs	240,549	-	-	240,549
Total Expenditures	<u>1,253,222</u>	<u>400,048</u>	<u>229,991</u>	<u>1,883,261</u>
Excess Revenues Over Expenditures	<u>254,219</u>	<u>(2,582)</u>	<u>(3,829)</u>	<u>247,808</u>
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	7,585,000	-	-	7,585,000
Premium on Debt Issuance	160,745	-	-	160,745
Transfers Out	(1,000,000)	-	-	(1,000,000)
Total Other Financing Sources	<u>6,745,745</u>	<u>-</u>	<u>-</u>	<u>6,745,745</u>
Net Change in Fund Balances	6,999,964	(2,582)	(3,829)	6,993,553
Fund Balances (Deficits) - Beginning of Year	(6,433,106)	85,408	701,548	(5,646,150)
Fund Balances - End of Year	<u>\$ 566,858</u>	<u>\$ 82,826</u>	<u>\$ 697,719</u>	<u>\$ 1,347,403</u>

City of Avon Lake, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2019

	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:				
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>
<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
<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, 2019
(Continued)

	City Wide Signalization	North Point Erosion Control	Pool Renovation	Walker Rd Sewer/Lear Rd East
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 1,030	\$ 3,771	\$ -	\$ 511,150
Intergovernmental Receivable	-	-	-	-
Special Assessments Receivable	-	-	-	87,351
Total Assets	\$ 1,030	\$ 3,771	\$ -	\$ 598,501
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ -	\$ -	\$ 580	\$ -
<i>Total Liabilities</i>	-	-	580	-
Deferred Inflows of Resources:				
Unavailable Revenue - Other	-	-	-	87,351
<i>Total Deferred Inflows of Resources</i>	-	-	-	87,351
Fund Balances:				
Restricted	-	-	-	511,150
Committed	-	-	-	-
Assigned	1,030	3,771	-	-
Unassigned (Deficits)	-	-	(580)	-
<i>Total Fund Balances (Deficits)</i>	1,030	3,771	(580)	511,150
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,030	\$ 3,771	\$ -	\$ 598,501

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	\$ 28,635	\$ -	\$ 96,166	\$ 24,865	\$ 3,050,739
-	-	-	-	-	-	20,000
-	-	119,287	-	-	-	206,638
<u>\$ 1,111,937</u>	<u>\$ 138,405</u>	<u>\$ 147,922</u>	<u>\$ -</u>	<u>\$ 96,166</u>	<u>\$ 24,865</u>	<u>\$ 3,277,377</u>
\$ -	\$ -	\$ 145,042	\$ 31,000	\$ -	\$ -	\$ 211,622
-	-	145,042	31,000	-	-	211,622
-	-	119,287	-	-	-	226,638
-	-	119,287	-	-	-	226,638
-	138,405	-	-	96,166	24,865	1,807,549
1,111,937	-	-	-	-	-	1,112,137
-	-	-	-	-	-	87,418
-	-	(116,407)	(31,000)	-	-	(167,987)
<u>1,111,937</u>	<u>138,405</u>	<u>(116,407)</u>	<u>(31,000)</u>	<u>96,166</u>	<u>24,865</u>	<u>2,839,117</u>
<u>\$ 1,111,937</u>	<u>\$ 138,405</u>	<u>\$ 147,922</u>	<u>\$ -</u>	<u>\$ 96,166</u>	<u>\$ 24,865</u>	<u>\$ 3,277,377</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, 2019

	Walker/ Moore Rd. Intersection	Sewer Separation Projects	Curtis Sewer	Miller Rd Park Breakwall
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES				
Loans Issued	-	-	-	-
Total Other Financing Sources	-	-	-	-
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	\$ 13,685	\$ 994,989	\$ 1,477	\$ 1,646

<u>Police Court Facility</u>	<u>Troy School Driveway</u>	<u>Bicycle Trails</u>	<u>Walker Rd. Widening</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
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, 2019
(Continued)

	<u>City Wide Signalization</u>	<u>North Point Erosion Control</u>	<u>Pool Renovation</u>	<u>Walker Rd Sewer/Lear Rd East</u>
REVENUES				
Special Assessments	\$ -	\$ -	\$ -	\$ 22,712
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,712</u>
EXPENDITURES				
Current:				
General Government	-	-	-	874
Capital Outlay	-	-	-	-
Debt Service:				
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>874</u>
Excess of Revenues (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,838</u>
OTHER FINANCING SOURCES				
Loans Issued	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	21,838
Fund Balances (Deficits)- Beginning of Year	1,030	3,771	(580)	489,312
Fund Balances (Deficits) - End of Year	<u>\$ 1,030</u>	<u>\$ 3,771</u>	<u>\$ (580)</u>	<u>\$ 511,150</u>

<u>Titus- Pitts-Hill Ditch</u>	<u>Sidewalk/ Street Lighting</u>	<u>Cove Ave Improvement</u>	<u>Curtis Road Sewer Improvement</u>	<u>Lear/ Krebs Intersection</u>	<u>Fairfield/ Brookfield Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ -	\$ -	\$ 13,784	\$ -	\$ -	\$ -	\$ 36,496
-	-	13,784	-	-	-	36,496
-	-	530	-	-	-	1,404
-	-	-	162,706	25,685	-	188,391
-	-	4,120	11,580	-	25,455	41,155
-	-	4,650	174,286	25,685	25,455	230,950
-	-	9,134	(174,286)	(25,685)	(25,455)	(194,454)
-	-	-	172,546	-	25,455	198,001
-	-	-	172,546	-	25,455	198,001
-	-	9,134	(1,740)	(25,685)	-	3,547
1,111,937	138,405	(125,541)	(29,260)	121,851	24,865	2,835,570
<u>\$ 1,111,937</u>	<u>\$ 138,405</u>	<u>\$ (116,407)</u>	<u>\$ (31,000)</u>	<u>\$ 96,166</u>	<u>\$ 24,865</u>	<u>\$ 2,839,117</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, 2019

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<u>Deposit Trust</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 46,720	\$ 59,000	\$ -	\$ 105,720
Liabilities				
Due to Others	\$ 46,720	\$ 59,000	\$ -	\$ 105,720
<u>Unclaimed Monies</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,675	\$ 2,183	\$ -	\$ 8,858
Liabilities				
Due to Others	\$ 6,675	\$ 2,183	\$ -	\$ 8,858
<u>Transfer</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,649	\$ 9,722	\$ 9,567	\$ 1,804
Liabilities				
Due to Other Governments	\$ 1,649	\$ 9,722	\$ 9,567	\$ 1,804
<u>ETL 2 MOR</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,251,769	\$ 4,770,727	\$ 4,733,092	\$ 1,289,404
Liabilities				
Due to Others	\$ 1,251,769	\$ 4,770,727	\$ 4,733,092	\$ 1,289,404
<u>Municipal Court</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 64,884	\$ 1,051,173	\$ 1,048,273	\$ 67,784
Liabilities				
Due to Others	\$ 64,884	\$ 1,051,173	\$ 1,048,273	\$ 67,784
<u>Total - All Agency Funds</u>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,371,697	\$ 5,892,805	\$ 5,790,932	\$ 1,473,570
<i>Total Assets</i>	<u>\$ 1,371,697</u>	<u>\$ 5,892,805</u>	<u>\$ 5,790,932</u>	<u>\$ 1,473,570</u>
Liabilities				
Due to Other Governments	\$ 1,649	\$ 9,722	\$ 9,567	\$ 1,804
Due to Others	1,370,048	5,883,083	5,781,365	1,471,766
<i>Total Liabilities</i>	<u>\$ 1,371,697</u>	<u>\$ 5,892,805</u>	<u>\$ 5,790,932</u>	<u>\$ 1,473,570</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 4,127,201	\$ 4,127,201	\$ 4,114,914	\$ (12,287)
Municipal Income Taxes	8,163,574	8,163,574	8,163,574	-
Other Taxes	468,906	457,821	411,142	(46,679)
Intergovernmental	1,117,278	1,051,040	995,848	(55,192)
Fees, Licenses, and Permits	279,725	277,632	249,325	(28,307)
Fines and Forfeitures	316,596	314,226	282,188	(32,038)
Charges for Services	727,543	722,098	648,473	(73,625)
Rentals	69,637	69,115	62,068	(7,047)
Contributions and Donations	7,149	7,096	6,373	(723)
All Other Revenues	193,376	191,843	172,282	(19,561)
Total Revenues	<u>15,470,985</u>	<u>15,381,646</u>	<u>15,106,187</u>	<u>(275,459)</u>
Expenditures:				
Current:				
Security of Persons and Property				
Police				
Personal Services	4,076,448	4,100,248	4,105,238	(4,990)
Other	306,888	287,888	286,675	1,213
Total Police	<u>4,383,336</u>	<u>4,388,136</u>	<u>4,391,913</u>	<u>(3,777)</u>
Fire				
Personal Services	2,828,649	2,631,649	2,631,147	502
Other	194,373	194,373	188,578	5,795
Total Fire	<u>3,023,022</u>	<u>2,826,022</u>	<u>2,819,725</u>	<u>6,297</u>
Total Security of Persons and Property	<u>7,406,358</u>	<u>7,214,158</u>	<u>7,211,638</u>	<u>2,520</u>
Community Development				
Building Inspection				
Personal Services	446,360	447,160	447,160	-
Other	48,728	48,728	47,561	1,167
Total Building Inspection	<u>495,088</u>	<u>495,888</u>	<u>494,721</u>	<u>1,167</u>
Planning Commission				
Other	7,000	7,000	3,969	3,031
Total Planning Commission	<u>7,000</u>	<u>7,000</u>	<u>3,969</u>	<u>3,031</u>
EEAB				
Personal Services	680	680	1	679
Other	2,040	2,040	1,037	1,003
Total EEAB	<u>2,720</u>	<u>2,720</u>	<u>1,038</u>	<u>1,682</u>
Total Community Development	<u>504,808</u>	<u>505,608</u>	<u>499,728</u>	<u>5,880</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, 2019
 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Service				
Personal Services	2,371,943	1,977,608	1,977,608	-
Other	973,706	973,706	939,134	34,572
Total Transportation	<u>3,345,649</u>	<u>2,951,314</u>	<u>2,916,742</u>	<u>34,572</u>
General Government				
Legislative - Council				
Personal Services	199,832	203,832	203,605	227
Other	32,495	34,045	33,758	287
Total Legislative - Council	<u>232,327</u>	<u>237,877</u>	<u>237,363</u>	<u>514</u>
Judicial - Court				
Personal Services	460,630	465,630	465,483	147
Other	74,545	86,845	84,662	2,183
Total Judicial - Court	<u>535,175</u>	<u>552,475</u>	<u>550,145</u>	<u>2,330</u>
Legal Counsel				
Personal Services	254,682	269,682	269,123	559
Other	176,487	161,487	74,560	86,927
Total Legal Counsel	<u>431,169</u>	<u>431,169</u>	<u>343,683</u>	<u>87,486</u>
Civil Service				
Personal Services	5,825	5,825	4,579	1,246
Other	10,985	10,985	2,298	8,687
Total Civil Service	<u>16,810</u>	<u>16,810</u>	<u>6,877</u>	<u>9,933</u>
Mayor				
Personal Services	375,736	378,736	374,864	3,872
Other	155,077	219,677	187,317	32,360
Total Mayor	<u>530,813</u>	<u>598,413</u>	<u>562,181</u>	<u>36,232</u>
Finance				
Personal Services	481,789	481,789	476,845	4,944
Other	315,390	341,805	341,771	34
Total Finance	<u>797,179</u>	<u>823,594</u>	<u>818,616</u>	<u>4,978</u>
Other General Government				
Other	749,340	761,340	760,999	341
Total General Government	<u>3,292,813</u>	<u>3,421,678</u>	<u>3,279,864</u>	<u>141,814</u>
Total Expenditures	<u>14,549,628</u>	<u>14,092,758</u>	<u>13,907,972</u>	<u>184,786</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, 2019
 (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues Over (Under) Expenditures	921,357	1,288,888	1,198,215	(90,673)
Other Financing Sources (Uses)				
Sale of Capital Assets	6,877	6,877	6,877	-
Transfers In	19,121	19,121	19,121	-
Transfers Out	(681,850)	(681,850)	(681,850)	-
Total Other Financing Sources (Uses)	<u>(655,852)</u>	<u>(655,852)</u>	<u>(655,852)</u>	<u>-</u>
Net Change in Fund Balance	265,505	633,036	542,363	(90,673)
Fund Balance - Beginning of Year	536,615	536,615	536,615	-
Prior Year Encumbrances Appropriated	182,839	182,839	182,839	-
Fund Balance - End of Year	<u>\$ 984,959</u>	<u>\$ 1,352,490</u>	<u>\$ 1,261,817</u>	<u>\$ (90,673)</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Municipal Income Taxes	\$ 2,250,000	\$ 2,250,000	\$ -
Interest	244,169	200,067	(44,102)
Total Revenues	<u>2,778,999</u>	<u>2,684,483</u>	<u>(94,516)</u>
Expenditures:			
Capital Outlay	7,731,127	4,819,601	2,911,526
Total Expenditures	<u>7,731,127</u>	<u>4,819,601</u>	<u>2,911,526</u>
Excess of Revenues Over (Under) Expenditures	(4,952,128)	(2,135,118)	2,817,010
Other Financing Sources			
Sale of Capital Assets	15,936	14,000	(1,936)
Bond Anticipation Notes Issued	2,156,736	1,775,000	(381,736)
Transfers In	1,030,669	450,000	(580,669)
Total Other Financing Sources	<u>3,203,341</u>	<u>2,239,000</u>	<u>(964,341)</u>
Net Change in Fund Balance	(1,748,787)	103,882	1,852,669
Fund Balance - Beginning of Year	970,608	970,608	-
Prior Year Encumbrances Appropriated	1,191,546	1,191,546	-
Fund Balance - End of Year	<u>\$ 413,367</u>	<u>\$ 2,266,036</u>	<u>\$ 1,852,669</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, 2019*

	<u>Budgeted Amounts</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive
			(Negative)
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Capital Outlay	2,936,700	2,936,671	29
Total Expenditures	2,936,700	2,936,671	29
Excess of Revenues Over (Under) Expenditures	(2,936,700)	(2,936,671)	29
Other Financing Sources			
OPWC Loans Issued	3,568,239	2,936,671	(631,568)
Total Other Financing Sources	3,568,239	2,936,671	(631,568)
Net Change in Fund Balance	631,539	-	(631,539)
Fund Balance - Beginning of Year	408,646	408,646	-
Fund Balance - End of Year	\$ 1,040,185	\$ 408,646	\$ (631,539)

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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 1,258,039	\$ 1,272,965	\$ 14,926
All Other Revenues	6,784	6,864	80
Total Revenues	<u>1,264,823</u>	<u>1,279,829</u>	<u>15,006</u>
Expenditures:			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Personal Services	1,069,500	1,069,500	-
Other	331,716	320,104	11,612
Total Expenditures	<u>1,401,216</u>	<u>1,389,604</u>	<u>11,612</u>
Excess of Revenues Over (Under) Expenditures	(136,393)	(109,775)	26,618
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	213,607	240,225	26,618
Fund Balance - Beginning of Year	1,227,779	1,227,779	-
Prior Year Encumbrances Appropriated	15,716	15,716	-
Fund Balance - End of Year	<u>\$ 1,457,102</u>	<u>\$ 1,483,720</u>	<u>\$ 26,618</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 90,993	\$ 91,839	\$ 846
Total Revenues	<u>90,993</u>	<u>91,839</u>	<u>846</u>
Expenditures:			
Current:			
Transportation			
Street Construction, Maintenance and Repair			
Other	80,000	63,969	16,031
Total Expenditures	<u>80,000</u>	<u>63,969</u>	<u>16,031</u>
Net Change in Fund Balance	10,993	27,870	16,877
Fund Balance - Beginning of Year	40,426	40,426	-
Fund Balance - End of Year	<u>\$ 51,419</u>	<u>\$ 68,296</u>	<u>\$ 16,877</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, 2019*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Municipal Income Taxes	\$ 12,373,588	\$ 12,488,574	\$ 114,986
Total Revenues	<u>12,373,588</u>	<u>12,488,574</u>	<u>114,986</u>
Expenditures:			
Current:			
Security of Persons and Property:			
Police and Others:			
Other	408,000	407,807	193
Total Expenditures	<u>408,000</u>	<u>407,807</u>	<u>193</u>
Excess of Revenues Over (Under) Expenditures	11,965,588	12,080,767	115,179
Other Financing (Uses)			
Transfers Out	(12,957,695)	(12,957,695)	-
Total Other Financing (Uses)	<u>(12,957,695)</u>	<u>(12,957,695)</u>	<u>-</u>
Net Change in Fund Balance	(992,107)	(876,928)	115,179
Fund Balance - Beginning of Year	5,971,135	5,971,135	-
Fund Balance - End of Year	<u>\$ 4,979,028</u>	<u>\$ 5,094,207</u>	<u>\$ 115,179</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Property Taxes	\$ 1,502,807	\$ 1,516,804	\$ 13,997
Intergovernmental	186,761	188,500	1,739
Contributions and Donations	3,303	3,334	31
All Other Revenues	13,321	13,445	124
Total Revenues	1,706,192	1,722,083	15,891
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	1,275,555	1,275,512	43
Other	208,365	194,703	13,662
Total Expenditures	1,483,920	1,470,215	13,705
Excess of Revenues Over (Under) Expenditures	222,272	251,868	29,596
Other Financing Sources			
Sale of Capital Assets	3,816	3,816	-
Total Other Financing Sources	3,816	3,816	-
Net Change in Fund Balance	226,088	255,684	29,596
Fund Balance - Beginning of Year	1,213,605	1,213,605	-
Prior Year Encumbrances Appropriated	15,410	15,410	-
Fund Balance - End of Year	\$ 1,455,103	\$ 1,484,699	\$ 29,596

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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Other	45,957	35,439	10,518
Total Expenditures	45,957	35,439	10,518
Excess of Revenues Over (Under) Expenditures	(45,957)	(35,439)	10,518
Other Financing Sources			
Transfers In	41,613	42,000	387
Total Other Financing Sources	41,613	42,000	387
Net Change in Fund Balance	(4,344)	6,561	10,905
Fund Balance - Beginning of Year	3,462	3,462	-
Fund Balance - End of Year	\$ (882)	\$ 10,023	\$ 10,905

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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
All Other Revenues	\$ 21	\$ 253	\$ 232
Total Revenues	<u>21</u>	<u>253</u>	<u>232</u>
Expenditures:			
Current:			
Transportation			
Service			
Personal Services	29,115	27,385	1,730
Other	3,000	557	2,443
Total Expenditures	<u>32,115</u>	<u>27,942</u>	<u>4,173</u>
Excess of Revenues Over (Under) Expenditures	(32,094)	(27,689)	4,405
Other Financing Sources			
Transfers In	25,000	25,000	-
Total Other Financing Sources	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	(7,094)	(2,689)	4,405
Fund Balance - Beginning of Year	84,886	84,886	-
Fund Balance - End of Year	<u>\$ 77,792</u>	<u>\$ 82,197</u>	<u>\$ 4,405</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Cable TV Fund
 For the Year Ended December 31, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Charges for Services	\$ 315	\$ 318	\$ 3
All Other Revenues	1,122	1,132	10
Total Revenues	1,437	1,450	13
Expenditures:			
Current:			
Leisure Time Activities			
Cable TV			
Personal Services	127,775	131,212	(3,437)
Other	78,222	51,916	26,306
Total Expenditures	205,997	183,128	22,869
Excess of Revenues Over (Under) Expenditures	(204,560)	(181,678)	22,882
Other Financing Sources			
Sale of Capital Assets	744	751	7
Transfers In	140,692	142,000	1,308
Total Other Financing Sources	141,436	142,751	1,315
Net Change in Fund Balance	(63,124)	(38,927)	24,197
Fund Balance - Beginning of Year	74,555	74,555	-
Prior Year Encumbrances Appropriated	24,472	24,472	-
Fund Balance - End of Year	\$ 35,903	\$ 60,100	\$ 24,197

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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 1,353	\$ 1,366	\$ 13
Total Revenues	<u>1,353</u>	<u>1,366</u>	<u>13</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	(647)	1,366	2,013
Fund Balance - Beginning of Year	62,939	62,939	-
Fund Balance - End of Year	<u>\$ 62,292</u>	<u>\$ 64,305</u>	<u>\$ 2,013</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 391	\$ 395	\$ 4
Total Revenues	<u>391</u>	<u>395</u>	<u>4</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	7,500	5,806	1,694
Total Expenditures	<u>7,500</u>	<u>5,806</u>	<u>1,694</u>
Net Change in Fund Balance	(7,109)	(5,411)	1,698
Fund Balance - Beginning of Year	23,799	23,799	-
Fund Balance - End of Year	<u>\$ 16,690</u>	<u>\$ 18,388</u>	<u>\$ 1,698</u>

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, 2019*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 11,339	\$ 11,444	\$ 105
Total Revenues	<u>11,339</u>	<u>11,444</u>	<u>105</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	10,576	9,028	1,548
Total Expenditures	<u>10,576</u>	<u>9,028</u>	<u>1,548</u>
Net Change in Fund Balance	763	2,416	1,653
Fund Balance - Beginning of Year	47,294	47,294	-
Prior Year Encumbrances Appropriated	576	576	-
Fund Balance - End of Year	<u>\$ 48,633</u>	<u>\$ 50,286</u>	<u>\$ 1,653</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fines and Forfeitures	\$ 30,668	\$ 30,953	\$ 285
Total Revenues	<u>30,668</u>	<u>30,953</u>	<u>285</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Other	15,000	3,165	11,835
Total Expenditures	<u>15,000</u>	<u>3,165</u>	<u>11,835</u>
Net Change in Fund Balance	15,668	27,788	12,120
Fund Balance - Beginning of Year	143,799	143,799	-
Fund Balance - End of Year	<u>\$ 159,467</u>	<u>\$ 171,587</u>	<u>\$ 12,120</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Intergovernmental	\$ 125,256	\$ 127,536	\$ 2,280
Total Revenues	<u>125,256</u>	<u>127,536</u>	<u>2,280</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	263,550	263,549	1
Total Expenditures	<u>263,550</u>	<u>263,549</u>	<u>1</u>
Excess of Revenues Over (Under) Expenditures	(138,294)	(136,013)	2,281
Other Financing Sources			
Transfers In	120,000	120,000	-
Total Other Financing Sources	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net Change in Fund Balance	(18,294)	(16,013)	2,281
Fund Balance - Beginning of Year	752	752	-
Fund Balance - End of Year	<u>\$ (17,542)</u>	<u>\$ (15,261)</u>	<u>\$ 2,281</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Avon Lake/Bay Park Fund
 For the Year Ended December 31, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	432	432	-
Fund Balance - End of Year	<u>\$ 432</u>	<u>\$ 432</u>	<u>\$ -</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Fees, Licenses, and Permits	\$ 3,747	\$ 3,781	\$ 34
Total Revenues	<u>3,747</u>	<u>3,781</u>	<u>34</u>
Expenditures:			
Current:			
Community Environment			
Building Inspection			
Other	5,306	1,742	3,564
Total Expenditures	<u>5,306</u>	<u>1,742</u>	<u>3,564</u>
Net Change in Fund Balance	(1,559)	2,039	3,598
Fund Balance - Beginning of Year	8,780	8,780	-
Prior Year Encumbrances Appropriated	806	806	-
Fund Balance - End of Year	<u>\$ 8,027</u>	<u>\$ 11,625</u>	<u>\$ 3,598</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	\$ 100,000	\$ -	\$ 100,000
Total Expenditures	100,000	-	100,000
 Net Change in Fund Balance	 (100,000)	 -	 100,000
 Fund Balance - Beginning of Year	 184,473	 184,473	 -
Fund Balance - End of Year	\$ 84,473	\$ 184,473	\$ 100,000

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, 2019

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Contributions and Donations	\$ 9,179	\$ 9,264	\$ 85
All Other Revenues	1,907	1,925	18
Total Revenues	11,086	11,189	103
Expenditures:			
Current:			
Leisure Time Activities			
Parks and Recreation			
Other	15,000	14,006	994
Total Expenditures	15,000	14,006	994
Net Change in Fund Balance	(3,914)	(2,817)	1,097
Fund Balance - Beginning of Year	141,813	141,813	-
Fund Balance - End of Year	\$ 137,899	\$ 138,996	\$ 1,097

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, 2019*

	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	\$ 20,905	\$ 33,605	\$ 12,700

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, 2019

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 30,512	\$ 30,796	\$ 284
Total Revenues	<u>30,512</u>	<u>30,796</u>	<u>284</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	39,012	38,195	817
Other	4,000	-	4,000
Total Expenditures	<u>43,012</u>	<u>38,195</u>	<u>4,817</u>
Net Change in Fund Balance	(12,500)	(7,399)	5,101
Fund Balance - Beginning of Year	78,154	78,154	-
Fund Balance - End of Year	<u>\$ 65,654</u>	<u>\$ 70,755</u>	<u>\$ 5,101</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, 2019*

	<u>Budgeted Amounts</u>		Variance with Final Budget
	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 10,934	\$ 11,036	\$ 102
Total Revenues	<u>10,934</u>	<u>11,036</u>	<u>102</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	(4,066)	11,036	15,102
Fund Balance - Beginning of Year	117,119	117,119	-
Fund Balance - End of Year	<u>\$ 113,053</u>	<u>\$ 128,155</u>	<u>\$ 15,102</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Property Taxes	\$ 263,918	\$ 266,371	\$ 2,453
Intergovernmental	33,270	33,579	309
Total Revenues	<u>297,188</u>	<u>299,950</u>	<u>2,762</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police			
Personal Services	260,000	259,891	109
Other	4,050	3,993	57
Total Expenditures	<u>264,050</u>	<u>263,884</u>	<u>166</u>
Net Change in Fund Balance	33,138	36,066	2,928
Fund Balance - Beginning of Year	21,485	21,485	-
Fund Balance - End of Year	<u>\$ 54,623</u>	<u>\$ 57,551</u>	<u>\$ 2,928</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Property Taxes	\$ 263,918	\$ 266,371	\$ 2,453
Intergovernmental	33,270	33,579	309
Total Revenues	<u>297,188</u>	<u>299,950</u>	<u>2,762</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	291,000	291,000	-
Other	4,035	3,993	42
Total Expenditures	<u>295,035</u>	<u>294,993</u>	<u>42</u>
Net Change in Fund Balance	2,153	4,957	2,804
Fund Balance - Beginning of Year	21,792	21,792	-
Fund Balance - End of Year	<u>\$ 23,945</u>	<u>\$ 26,749</u>	<u>\$ 2,804</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, 2019*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
Revenues:			
Interest	\$ 2,022	\$ 2,041	\$ 19
Charges for Services	50,357	50,825	468
Total Revenues	<u>52,379</u>	<u>52,866</u>	<u>487</u>
Expenditures:			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	52,379	52,866	487
Fund Balance - Beginning of Year	224,020	224,020	-
Fund Balance - End of Year	<u>\$ 276,399</u>	<u>\$ 276,886</u>	<u>\$ 487</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Rentals	\$ 69,737	\$ 70,884	\$ 1,147
Charges for Services	584,876	594,499	9,623
Contributions and Donations	26,637	27,075	438
Total Revenues	681,250	692,458	11,208
Expenditures:			
Current:			
Leisure Time Activities			
Personal Services	768,240	779,767	(11,527)
Other	488,345	481,991	6,354
Total Leisure Time Activities	1,256,585	1,261,758	(5,173)
Total Expenditures	1,256,585	1,261,758	(5,173)
Excess of Revenues Over (Under) Expenditures	(575,335)	(569,300)	6,035
Other Financing Sources			
Transfers In	525,000	525,000	-
Total Other Financing Sources	525,000	525,000	-
Net Change in Fund Balance	(50,335)	(44,300)	6,035
Fund Balance - Beginning of Year	28,438	28,438	-
Prior Year Encumbrances Appropriated	23,185	23,185	-
Fund Balance - End of Year	\$ 1,288	\$ 7,323	\$ 6,035

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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Interest	\$ 8,295	\$ 8,356	\$ 61
All Other Revenues	794	800	6
Total Revenues	9,089	9,156	67
Expenditures:			
Debt Service:			
Principal	8,228,700	8,226,852	1,848
Interest & Fiscal Charges	320,830	438,737	(117,907)
Debt Issuance Costs	15,000	106,992	(91,992)
Total Expenditures	8,564,530	8,772,581	(208,051)
Excess of Revenues Over (Under) Expenditures	(8,555,441)	(8,763,425)	(207,984)
Other Financing Sources			
Bond Anticipation Notes Issued	7,530,073	7,585,000	54,927
Premium on Debt Issuance	26,991	27,188	197
Transfers In	1,538,776	1,550,000	11,224
Total Other Financing Sources	9,095,840	9,162,188	66,348
Net Change in Fund Balance	540,399	398,763	(141,636)
Fund Balance - Beginning of Year	165,950	165,950	-
Fund Balance - End of Year	\$ 706,349	\$ 564,713	\$ (141,636)

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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Property Taxes	\$ 299,701	\$ 301,888	\$ 2,187
Intergovernmental	37,780	38,056	276
Interest	57,105	57,522	417
Total Revenues	394,586	397,466	2,880
Expenditures:			
Current:			
General Government			
Other General Government			
Other	4,550	4,526	24
Debt Service:			
Principal	260,000	260,000	-
Interest & Fiscal Charges	135,522	135,522	-
Total Debt Service	395,522	395,522	-
Total Expenditures	400,072	400,048	24
Net Change in Fund Balance	(5,486)	(2,582)	2,904
Fund Balance- Beginning of Year	85,408	85,408	-
Fund Balance- End of Year	\$ 79,922	\$ 82,826	\$ 2,904

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, 2019*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Interest	\$ 4,795	\$ 4,830	\$ 35
Special Assessments	186,715	188,098	1,383
Total Revenues	<u>191,510</u>	<u>192,928</u>	<u>1,418</u>
Expenditures:			
Current:			
General Government			
Other General Government			
Other	14,050	7,741	6,309
Debt Service:			
Principal	249,100	272,020	(22,920)
Interest & Fiscal Charges	26,600	22,886	3,714
Total Debt Service	<u>275,700</u>	<u>294,906</u>	<u>(19,206)</u>
Total Expenditures	<u>289,750</u>	<u>302,647</u>	<u>(12,897)</u>
Excess of Revenues Over (Under) Expenditures	(98,240)	(109,719)	(11,479)
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	(95,390)	(89,835)	5,555
Fund Balance - Beginning of Year	650,016	650,016	-
Fund Balance - End of Year	<u>\$ 554,626</u>	<u>\$ 560,181</u>	<u>\$ 5,555</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, 2019*

	<u>Budgeted Amounts</u>		Variance with Final Budget
	<u>Final</u>	<u>Actual</u>	Positive (Negative)
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>\$ 13,685</u>	<u>\$ 13,685</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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	994,989	994,989	-
Fund Balance - End of Year	\$ 994,989	\$ 994,989	\$ -

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, 2019*

	<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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	1,646	1,646	-
Fund Balance - End of Year	\$ 1,646	\$ 1,646	\$ -

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, 2019*

	<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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Security of Persons and Property:			
Police and Others:			
Other	5,000	-	5,000
Total Expenditures	5,000	-	5,000
Net Change in Fund Balance	(5,000)	-	5,000
Fund Balance - Beginning of Year	15,000	15,000	-
Fund Balance - End of Year	\$ 10,000	\$ 15,000	\$ 5,000

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, 2019*

	<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	200	200	-
Fund Balance - End of Year	<u><u>\$ 200</u></u>	<u><u>\$ 200</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
 Walker Road Widening Fund
 For the Year Ended December 31, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
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	\$ 28,289	\$ 28,289	\$ -

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, 2019*

	<u>Budgeted Amounts</u>		Variance with
	<u>Final</u>	<u>Actual</u>	Final Budget
			Positive (Negative)
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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Total Revenues	\$ -	\$ -	\$ -
Expenditures:			
Total Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of Year	3,771	3,771	-
Fund Balance - End of Year	\$ 3,771	\$ 3,771	\$ -

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, 2019*

	<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	(580)	(580)	-
Fund Balance - End of Year	<u>\$ (580)</u>	<u>\$ (580)</u>	<u>\$ -</u>

City of Avon Lake, Ohio
*Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 Walker Rd. Sewer/Lear Rd. East Fund
 For the Year Ended December 31, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Special Assessments	\$ 27,597	\$ 22,712	\$ (4,885)
Total Revenues	<u>27,597</u>	<u>22,712</u>	<u>(4,885)</u>
Expenditures:			
Current:			
General Government			
Other	900	874	26
Total Expenditures	<u>900</u>	<u>874</u>	<u>26</u>
Net Change in Fund Balance	26,697	21,838	(4,859)
Fund Balance - Beginning of Year	489,312	489,312	-
Fund Balance - End of Year	<u>\$ 516,009</u>	<u>\$ 511,150</u>	<u>\$ (4,859)</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, 2019*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Other	15,000	-	15,000
Total Expenditures	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net Change in Fund Balance	(15,000)	-	15,000
Fund Balance - Beginning of Year	1,111,937	1,111,937	-
Fund Balance - End of Year	<u><u>\$ 1,096,937</u></u>	<u><u>\$ 1,111,937</u></u>	<u><u>\$ 15,000</u></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, 2019*

	<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, 2019*

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
Revenues:			
Special Assessments	\$ 16,749	\$ 13,784	\$ (2,965)
Total Revenues	<u>16,749</u>	<u>13,784</u>	<u>(2,965)</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	16,199	13,254	(2,945)
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	16,199	(3,780)	(19,979)
Fund Balance - Beginning of Year	32,415	32,415	-
Fund Balance - End of Year	<u>\$ 48,614</u>	<u>\$ 28,635</u>	<u>\$ (19,979)</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, 2019*

	<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:			
Transportation			
Capital Outlay	169,000	168,966	34
Total Expenditures	<u>169,000</u>	<u>168,966</u>	<u>34</u>
Excess of Revenues Over (Under) Expenditures	<u>(169,000)</u>	<u>(168,966)</u>	<u>34</u>
Other Financing Sources			
OWDA Loans Issued	195,584	160,966	(34,618)
Total Other Financing Sources	<u>195,584</u>	<u>160,966</u>	<u>(34,618)</u>
Net Change in Fund Balance	26,584	(8,000)	(34,584)
Fund Balance - Beginning of Year	(23,000)	(23,000)	-
Fund Balance - End of Year	<u>\$ 3,584</u>	<u>\$ (31,000)</u>	<u>\$ (34,584)</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, 2019*

	<u>Budgeted Amounts</u>		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Capital Outlay	5,000	102,632	(97,632)
Total Expenditures	<u>5,000</u>	<u>102,632</u>	<u>(97,632)</u>
Net Change in Fund Balance	(5,000)	(102,632)	(97,632)
Fund Balance - Beginning of Year	121,851	121,851	-
Fund Balance - End of Year	<u>\$ 116,851</u>	<u>\$ 19,219</u>	<u>\$ (97,632)</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, 2019*

	<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	<u>24,865</u>	<u>24,865</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ 24,865</u></u>	<u><u>\$ 24,865</u></u>	<u><u>\$ -</u></u>

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STATISTICAL SECTION



City of Avon Lake, Ohio

Statistical Section

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

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

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

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

	2019	2018	2017 (2)
<u>Governmental Activities</u>			
Net Investment in Capital Assets	\$ 41,911,671	\$ 42,910,011	\$ 40,084,385
Restricted	9,450,107	12,190,510	11,788,817
Unrestricted	(13,851,128)	(26,178,517)	(22,086,580)
Total Governmental Activities Net Position	<u>\$ 37,510,650</u>	<u>\$ 28,922,004</u>	<u>\$ 29,786,622</u>
<u>Business Type - Activities</u>			
Net Investment in Capital Assets	\$ 49,468,981	\$ 47,469,992	\$ 47,110,023
Restricted	0	0	0
Unrestricted	9,312,111	7,967,187	5,212,866
Total Business-Type Activities Net Position	<u>\$ 58,781,092</u>	<u>\$ 55,437,179</u>	<u>\$ 52,322,889</u>
<u>Primary Government</u>			
Net Investment in Capital Assets	\$ 91,380,652	\$ 90,380,003	\$ 87,194,408
Restricted	9,450,107	12,190,510	11,788,817
Unrestricted	(4,539,017)	(18,211,330)	(16,873,714)
Total Primary Government Net Position	<u>\$ 96,291,742</u>	<u>\$ 84,359,183</u>	<u>\$ 82,109,511</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.

2016	2015	2014 (1)	2013	2012	2011	2010
\$ 44,792,875	\$ 47,819,200	\$ 47,692,149	\$ 44,445,366	\$ 44,703,908	\$ 46,558,254	\$ 46,549,247
8,808,675	8,126,696	7,513,366	9,152,098	7,833,010	7,757,417	8,350,517
(8,228,818)	(10,251,230)	(8,629,554)	6,929,989	7,930,749	6,860,542	8,380,284
<u>\$ 45,372,732</u>	<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>
\$ 44,246,451	\$ 50,834,571	\$ 43,880,621	\$ 38,036,092	\$ 35,920,203	\$ 34,565,370	\$ 28,756,401
0	0	1,343,581	1,353,870	1,383,230	1,304,490	1,305,583
7,049,592	117,369	7,891,672	15,355,883	15,180,871	14,224,028	14,382,693
<u>\$ 51,296,043</u>	<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>
\$ 89,039,326	\$ 98,653,771	\$ 91,572,770	\$ 82,481,458	\$ 80,624,111	\$ 81,123,624	\$ 75,305,648
8,808,675	8,126,696	8,856,947	10,505,968	9,216,240	9,061,907	9,656,100
(1,179,226)	(10,133,861)	(737,882)	22,285,872	23,111,620	21,084,570	22,762,977
<u>\$ 96,668,775</u>	<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>

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

	2019	2018	2017
<u>Program Revenues</u>			
Governmental Activities:			
Charges for Services:			
Security of Persons and Property	\$ 677,959	\$ 553,486	\$ 610,426
Leisure Time Activities	762,797	772,868	781,478
Community Environment	3,781	2,840	3,152
Basic Utility Services	0	0	0
Transportation	188,098	221,287	199,964
General Government	477,718	426,452	459,499
Subtotal - Charges for Services	<u>2,110,353</u>	<u>1,976,933</u>	<u>2,054,519</u>
Operating Grants and Contributions:			
Security of Persons and Property	135,633	92,944	64,582
Leisure Time Activities	39,673	54,268	24,500
Community Environment	0	0	0
Basic Utility Services	0	0	0
Transportation	1,603,905	1,207,049	1,509,818
General Government	320,410	44,706	20,316
Subtotal - Operating Grants and Contributions	<u>2,099,621</u>	<u>1,398,967</u>	<u>1,619,216</u>
Capital Grants and Contributions:			
Leisure Time Activities	0	0	0
Transportation	536,270	2,017,170	762,187
General Government	0	0	0
Subtotal - Capital Grants and Contributions	<u>536,270</u>	<u>2,017,170</u>	<u>762,187</u>
Total Governmental Activities Program Revenues	<u><u>4,746,244</u></u>	<u><u>5,393,070</u></u>	<u><u>4,435,922</u></u>
<u>Business-Type Activities</u>			
Charges for Services:			
Water	14,455,666	13,690,745	13,322,903
Sewer	7,835,749	7,017,943	6,441,710
Operating Grants and Contributions:			
Water	217,249	261,737	282,043
Sewer	0	0	0
Capital Grants and Contributions			
Water	308,250	1,036,250	156,400
Sewer	84,400	607,600	175,977
Total Business-Type Activities Program Revenues	<u><u>22,901,314</u></u>	<u><u>22,614,275</u></u>	<u><u>20,379,033</u></u>
Total Primary Government Program Revenues	<u><u>\$ 27,647,558</u></u>	<u><u>\$ 28,007,345</u></u>	<u><u>\$ 24,814,955</u></u>

	2016	2015	2014	2013	2012	2011	2010
\$	545,414	\$ 460,031	\$ 618,555	\$ 476,704	\$ 395,176	\$ 458,276	\$ 328,839
	646,179	495,657	493,336	470,814	499,203	463,375	463,739
	8,325	11,515	3,812	0	0	0	0
	0	0	0	7,490	144,040	10,471	7,189
	246,147	206,922	300,721	156,440	158,564	197,409	160,049
	1,086,256	743,508	575,566	866,938	636,803	760,510	857,767
	<u>2,532,321</u>	<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>
	4,260	54,107	1,327	31,444	0	1,200	2,348
	1,890	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
	1,106,175	974,559	875,929	934,353	909,418	900,321	1,393,473
	56,396	7,282	13,214	24,340	30,421	21,938	6,959
	<u>1,168,721</u>	<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>
	0	0	0	0	225,000	0	229,000
	55,400	0	1,179,656	397,058	90,084	769,020	93,042
	0	0	0	697	0	0	0
	<u>55,400</u>	<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>3,756,442</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>
	12,343,359	11,300,714	10,225,815	10,965,314	11,344,168	9,766,739	9,614,319
	5,666,281	5,515,053	5,070,984	4,963,589	5,408,552	5,223,139	3,028,479
	305,784	230,280	314,822	324,886	222,175	473,053	0
	0	322,352	0	5,056	0	39,954	0
	66,360	0	224,212	73,200	32,000	75,640	0
	66,650	0	291,625	72,150	123,422	2,886,826	2,959,058
	<u>18,448,434</u>	<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>22,204,876</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>

(Continued)

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

	2019	2018	2017
<u>Expenses</u>			
Governmental Activities:			
Security of Persons and Property	\$ 1,151,587	\$ 11,330,517	\$ 10,372,536
Public Health	0	0	0
Leisure Time Activities	2,071,149	1,979,149	1,776,435
Community Environment	687,950	580,475	553,662
Basic Utility Services (1)	0	0	0
Transportation	8,366,486	7,461,591	9,078,916
General Government	4,656,345	4,272,344	3,777,011
Interest & Fiscal Charges	953,438	375,664	470,588
Total Governmental Activities Expenses	17,886,955	25,999,740	26,029,148
<u>Business-Type Activities</u>			
Water	12,588,737	11,778,764	10,024,654
Sewer	7,406,292	8,156,152	7,194,231
Total Business-Type Activities Expenses	19,995,029	19,934,916	17,218,885
Total Primary Government Program Expenses	37,881,984	45,934,656	43,248,033
<u>Net (Expense)/Revenue</u>			
Governmental Activities	(13,140,711)	(20,606,670)	(21,593,226)
Business-Type Activities	2,906,285	2,679,359	3,160,148
Total Primary Government Net Expense	(10,234,426)	(17,927,311)	(18,433,078)

2016	2015	2014	2013	2012	2011	2010
\$ 10,039,529	\$ 9,003,214	\$ 8,933,432	\$ 8,465,633	\$ 8,534,837	\$ 8,503,399	\$ 8,431,818
5,546	29,823	88,023	188,239	140,705	153,410	128,170
1,302,035	1,153,093	1,312,553	1,158,288	1,239,644	1,266,323	628,833
524,453	459,925	461,484	487,654	473,952	395,885	429,459
0	0	0	0	388,614	621,573	628,726
7,536,427	6,739,622	7,473,350	6,236,676	6,157,639	7,264,429	7,195,981
3,414,524	3,515,818	3,325,069	3,391,591	3,136,087	2,941,143	2,833,799
424,664	488,696	431,533	470,790	473,463	523,145	649,798
<u>23,247,178</u>	<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>
10,400,178	12,176,431	9,325,575	9,109,859	9,214,574	9,785,666	7,912,953
<u>7,742,785</u>	<u>7,079,585</u>	<u>6,058,831</u>	<u>5,796,151</u>	<u>5,259,464</u>	<u>3,834,849</u>	<u>6,115,362</u>
<u>18,142,963</u>	<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>41,390,141</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>
(19,490,736)	(18,403,224)	(17,954,682)	(17,023,501)	(17,448,450)	(18,053,731)	(17,363,141)
<u>305,471</u>	<u>(1,887,617)</u>	<u>743,052</u>	<u>1,498,185</u>	<u>2,656,279</u>	<u>4,844,836</u>	<u>1,573,541</u>
<u>(19,185,265)</u>	<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>

(Continued)

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

	2019	2018	2017
<u>General Revenues and Other Changes in Net Position</u>			
Governmental Activities			
Property and Other Taxes Levied For:			
General Purposes	\$ 4,524,175	\$ 3,595,471	\$ 4,109,532
Debt Service Purpose	301,864	288,506	292,413
Other Purposes	2,049,383	1,883,814	1,911,587
Municipal Income Taxes Levied For:			
General Purposes	12,851,527	11,890,667	11,305,374
Grants and Entitlements not Restricted to			
Specific Programs	1,277,192	1,152,476	1,116,923
Investment Income	508,868	292,217	197,265
Gain on Sale of Capital Assets	25,444	2,617	1,591
All Other Revenues	190,904	636,284	461,349
Transfers	0	0	0
Total Governmental	21,729,357	19,742,052	19,396,034
Business-Type Activities			
Municipal Income Taxes Levied For:			
Sewer	0	0	0
Investment Income	206,463	93,443	3,240
All Other Revenues	231,165	341,488	251,821
Transfers	0	0	0
Total Business-Type Activities	437,628	434,931	255,061
Total Primary Government General Revenues and Other Changes in Net Position	22,166,985	20,176,983	19,651,095
<u>Change in Net Position</u>			
Governmental Activities	8,588,646	(864,618)	(2,197,192)
Business-Type Activities	3,343,913	3,114,290	3,415,209
Total Primary Government Change in Net Position	\$ 11,932,559	\$ 2,249,672	\$ 1,218,017

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

2016	2015	2014	2013	2012	2011	2010
\$ 3,988,090	\$ 3,393,633	\$ 3,272,816	\$ 3,716,672	3,876,214	4,913,620	\$ 6,132,324
321,191	292,499	285,751	300,607	285,046	0	0
1,994,500	1,805,298	1,774,044	1,813,852	1,352,126	0	0
11,667,821	10,232,789	9,929,219	9,746,498	9,763,450	9,001,318	8,118,314
895,131	1,505,059	1,556,651	1,195,278	2,056,510	2,026,080	1,781,735
189,676	133,216	143,406	58,145	123,385	259,795	267,001
23,080	27,905	2,731	1,469	0	37,061	0
89,313	131,530	278,953	263,925	370,066	28,696	86,562
0	0	0	(13,159)	25,703	4,137	(882,072)
<u>19,168,802</u>	<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>
0	0	214,650	512,524	473,049	258,615	0
(775)	9,911	18,659	7,034	72,661	127,307	220,757
39,407	158,471	436,561	230,639	337,426	101,779	124,981
0	0	0	13,159	(25,703)	(4,137)	882,072
<u>38,632</u>	<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>19,207,434</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>
(321,934)	(881,295)	(711,111)	59,786	404,050	(1,783,024)	(1,859,277)
344,103	(1,719,235)	1,412,922	2,261,541	3,513,712	5,328,400	2,801,351
<u>\$ 22,169</u>	<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>

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

	2019	2018	2017	2016
<u>General Fund</u>				
Nonspendable	\$ 155,322	\$ 141,347	\$ 118,833	\$ 70,880
Committed	330,097	351,169	429,429	442,006
Assigned	177,192	60,618	288,322	920,391
Unassigned	2,125,878	1,313,191	1,110,473	1,040,308
Reserved For:				
Encumbrances	0	0	0	0
Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Unreserved Reported In:				
General Fund	0	0	0	0
Total General Fund	<u>2,788,489</u>	<u>1,866,325</u>	<u>1,947,057</u>	<u>2,473,585</u>
<u>All Other Governmental Funds</u>				
Nonspendable	531,618	380,096	102,405	151,595
Restricted	7,558,647	6,393,727	5,689,588	6,114,011
Committed	10,104,856	8,414,997	10,370,333	8,536,885
Assigned	87,418	87,418	87,418	87,418
Unassigned (Deficit)	(173,131)	(6,639,437)	(6,966,288)	(6,807,634)
Reserved For:				
Encumbrances	0	0	0	0
Inventory	0	0	0	0
Prepaid Items	0	0	0	0
Unreserved Reported In:				
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>18,109,408</u>	<u>8,636,801</u>	<u>9,283,456</u>	<u>8,082,275</u>
Total Governmental Funds	<u>\$ 20,897,897</u>	<u>\$ 10,503,126</u>	<u>\$ 11,230,513</u>	<u>\$ 10,555,860</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.

2015	2014	2013	2012	2011	2010
\$ 67,966	\$ 112,319	\$ 149,282	\$ 154,115	\$ 147,081	\$ 0
261,380	278,633	384,401	365,421	390,996	0
1,216,648	1,710,552	2,203,130	1,971,632	2,145,213	0
1,220,231	760,805	331,507	636,982	671,702	0
0	0	0	0	0	137,555
0	0	0	0	0	59,093
0	0	0	0	0	34,016
0	0	0	0	0	2,956,952
<u>2,766,225</u>	<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>
296,051	234,170	70,355	80,426	90,173	0
5,408,042	3,302,014	5,303,791	2,603,420	2,463,198	0
5,702,131	6,698,389	6,365,290	6,635,452	5,743,801	0
87,418	87,921	143,428	145,545	145,515	0
(4,276,494)	(2,120,540)	(230,119)	(240,094)	(302,207)	0
0	0	0	0	0	179,810
0	0	0	0	0	130,486
0	0	0	0	0	7,766
0	0	0	0	0	5,827,991
0	0	0	0	0	587,008
0	0	0	0	0	1,964,956
<u>7,217,148</u>	<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>\$ 9,983,373</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>

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

	2019	2018	2017
<u>Revenues</u>			
Property and Other Taxes	\$ 6,874,935	\$ 6,154,376	\$ 6,329,612
Municipal Income Taxes	12,763,965	11,775,124	11,191,207
Intergovernmental	3,155,191	2,412,554	2,614,311
Interest	508,868	292,217	197,265
Fees, Licenses and Permits	251,006	320,828	316,657
Fines and Forfeitures	366,913	328,608	376,244
Charges for Services	1,288,428	1,229,239	1,729,626
Contributions and Donations	46,046	83,536	45,617
Special Assessments	224,594	228,025	236,923
All Other Revenues	327,462	359,581	443,768
Total Revenues	25,807,408	23,184,088	23,481,230
<u>Expenditures</u>			
Current:			
Security of Persons and Property	9,549,104	9,394,471	9,182,784
Public Health Services	0	13,317	0
Leisure Time Activities	1,427,973	1,528,769	1,295,348
Community Environment	531,816	510,854	485,603
Basic Utility Services (1)	0	0	0
Transportation	4,080,465	4,152,369	4,391,691
General Government	3,646,641	3,601,142	3,091,800
Capital Outlay	6,878,916	8,950,165	11,049,269
Debt Service:			
Principal Retirement	1,120,543	1,049,566	1,176,908
Interest and Fiscal Charges	757,016	401,123	402,100
Bond Issuance Costs	240,549	11,500	63,899
Total Expenditures	28,233,023	29,613,276	31,139,402
Excess of Revenues Over (Under) Expenditures	(2,425,615)	(6,429,188)	(7,658,172)

2016	2015	2014	2013	2012	2011	2010
\$ 6,280,195	\$ 5,542,344	\$ 5,393,371	\$ 5,823,203	\$ 5,452,174	\$ 5,492,222	\$ 5,378,941
12,343,455	10,537,547	10,424,202	9,528,994	9,407,646	9,404,479	7,308,383
2,144,101	2,677,043	2,975,550	2,768,724	2,860,391	3,904,539	4,559,299
189,676	133,216	143,406	58,145	123,385	259,795	333,840
421,148	292,465	283,496	314,258	264,386	248,856	344,963
357,291	391,869	379,546	363,806	343,231	349,213	443,945
1,732,212	1,095,404	1,088,715	1,094,002	1,102,449	908,736	662,193
4,550	10,209	10,005	13,619	12,335	0	0
339,961	330,281	398,003	376,113	465,612	410,275	402,899
89,313	131,530	279,397	513,815	117,416	139,565	157,988
<u>23,901,902</u>	<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>
8,526,874	8,580,683	8,284,112	8,043,110	8,375,212	8,309,778	8,546,321
77,920	81,250	80,000	176,361	150,834	153,410	128,170
943,592	834,646	898,760	899,472	917,967	919,497	1,143,540
481,223	474,261	452,526	472,910	482,536	396,484	387,038
0	0	0	0	388,614	667,103	635,832
4,504,531	4,079,694	3,980,188	3,896,164	4,456,045	6,031,554	5,183,094
2,873,869	3,083,760	2,860,068	2,921,343	2,553,332	2,720,378	2,504,806
4,453,527	3,673,188	5,255,871	2,130,676	508,078	1,795,595	1,466,267
1,807,539	1,104,432	2,958,998	1,260,302	1,136,937	1,062,842	942,966
237,478	330,506	379,746	414,542	462,746	481,950	649,378
25,468	83,453	9,955	10,650	20,069	0	92,319
<u>23,932,021</u>	<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>(30,119)</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>

(Continued)

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

	2019	2018	2017
<u>Other Financing Sources (Uses)</u>			
Refunding Bonds Issued	0	0	0
Premium on Bond Issuance	160,745	0	0
Payment to Refunded Bond Escrow Account	0	0	0
Transfers In	1,939,121	2,893,838	10,426,368
Transfers Out	(1,939,121)	(2,893,838)	(10,426,368)
Sale of Capital Assets	25,444	12,376	1,591
Bond Anticipation Notes Issued	0	0	0
Premium on Notes Issued	0	0	0
Inception of Capital Lease	0	0	329,484
Promissory Notes Issued	0	0	0
Bond Proceeds	9,360,000	0	0
Loan Proceeds	3,274,197	5,689,425	8,001,750
Total Other Financing Sources (Uses)	<u>12,820,386</u>	<u>5,701,801</u>	<u>8,332,825</u>
Net Change in Fund Balances	<u>\$ 10,394,771</u>	<u>\$ (727,387)</u>	<u>\$ 674,653</u>
Debt Service as a Percentage of Noncapital Expenditures	8.33%	6.80%	7.13%

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

2016	2015	2014	2013	2012	2011	2010
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)
3,294,701	5,307,197	1,810,984	3,677,999	1,747,894	2,291,517	8,939,484
(3,294,701)	(5,307,197)	(1,810,984)	(3,714,762)	(1,722,191)	(2,287,380)	(9,821,556)
23,736	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
578,870	0	125,000	0	115,000	0	0
<u>602,606</u>	<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>\$ 572,487</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>
10.13%	7.45%	15.36%	9.08%	8.82%	8.10%	8.60%

City of Avon Lake, Ohio
*Assessed Valuations and Estimated
 Actual Values of Taxable Property
 Last Ten Years*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Other Real Estate		Assessed Value	Estimated Actual Value
2019	\$ 822,000,240	\$ 115,185,740	\$2,677,674,229	\$ 65,134,520	\$74,016,500
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

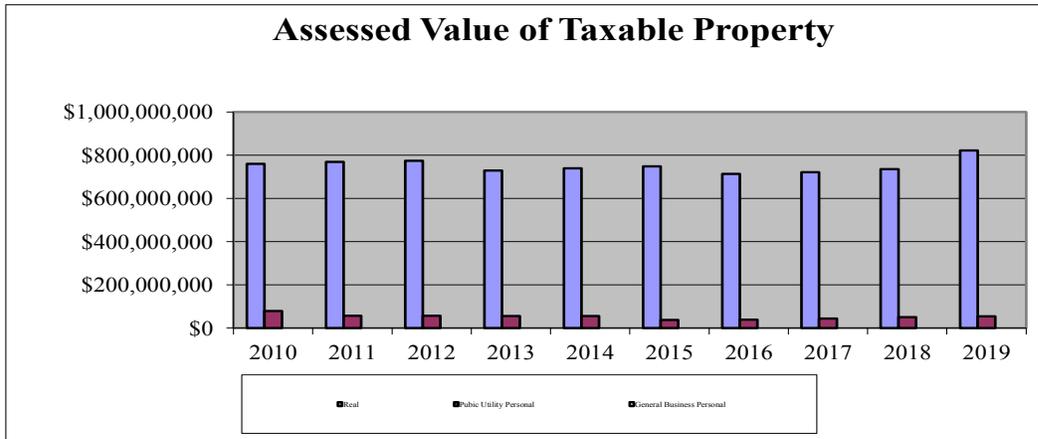
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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. 23 percent for inventories.

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.

Source: Lorain County Auditor

Total				
Assessed Value	Estimated Actual Value	Ratio	Direct Tax Rate	
\$ 1,002,320,500	\$2,751,690,729	36.43%	\$ 8.04	
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	



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

	Collection Year 2019	Collection Year 2018	Collection Year 2017	Collection Year 2016
<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
2008 Bond	0.34	0.38	0.38	0.40
2009 Ambulance & EMS	-	-	-	-
2012 Ambulance & EMS	2.00	2.00	2.00	2.00
Total Voted Millage	3.84	3.88	3.88	3.90
Total Millage	\$ 8.04	\$ 8.08	\$ 8.08	\$ 8.10
<u>Overlapping Rates by Taxing District</u>				
City of Avon Lake				
Residential/Agricultural Effective Rate	\$ 7.1781	\$ 7.4858	\$ 7.4944	\$ 7.5170
Commercial/Industrial and Public Utility Effective Rate	8.0800	8.0800	7.9870	7.9640
General Business and Public Utility Personal Property	8.0400	8.0800	8.0800	8.1000
Avon Lake School District				
Residential/Agricultural Effective Rate	39.2148	43.0180	43.1994	43.4947
Commercial/Industrial and Public Utility Effective Rate	49.7422	57.4012	54.9694	54.8818
General Business and Public Utility Personal Property	69.4100	72.2800	72.6900	72.6900
Lorain County				
Residential/Agricultural Effective Rate	13.1882	14.1817	14.2006	14.3715
Commercial/Industrial and Public Utility Effective Rate	13.0638	14.4874	14.4165	13.7749
General Business and Public Utility Personal Property	15.0820	15.0820	15.0820	15.0820
Special Taxing Districts (1)				
Residential/Agricultural Effective Rate	4.3969	4.8128	4.8266	4.8283
Commercial/Industrial and Public Utility Effective Rate	4.3767	4.8943	4.8377	4.7883
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 2015	Collection Year 2014	Collection Year 2013	Collection Year 2012	Collection Year 2011	Collection Year 2010
\$ 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
0.42	0.43	0.43	0.39	0.39	0.40
-	-	-	1.25	1.25	1.25
2.00	2.00	2.00	-	-	-
<u>3.92</u>	<u>3.93</u>	<u>3.93</u>	<u>3.14</u>	<u>3.14</u>	<u>3.15</u>
<u>\$ 8.12</u>	<u>\$ 8.13</u>	<u>\$ 8.13</u>	<u>\$ 7.34</u>	<u>\$ 7.34</u>	<u>\$ 7.35</u>
\$ 7.7490	\$ 7.7610	\$ 7.7630	\$ 6.8917	\$ 6.8907	\$ 6.8994
7.9884	8.0016	8.0090	7.2862	7.2847	7.2967
8.1200	8.1300	8.1300	7.3400	7.3400	7.3500
46.6387	47.1799	39.3201	36.3220	36.6250	36.7441
56.7991	57.3566	49.5474	48.4658	48.7681	48.9317
74.5700	75.1000	67.2300	65.5700	65.8900	66.0300
14.0857	14.0927	12.8534	12.2226	12.2143	11.5436
13.7749	13.7186	12.5193	12.4841	12.3890	11.9718
14.4820	14.4820	13.6550	13.6900	13.6900	13.3900
5.1100	5.1134	5.1161	4.9184	3.7588	3.7556
4.7956	4.7728	4.7762	4.8177	3.7564	3.7780
5.2500	5.2500	5.2500	5.2500	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
2019	\$ 7,289,264	\$ 7,175,918	98.45%	\$ 93,870	\$ 7,269,788	99.73%	\$ 158,296	2.17%
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%

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
 2019 and 2010

Taxpayer	2019	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
American Transmission Systems Inc	\$ 30,582,170	3.05 %
NRG Power Midwest LP	19,644,310	1.96 %
Cleveland Electric Illuminating Co	12,253,060	1.22 %
Ford Motor Company	11,266,430	1.12 %
Orion Power Midwest LP	8,140,640	0.81 %
181 Somerset Realty LLC	5,804,930	0.58 %
Health Care REIT Inc	5,552,710	0.55 %
Polyone Corporation	5,052,280	0.50 %
Towne Care Center LLC	4,341,500	0.43 %
Noveon Inc	3,910,950	0.39 %
Total	\$ 106,548,980	10.61 %
 Total Assessed Valuation	 \$ 1,002,320,500	

Taxpayer	2010	
	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Orion Power Midwest LP	\$ 60,084,840	7.35 %
Cleveland Electric	10,806,310	1.32 %
Legacy Pointe LTD	4,931,310	0.60 %
Ford Motor Company	4,917,190	0.60 %
American Transmission Systems Inc	4,201,940	0.51 %
Polyone Corporation	4,141,730	0.51 %
181 Somerset Realty LLC	3,405,920	0.42 %
Avon Lake Village LLC	2,937,060	0.36 %
Margam Investment	2,421,590	0.30 %
Waterside Crossings LTD	2,332,900	0.29 %
Total	\$ 100,180,790	12.26 %
 Total Assessed Valuation	 \$ 817,590,679	

Source: Lorain County Auditor

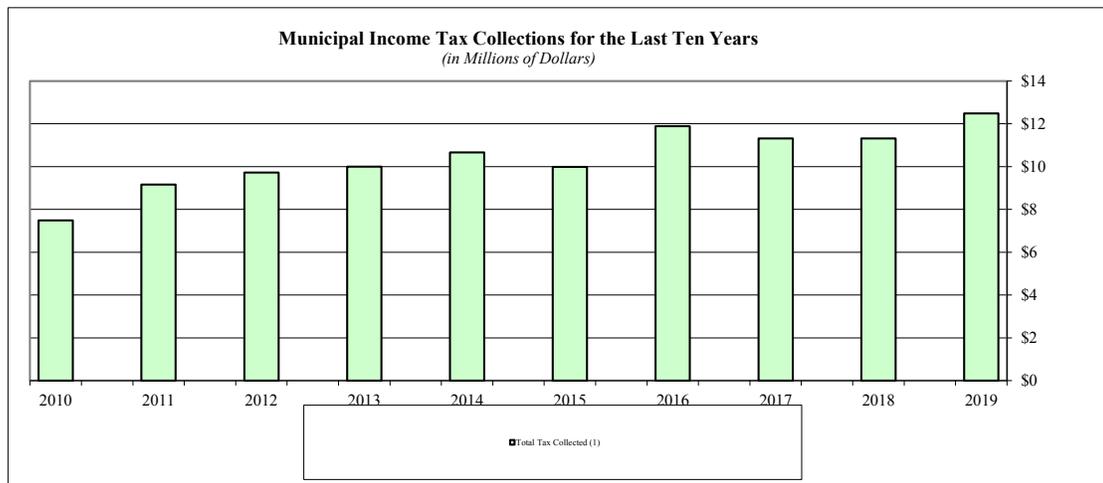
(1) The amounts presented represent the assessed values upon which 2019 and 2010 collections were based.

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)
2019	1.50%	\$ 12,488,574
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

(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
2019	\$13,198,553	\$225,417	\$18,492,868	\$155,830	\$0	\$190,511	\$0
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

(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
\$9,021,242	\$0	\$124,272,340	\$0	\$3,113,698	\$168,670,459	18.28%	\$7,470
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

City of Avon Lake, Ohio
*Ratio of General Obligation Bonded Debt to
 Estimated Actual Value and Net Bonded Debt per Capita
 Last Ten Years*

<u>Year</u>	<u>Population (1)</u>	<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Net Bonded Debt (3)</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Net Bonded Debt Per Capita</u>
2019	22,581	\$2,751,690,729	\$21,570,111	0.78 %	\$955
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

Sources:

(1) Source: U. S. Census, 2010

(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, 2019*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Avon Lake			
General Obligation Bonds, net	\$13,198,553	100.00%	\$ 13,198,553
Special Assessment Bonds, net	225,417	100.00%	225,417
OPWC Loan	155,830	100.00%	155,830
OWDA Loan	18,492,868	100.00%	18,492,868
Capital Leases	190,511	100.00%	190,511
Total Direct Debt	32,263,179		32,263,179
Overlapping			
Avon Lake City School District (2)	34,724,848	100.00%	34,724,848
Lorain County (3)	22,520,226	13.50%	3,040,231
Total Overlapping Debt	57,245,074		37,765,079
Total	\$ 89,508,253		\$ 70,028,258

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, 2019
- (3) Debt outstanding as of December 31, 2018 (latest information available)

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

	2019	2018	2017	2016
Total Assessed Property Value	<u>\$ 1,002,320,500</u>	<u>\$ 882,384,760</u>	<u>\$ 866,801,580</u>	<u>\$ 849,549,850</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>105,243,653</u>	<u>92,650,400</u>	<u>91,014,166</u>	<u>89,202,734</u>
Debt Outstanding:				
General Obligation Bonds	\$ 13,198,553	\$ 4,327,799	\$ 5,121,540	\$ 5,925,733
General Obligation Bonds - Enterprise	9,021,242	2,361,342	2,579,327	2,792,312
Special Assessment Bonds	225,417	445,834	659,522	867,458
Notes Payable	0	7,793,616	8,303,351	14,435,160
OPWC Loans	155,830	168,747	181,664	162,499
OWDA Loans	18,492,868	15,398,377	8,709,698	782,318
OWDA Loans - Enterprise	124,272,340	121,442,001	108,833,549	75,706,390
Mortgage Revenue Bonds	3,113,698	3,720,076	3,876,454	3,982,832
Total Gross Indebtedness	<u>168,479,948</u>	<u>155,657,792</u>	<u>138,265,105</u>	<u>104,654,702</u>
Less:				
General Obligation Bonds - Enterprise	(9,021,242)	(2,361,342)	(2,579,327)	(2,792,312)
Special Assessment Bonds	(225,417)	(445,834)	(659,522)	(867,458)
OPWC Loans	(155,830)	(168,747)	(181,664)	(162,499)
OWDA Loans	(18,492,868)	(15,398,377)	(8,709,698)	(782,318)
OWDA Loans - Enterprise	(124,272,340)	(121,442,001)	(108,833,549)	(75,706,390)
Mortgage Revenue Bonds	(3,113,698)	(3,720,076)	(3,876,454)	(3,982,832)
General Obligation Bond Retirement Fund Balance	(649,684)	0	0	0
Total Net Debt Applicable to Debt Limit	<u>12,548,869</u>	<u>12,121,415</u>	<u>13,424,891</u>	<u>20,360,893</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$ 92,694,784</u>	<u>\$ 80,528,985</u>	<u>\$ 77,589,275</u>	<u>\$ 68,841,841</u>
Legal Debt Margin as a Percentage of the Debt Limit	88.08%	86.92%	85.25%	77.17%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$ 55,127,628</u>	<u>\$ 48,531,162</u>	<u>\$ 47,674,087</u>	<u>\$ 46,725,242</u>
Total Gross Indebtedness	\$ 168,479,948	\$ 155,657,792	\$ 138,265,105	\$ 104,654,702
Less:				
General Obligation Bonds - Enterprise	(9,021,242)	(2,361,342)	(2,579,327)	(2,792,312)
Special Assessment Bonds	(225,417)	(445,834)	(659,522)	(867,458)
OPWC Loans	(155,830)	(168,747)	(181,664)	(162,499)
OWDA Loans	(18,492,868)	(15,398,377)	(8,709,698)	(782,318)
OWDA Loans - Enterprise	(124,272,340)	(121,442,001)	(108,833,549)	(75,706,390)
Mortgage Revenue Bonds	(3,113,698)	(3,720,076)	(3,876,454)	(3,982,832)
General Obligation Bond Retirement Fund Balance	(649,684)	0	0	0
Net Debt Within 5 ½ % Limitations	<u>12,548,869</u>	<u>12,121,415</u>	<u>13,424,891</u>	<u>20,360,893</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$ 42,578,759</u>	<u>\$ 36,409,747</u>	<u>\$ 34,249,196</u>	<u>\$ 26,364,349</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	77.24%	75.02%	71.84%	56.42%

Source: City Financial Records

2015	2014	2013	2012	2011	2010
<u>\$ 787,761,430</u>	<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>
82,714,950	81,634,245	82,456,400	87,103,136	86,723,538	85,847,021
\$ 6,745,040	\$ 7,009,404	\$ 7,807,179	\$ 8,595,954	\$ 9,063,612	\$ 9,725,770
3,005,297	3,218,282	4,225,645	5,177,681	5,727,803	6,535,221
1,147,817	1,415,685	1,675,983	1,928,697	2,055,283	2,271,423
5,879,628	5,976,740	2,717,728	938,972	1,073,610	0
175,416	188,333	70,000	76,666	83,333	90,000
226,302	232,081	237,675	0	0	65,835
49,041,258	46,068,004	40,682,410	39,988,768	38,472,429	33,899,521
4,274,210	6,210,000	6,595,000	7,545,000	8,460,000	9,340,000
<u>70,494,968</u>	<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>
(3,005,297)	(3,218,282)	(4,225,645)	(5,177,681)	(5,727,803)	(6,535,221)
(1,147,817)	(1,415,685)	(1,675,983)	(1,928,697)	(2,055,283)	(2,271,423)
(175,416)	(188,333)	(70,000)	(76,666)	(83,333)	(90,000)
(226,302)	(232,081)	(237,675)	0	0	(65,835)
(49,041,258)	(46,068,004)	(40,682,410)	(39,988,768)	(38,472,429)	(33,899,521)
(4,274,210)	(6,210,000)	(6,595,000)	(7,545,000)	(8,460,000)	(9,340,000)
0	0	(177,555)	(138,247)	(119,200)	(96,386)
<u>12,624,668</u>	<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>\$ 70,090,282</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>
84.74%	84.09%	87.45%	89.21%	88.45%	88.78%
<u>\$ 43,326,879</u>	<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>
\$ 70,494,968	\$ 70,318,529	\$ 64,011,620	\$ 64,251,738	\$ 64,936,070	\$ 61,927,770
(3,005,297)	(3,218,282)	(4,225,645)	(5,177,681)	(5,727,803)	(6,535,221)
(1,147,817)	(1,415,685)	(1,675,983)	(1,928,697)	(2,055,283)	(2,271,423)
(175,416)	(188,333)	(70,000)	(76,666)	(83,333)	(90,000)
(226,302)	(232,081)	(237,675)	0	0	(65,835)
(49,041,258)	(46,068,004)	(40,682,410)	(39,988,768)	(38,472,429)	(33,899,521)
(4,274,210)	(6,210,000)	(6,595,000)	(7,545,000)	(8,460,000)	(9,340,000)
0	0	(177,555)	(138,247)	(119,200)	(96,386)
<u>12,624,668</u>	<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>\$ 30,702,211</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>
70.86%	69.63%	76.04%	79.40%	77.95%	78.59%

City of Avon Lake, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)
2019	22,581	\$922,614,498	\$40,858	\$77,060	41.9	49.3%
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%

(1) Source: U. S. Census, 2010

(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

School Enrollment (2)	Lorain County Unemployment Rate (3)	Average Value of Residential Property (4)	Total Assessed Property Value (4)
3,772	5.2%	\$236,271	\$ 1,002,320,500
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

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

2019

Employer	Number of Employees
Ford Motor Company	1,901
Polyone Corporation	799
Avon Lake City Schools	725
City of Avon Lake	409
Lubrizol Advances Materials	272
Grace Management Svcs Inc	236
Hinkley Lighting	141
Southwire Company LLC	115
Thogus Products	99
Chemtron Corporation	97
Total	<u>4,794</u>
Total Estimated Employment within the City	<u>N/A</u>

2010

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	<u>150</u>
Total	<u>5,814</u>
Total Estimated Employment within the City	<u>N/A</u>

Source: Regional Income Tax Agency (RITA)
N/A - Information not available

City of Avon Lake, Ohio
Full-Time City Employees by Function/Program
Last Ten Years

Function/Program	2019	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	5.00
Finance	5.50	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	3.00	2.50	2.50	3.00	3.50	3.00	3.50
Administration	2.50	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	5.50	5.00	5.00	4.50	5.00
Court	10.00	10.00	10.00	10.00	8.50	8.50	6.50	6.50	6.50	7.50
Security of Persons and Property										
Police	29.00	30.00	32.50	29.00	31.00	34.00	33.00	32.00	31.50	31.00
Police - Dispatchers/Office/Other	16.00	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	30.00	28.00	28.00	28.00	28.00	28.00	29.00	29.00	30.00
Fire - Secretary - Other	3.00	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	30.50	13.50	24.50	27.50	24.50	24.50	27.00
Municipal Pool	42.50	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	4.00	4.50	4.50	4.00	3.50	4.00	4.50
Community Environment										
Building	4.50	4.50	4.50	4.50	5.00	5.00	7.00	4.50	5.00	5.00
Economic Development	1.00	1.00	1.50	1.50	0.50	0.50	0.50	-	-	-
Transportation										
Service	28.50	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	9.50	11.00	11.50	11.00	11.00	11.00	12.50
Basic Utility Services										
Water	33.50	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	21.50	28.00	27.50	25.50	32.50	26.50	30.50
Totals:	<u>285.00</u>	<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.

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

Function/Program	2019	2018	2017
General Government			
<i>Council and Clerk</i>			
Number of Ordinances Introduced	120	176	203
Number of Resolutions Introduced	14	13	10
<i>Finance Department</i>			
Number of checks issued	5,677	5,722	5,606
Amount of checks issued	\$ 30,737,249	\$ 38,387,867	\$ 39,864,957
Community Environment			
<i>Building Department Indicators</i>			
Construction Permits Issued	2,135	2,168	2,191
Estimated Value of Construction	\$ 59,357,352	\$ 48,835,557	\$ 50,731,789
Amount of Revenue generated from permits	\$ 300,875	\$ 286,872	\$ 286,228
Number of contract registrations issued (A)	770	742	871
Annual Apartment/Rooming House License Fees (B)	0	0	0
Revenue generated from above (A, B)	\$ 77,600	\$ 74,575	\$ 87,100
Security of Persons & Property			
<i>Police</i>			
Total Calls for Services	10,129	10,364	11,657
Number of traffic citations issued	375	301	362
Number of parking citations issued	80	93	160
Number of criminal arrests	170	171	159
Number of accident reports completed	303	298	317
Part 1 Offenses (major offenses)	99	107	184
Animal Warden service calls responded to per annual report	491	482	n/a
DUI Arrests	33	22	24
Prisoners	183	196	191
Prisoner meal costs	\$ -	\$ 35	\$ 62
Property damage accidents	281	271	57
Fatalities from Motor Vehicle Accidents	1	0	0
<i>Fire</i>			
Fire Calls	57	52	66
Overpressure, Overhear (no fire)	2	1	1
Rescue & EMS Incident	1,769	1,837	1,728
Hazardous Condition (no fire)	97	115	97
Service Call	453	357	363
Good Intent Call	188	157	137
False Alarm & False Call	262	296	239
Severe Weather & Natural Disaster	3	4	5
Special Incident Type	2	2	0
Miscellaneous Calls	0	0	0
Total Calls	<u>2,833</u>	<u>2,821</u>	<u>2,636</u>
Number of times Mutual Aid given to Fire and EMS	59	85	56
Number of times Mutual Aid received for Fire and EMS	50	64	73

	2016	2015	2014	2013	2012	2011	2010
	168	158	148	157	148	123	104
	10	14	18	13	22	19	26
	4,480	5,420	5,020	4,921	4,951	5,105	5,120
\$	\$ 29,424,779	\$ 31,395,228	\$ 23,547,741	\$ 18,807,358	\$ 18,060,712	\$ 23,132,288	\$ 21,580,223
	1,902	1,888	1,786	1,431	1,117	1,036	1,662
\$	\$ 67,569,737	\$ 41,058,238	\$ 39,275,086	\$ 44,513,459	\$ 38,500,941	\$ 32,298,388	\$ 49,964,911
\$	\$ 421,266	\$ 302,660	\$ 275,925	\$ 309,563	\$ 237,941	\$ 192,688	\$ 269,941
	660	754	747	695	656	743	810
	0	0	0	0	0	0	0
\$	\$ 66,300	\$ 75,700	\$ 75,775	\$ 47,575	\$ 43,477	\$ 49,650	\$ 54,140
	11,651	14,571	14,882	13,057	12,444	13,866	14,005
	642	777	434	438	489	397	514
	208	263	227	144	191	137	90
	182	144	717	596	405	412	460
	257	276	298	375	311	352	345
	196	158	71	37	33	49	33
	n/a	62	105	128	115	94	184
	39	46	48	40	43	36	56
	245	68	341	282	319	283	391
\$	\$ 176	\$ 468	\$ 926	\$ 2,227	\$ 1,029	n/a	n/a
	63	59	52	63	74	43	92
	0	0	0	0	0	0	0
	48	54	48	35	65	50	58
	2	4	3	1	0	1	1
	1,602	1,650	1,423	1,416	1,476	1,443	1,364
	88	94	71	62	70	107	81
	296	327	294	233	224	229	203
	163	129	91	80	91	126	78
	214	173	211	174	182	197	170
	0	3	0	3	4	0	3
	0	5	1	4	9	5	3
	0	0	0	0	0	0	0
	2,413	2,439	2,142	2,008	2,121	2,158	1,961
	79	62	59	58	58	67	45
	67	54	44	37	61	50	51

(Continued)

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

Function/Program	2019	2018	2017
Leisure Time Activities			
<i>Recreation</i>			
Pool:			
Total Attendance	36,245	35,808	37,155
Total Admission Income	\$ 77,202	\$ 72,755	\$ 70,620
Total Pass Sales	114,881	122,012	125,234
Total Pool Parties	12	29	12
Total Pool Party Income	\$ 1,800	\$ 1,450	\$ 1,600
Other Recreation Programs:			
Total Income from Sport related Programs	\$ 194,459	\$ 205,941	\$ 301,000
Total Income from Non-Sport related Programs	\$ 107,300	\$ 111,615	\$ 70,000
Total Income from Food Programs	\$ 78,761	\$ 75,503	\$ 79,380
Total Income from Youth & Family related Programs	\$ 12,806	\$ 15,734	\$ 11,000
Rental of Facilities:			
Total Income from Pavilion Rentals	\$ 8,995	\$ 8,650	\$ 3,000
Total Income from Lake House Rentals	\$ 48,227	\$ 60,479	\$ 47,700
<i>Cable Television</i>			
Bulletin Boards	337	393	452
Program Hours	1332	\$457	413
Community Producers	11	11	17
Facebook Post Requests	267	324	n/a
Website Post Requests	238	261	n/a
Media Duplication	90	115	n/a
Series:			
Public	11	14	15
Government	7	7	9
One Time/Specials:			
Public	9	19	33
Government	38	26	25
Studio Tours	1	1	8
Public Editor Used	23	23	34
Water			
Water rates per 1000 gallons, 1st 50,000 gallons of water used (2)	\$ 2.00	\$ 1.92	\$ 1.85
Total accounts within Avon Lake	8,805	8,793	8,590
Bulk customers outside of Avon Lake	7	7	7
Total water sales (billions of gallons)	7,536.000	7.394	7.678
Average daily production (millions of gallons)	21	21	21.0
Total miles of water line in Avon Lake	136	136	136
Total water revenues from within Avon Lake	\$ 2,208,608	\$ 2,304,718	\$ 2,121,284
Total water revenues from bulk customers outside of Avon Lake	\$ 9,244,025	\$ 8,796,372	\$ 8,583,127
Sewer			
Wastewater rates per 1000 gallons	\$ 6.35	\$ 5.52	\$ 4.80
Total accounts within Avon Lake	8,572	8,538	8,355
Bulk customers outside of Avon Lake	2	2	2
Total flow of wastewater treatment plant (billions of gallons)	2.000	2.000	1.800
Average daily flow (millions of gallons per day)	5	5	5
Tons of dry sludge removed	3,178	3,134	3,313
Total miles of sanitary and combined sewer in Avon Lake	104	104	104
Total wastewater pumping stations in Avon Lake	5	5	5
Total wastewater revenues from within Avon Lake	\$ 5,895,904	\$ 4,951,874	\$ 3,874,132
Total wastewater revenues from bulk customers outside of Avon Lake	\$ 1,170,658	\$ 908,684	\$ 699,787

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

	2016	2015	2014	2013	2012	2011	2010
	41,528	35,761	75,761	39,784	51,810	25,871	27,283
\$	74,294	\$ 164,271	\$ 150,363	\$ 137,257	\$ 143,946	\$ 140,962	\$ 119,160
	93,205	1,143	930	641	642	793	555
	12	0	41	55	53	46	59
\$	1,800	\$ 1,950	\$ 6,158	\$ 8,160	\$ 8,348	\$ 10,066	\$ 8,850
\$	135,915	\$ 101,348	\$ 70,207	\$ 49,972	\$ 41,000	\$ 34,626	\$ 35,079
\$	110,867	\$ 20,194	\$ 3,940	\$ 4,039	\$ 4,112	\$ 6,283	n/a
\$	77,267	\$ 66,530	\$ 2,421	\$ 2,972	\$ 2,568	\$ 2,948	n/a
\$	7,341	\$ 6,141	\$ 892	\$ 2,723	\$ 3,134	\$ 2,317	\$ 1,987
\$	8,115	\$ 8,225	\$ 9,325	\$ 9,475	\$ 8,500	\$ 8,000	n/a
\$	32,170	\$ 18,708	\$ 40,972	n/a	\$ 37,135	\$ 35,168	n/a
	334	406	544	350	229	386	306
	397h 0m	388h 56m	386h 33m	414h 35m	387h 29m	392h 40m	376h 31m
	15	24	20	21	17	16	11
	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
	15	16	15	12	12	13	13
	8	8	12	11	11	12	11
	27	8	16	15	11	7	11
	33	57	39	33	22	23	21
	2	1	1	1	5	0	0
	28	25	6	11	13	7	3
\$	1.78	\$ 1.73	\$ 1.68	\$ 1.61	\$ 1.55	\$ 1.37	\$ 1.19
	8,855	8,355	8,311	8,251	8,192	8,124	8,082
	7	7	7	7	7	7	7
	7.428	7.020	6.831	7.159	8.086	7.548	7.532
	20	20	19	20	22	21	21
	134	134	134	133	133	132	131
\$	2,237,628	\$ 1,437,738	\$ 1,557,478	\$ 1,493,529	\$ 1,563,952	\$ 1,315,101	\$ 1,279,250
\$	8,083,827	\$ 8,712,715	\$ 7,860,528	\$ 7,320,250	\$ 7,557,323	\$ 6,306,417	\$ 6,020,174
\$	4.17	\$ 3.63	\$ 3.39	\$ 3.17	\$ 2.84	\$ 2.51	\$ 2.18
	8,269	8,186	8,140	8,054	7,990	7,929	7,885
	2	2	2	2	2	2	1
	1.700	1.678	1.699	1.942	2.042	2.229	1.760
	5	5	5	5	6	6	5
	3,266	3,311	2,492	2,536	2,781	2,233	1,891
	103	103	103	102	102	102	101
	5	5	5	5	5	5	5
\$	3,604,454	\$ 3,047,574	\$ 3,247,971	\$ 3,019,221	\$ 2,900,898	\$ 2,590,456	\$ 2,425,504
\$	587,422	\$ 502,313	\$ 444,078	\$ 411,844	\$ 385,622	\$ 323,587	\$ 257,500

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

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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	33	26	32	31	31	26	24	24	23
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	13	13	13	13	15	15	13	13	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)	14	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	117	116	114	113	108
Water										
Water Lines (miles)	136	136	134	134	134	134	133	133	132	131
Sewer and Storm Sewer										
Sanitary Sewers (miles)	103	103	103	103	103	103	102	102	102	101
Storm Sewers (miles)	88	88	88	88	88	88	87	86	86	86

Source: City's Department records