

City of Canal Fulton, Ohio

Comprehensive Annual Financial Report



For the Year Ended December 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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City Council
City of Canal Fulton
155 East Market Street
Canal Fulton, Ohio 44614

We have reviewed the *Independent Auditors' Report* of the City of Canal Fulton, Stark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

August 9, 2019

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CITY OF CANAL FULTON, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018

Prepared by The Department of Finance

William Rouse
Director of Finance

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Introductory Section

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City of Canal Fulton, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2018
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City of Canal Fulton

155 East Market Street, Suite A
Canal Fulton, Ohio 44614
(330) 854-6761 Fax (330) 854-6260

June 27, 2019

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

We are pleased to present our 2018 Comprehensive Annual Financial Report (CAFR) for the City of Canal Fulton for your review. This report, for the year ended December 31, 2018, has been prepared using generally accepted accounting principles for governments, and contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Canal Fulton (the City). This report represents the commitment of the City to adhere to nationally recognized standards of excellence in financial reporting. Ohio law requires that every general purpose local government prepare and publish their financial statements in accordance with generally accepted accounting principles (GAAP) and have an annual audit. This report is published to fulfill that requirement for the year ended December 31, 2018.

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

State statutes require the City to be subjected to an annual examination by the Auditor of State. Either the Auditor of State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. Clark, Schaefer and Hackett was selected to perform these services and has issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended December 31, 2018. The Independent Auditors’ Report on the basic financial statements is included in the financial section of this report.

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

Profile of the Government

History of Canal Fulton

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

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

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

Profile of the City

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

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

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

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

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

Economic Condition

Summary of Local Economy

While there is some commercial property within the City, Canal Fulton is generally classified as a bedroom community with most residents commuting to work outside the City. As a result, the City's local economy is dependent on conditions throughout Stark County and the surrounding areas. The economic conditions in Stark County had been steadily improving as evidenced by the decline in the countywide unemployment rate from 11.2 percent during the recession year of 2009 to 5.0 percent in 2017. In 2018, the Stark County unemployment rate ranged from a high of 5.6 percent in January to a low of 4.3 percent in May, before ending the year at 5.2 percent. The local economic conditions have a significant impact on the City's income tax collections, which accounts for over 51 percent of the funding for the City's general government operations. The following table shows the City's income tax collections the last six years by component:

Income Tax Collections

Year of Collection	Collections from Individual Returns	Collections from Business Net Profit Returns	Collections from Payroll Withholdings	Total Collections
2013	\$828,246	\$166,361	\$1,248,925	\$2,243,532
2014	866,349	171,789	1,265,245	2,303,383
2015	902,118	216,211	1,300,300	2,418,629
2016	842,049	168,704	1,424,034	2,434,787
2017	763,713	176,184	1,380,269	2,320,166
2018	728,448	170,562	1,434,264	2,333,274

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

The table above shows that the City's total income tax collections achieved an average annual growth rate of slightly less than one percent between 2013 and 2018. Although some of the fluctuations can be attributed to the local economy, it is important to note that the State of Ohio also passed House Bill 5 in 2014, which changed the laws governing municipal income tax collections for the 2016 tax year (2017 collection year for individuals). Some of the changes include revisions to the due dates for submitting payroll withholdings, higher thresholds for requiring individuals and businesses to submit estimated tax payments, and uniform rules for processing business net profit/loss returns. The new laws contribute to the variances shown in the table.

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

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

Long-Term Financial Planning

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

With the recent growth in income tax revenues, the City has made it a priority to set aside resources to help maintain long-term financial stability. Specifically, the City established the capital projects reserve fund to be used in accumulating resources to replace vehicles and equipment in the future. The City had \$366,600 available in this fund as of December 31, 2018. Similarly, the City had \$30,000 set aside for emergencies as of December 31, 2018, which represents approximately 3.6 percent of the 2018 general fund expenditures on a cash basis.

Relevant Financial Policies

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

- Section 181.03 of the City's administrative code specifies that 93.3 percent of income tax collections be distributed to the general fund and the remaining 6.7 percent be placed in the police fund.
- Ordinance 3-14 stipulates that 70.0 percent of water utility charges be used for water operations, 14.0 percent for water debt service, and 16.0 percent for water capital projects.
- Ordinance 32-15 stipulates that 87.0 percent of sewer utility charges be used for sewer operations, 6.5 percent for sewer debt service, and 6.5 percent for sewer capital projects.
- Ordinance 29-17 establishes employee pay rates and allocates personnel costs among the various governmental and enterprise funds.

Major Initiatives

The City worked on the following initiatives in 2018:

- The City issued \$825,000 in long-term bonds to purchase and renovate a building to house its service, water, and sewer utility departments and to retire bond anticipation notes that were issued in prior years for road improvements.
- The City finalized negotiations with its two bargaining units and non-bargaining employees to restructure the City's health benefits and to lock in two percent annual cost of living increases through 2022. Both provisions were designed to help the City stabilize its employee wage and benefit costs and make them more predictable long-term.
- Major capital expenditures in 2018 include installing a new playground near the skate and bike park, finalizing renovations at the new service building, and purchasing vehicles for service, fire, and police.
- In addition to the projects listed above, the City completed several street repairs, an extensive chip and seal program, and storm sewer drainage improvements at other locations throughout the City.

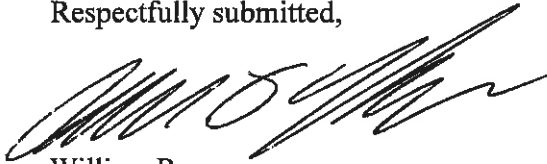
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'William Rouse', written in a cursive style.

William Rouse
Finance Director
City of Canal Fulton

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

*Principal Officials
December 31, 2018*

Elected Officials

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

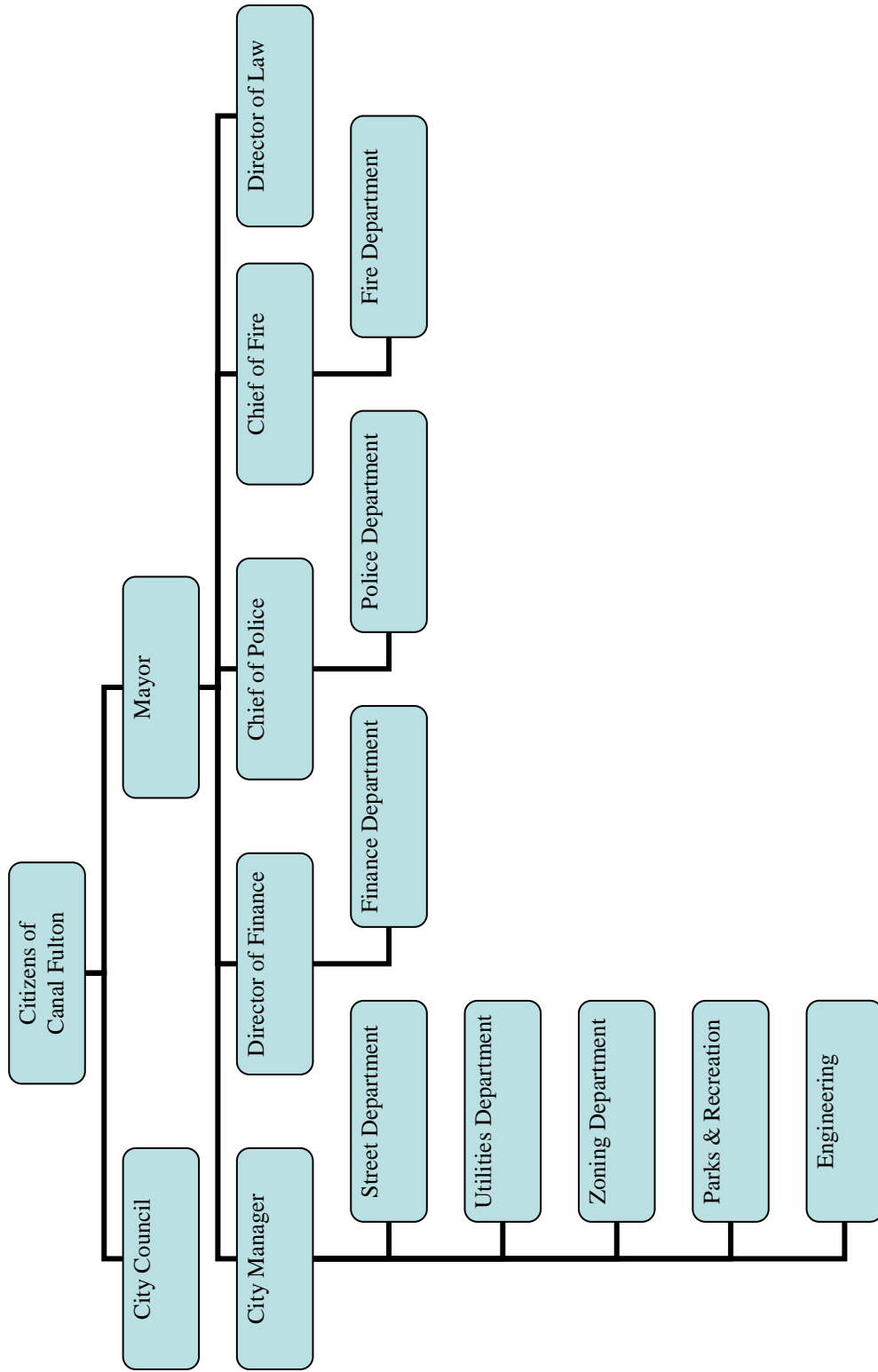
Joseph Schultz
Susan Mayberry
Bonnie Donaldson
Scott Svab
Danny Losch
Eric Whittington
Daniel Bucher

Appointed Officials

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

Mark Cozy
William Rouse
Scott Fellmeth
Doug Swartz
Raymond Durkee

**City of Canal Fulton
Organization Chart – December 31, 2018**





Government Finance Officers Association

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

Presented to

**City of Canal Fulton
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

Financial Section

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during the year ended December 31, 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. Our opinions are 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, the schedules of the City's proportionate share of net pension and other postemployment benefits (OPEB) liabilities, the schedules of the City's contributions to pension and OPEB plans, and the notes to the required supplementary information (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 accompanying combining statements, individual fund schedules, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2019

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City of Canal Fulton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

The discussion and analysis for the City of Canal Fulton's (the City) financial statements provide an overall review of the financial activity of the City for the twelve months ended December 31, 2018. The intent of this discussion is to provide a narrative that describes the City's performance as a whole. To obtain a more detailed understanding, one should also review the basic financial statements and the notes to the basic financial statements.

Financial Highlights

Financial highlights for 2018 are as follows:

- The 2018 income tax collections on a cash basis were \$2,333,274, which was approximately the same as the prior year. The stagnant income tax collections are due to the growth in commercial payroll withholdings being offset by an increase in the number of retired citizens, who are not required to pay income tax on pension income.
- The balance of the City's general fund emergency reserve was \$30,000 at year-end, and a transfer of \$75,000 was made to the capital projects reserve fund.
- The City finalized negotiations with its two bargaining units and non-bargaining employees to restructure the City's health benefits and to lock in two percent annual cost of living increases through 2022. Both provisions were designed to help the City stabilize its employee wage and benefit costs and make them more predictable in the long-term.
- The City's 2018 water and sewer operating revenues both increased two percent. The increases are due to the City's utility billing ordinances, which tie annual rate increases to changes in the consumer price index.
- The City issued \$825,000 in long-term bonds to purchase and renovate a building to house its service, water, and sewer utility departments and to retire bond anticipation notes that were issued in prior years to make road improvements.

Using this Annual Financial Report

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

The statement of net position and the statement of activities provide information from a summary perspective showing the effects of the operations for the year 2018 and how they affected the operations of the City as a whole.

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

City of Canal Fulton, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Reporting the City of Canal Fulton as a Whole

Statement of Net Position and Statement of Activities

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

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

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

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

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

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

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

Fund Financial Statements

The analysis of the City's major funds begins on page 13. Fund financial statements give a detailed report of the activities within the funds. The City currently has twenty-one funds, as presented in this report. These funds are in existence to provide a multitude of services to the citizens of Canal Fulton. Some funds provide for streets, police, fire and emergency medical service protection, capital improvements, water service and sewer service. Some also provide for the purchase of capital assets, while others provide for the payment of principal and interest on debt. Each fund is in some ways an entity unto itself. Each fund, other than the general fund, has a designated revenue stream and designated uses for the monies within the fund.

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

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

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

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

The City of Canal Fulton as a Whole

The statement of net position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2018 as it compares to 2017.

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Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated	2018	Restated	2018	Restated
		2017		2017		2017
Assets						
Current and Other Assets	\$4,122,501	\$4,261,183	\$2,388,975	\$2,560,472	\$6,511,476	\$6,821,655
Net Pension Asset	18,181	0	23,144	0	41,325	0
Capital Assets, Net	12,161,009	11,907,120	11,272,124	11,192,589	23,433,133	23,099,709
<i>Total Assets</i>	<u>16,301,691</u>	<u>16,168,303</u>	<u>13,684,243</u>	<u>13,753,061</u>	<u>29,985,934</u>	<u>29,921,364</u>
Deferred Outflows of Resources						
Pension	352,210	592,774	179,957	326,640	507,668	919,414
OPEB	168,541	8,435	51,832	5,836	202,879	14,271
<i>Total Deferred Outflows of Resources</i>	<u>520,751</u>	<u>601,209</u>	<u>231,789</u>	<u>332,476</u>	<u>710,547</u>	<u>933,685</u>
Liabilities						
Current and Other Liabilities	119,185	1,535,516	72,222	624,095	191,407	2,159,611
Long-Term Liabilities:						
Due Within One Year	253,602	118,463	216,470	196,990	470,072	315,453
Due in More than One Year:						
Net Pension Liability	2,020,319	2,403,665	618,580	854,096	2,638,899	3,257,761
Net OPEB Liability	1,778,104	1,581,892	460,348	402,316	2,238,452	1,984,208
Other Amounts	1,413,679	782,401	2,107,300	1,920,594	3,520,979	2,702,995
<i>Total Liabilities</i>	<u>5,584,889</u>	<u>6,421,937</u>	<u>3,474,920</u>	<u>3,998,091</u>	<u>9,059,809</u>	<u>10,420,028</u>
Deferred Inflows of Resources						
Property Taxes	432,352	393,638	0	0	432,352	393,638
Pension	290,607	71,560	162,852	24,443	428,960	96,003
OPEB	89,355	0	34,292	0	106,153	0
<i>Total Deferred Inflows of Resources</i>	<u>812,314</u>	<u>465,198</u>	<u>197,144</u>	<u>24,443</u>	<u>967,465</u>	<u>489,641</u>
Net Position						
Net Investment in Capital Assets	10,876,002	9,814,140	8,987,568	8,641,577	19,863,570	18,455,717
Restricted for:						
Capital Projects	432,538	1,128,667	0	0	432,538	1,128,667
Debt Service	20,276	0	0	0	20,276	0
Street Repair and Maintenance	425,479	440,477	0	0	425,479	440,477
Police Protection	214,246	288,092	0	0	214,246	288,092
Other Purposes	7,366	17,777	0	0	7,366	17,777
Unclaimed Monies	1,956	1,956	0	0	1,956	1,956
Unrestricted (Deficit)	(1,552,624)	(1,808,732)	1,256,400	1,421,426	(296,224)	(387,306)
<i>Total Net Position</i>	<u>\$10,425,239</u>	<u>\$9,882,377</u>	<u>\$10,243,968</u>	<u>\$10,063,003</u>	<u>\$20,669,207</u>	<u>\$19,945,380</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018, and is reported pursuant to GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed that follow, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting the net pension asset and 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

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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 (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the pension and OPEB plans.

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 previously, 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 annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

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As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$21,915,317 to \$19,945,380.

Total assets increased in 2018 as a result of an increase in capital assets. Multiple assets were acquired during the year, while one building was deleted. The additions outpaced depreciation and deletions.

Long-term liabilities increased while current liabilities decreased significantly during the year. This was due to the City's short-term notes being partially retired with cash with the remainder being retired with the proceeds of long-term general obligation bonds.

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

Table 2 shows the change in net position for 2018 as it compares to 2017.

Table 2
Change in Net Position

	Governmental		Business - Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services and Sales	\$231,299	\$228,310	\$1,912,764	\$1,885,322	\$2,144,063	\$2,113,632
Operating Grants and Contributions	805,749	379,680	0	0	805,749	379,680
Capital Grants and Contributions	272,150	198,547	195,453	352,701	467,603	551,248
Total Program Revenues	1,309,198	806,537	2,108,217	2,238,023	3,417,415	3,044,560
General Revenues:						
Property Taxes	404,740	381,709	0	0	404,740	381,709
Income Taxes	2,318,255	2,471,499	0	0	2,318,255	2,471,499
Grants and Entitlements	122,413	88,763	0	0	122,413	88,763
Gain on Sale of Capital Assets	168,058	0	0	0	168,058	0
Interest	97,077	27,022	0	0	97,077	27,022
Other	103,672	66,737	84,678	62,210	188,350	128,947
Total General Revenues	3,214,215	3,035,730	84,678	62,210	3,298,893	3,097,940
Total Revenues	4,523,413	3,842,267	2,192,895	2,300,233	6,716,308	6,142,500
Program Expenses						
General Government	749,583	968,111	0	0	749,583	968,111
Security of Persons and Property	2,181,540	1,894,929	0	0	2,181,540	1,894,929
Transportation	813,188	557,060	0	0	813,188	557,060
Leisure Time Activities	143,612	112,419	0	0	143,612	112,419
Interest and Fiscal Charges	92,628	67,326	0	0	92,628	67,326
Water	0	0	916,730	873,302	916,730	873,302
Sewer	0	0	1,024,207	1,002,379	1,024,207	1,002,379
Storm Sewer	0	0	70,993	79,452	70,993	79,452
Total Program Expenses	3,980,551	3,599,845	2,011,930	1,955,133	5,992,481	5,554,978
Increase in Net Position	542,862	242,422	180,965	345,100	723,827	587,522
Net Position Beginning of Year - Restated (See Note 3)	9,882,377	N/A	10,063,003	N/A	19,945,380	N/A
Net Position End of Year	\$10,425,239	\$9,882,377	\$10,243,968	\$10,063,003	\$20,669,207	\$19,945,380

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The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$14,271 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$175,963. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Total 2018 program expenses under GASB 75	\$3,980,551	\$2,011,930	\$5,992,481
OPEB expense under GASB 75	(129,173)	(46,790)	(175,963)
2018 contractually required contribution	<u>3,712</u>	<u>462</u>	<u>4,174</u>
Adjusted 2018 program expenses	3,855,090	1,965,602	5,820,692
Total 2017 program expenses under GASB 45	<u>3,599,845</u>	<u>1,955,133</u>	<u>5,554,978</u>
Increase in program expenses not related to OPEB	<u>\$255,245</u>	<u>\$10,469</u>	<u>\$265,714</u>

In 2018, total revenues were more than total revenues in the prior year. A large part of this increase is due to operating grants and contributions related to the four-year SAFER grant that the City was awarded during the year.

Governmental expenses were higher in 2018 than in the prior year. The major contributing factor to this increase was an increase in security of persons and property expenses due to an increase in personal services during the year.

Governmental Activities

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

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

The operations of the City's police and fire departments account for the largest expenses of the governmental activities. The City's police department is a full-time 24-hour a day, 365-days a year department, with a chief, secretary, and 10 patrolmen comprising the full-time employees and three part-time patrolmen. The fire department is staffed by part-time firefighters. The remaining amount that is needed to operate the police and fire departments is subsidized by the general fund and income tax revenue.

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Business-Type Activities

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

The water utility services 2,109 customer accounts, which include customers within the City as well as customers outside of the City. The City owns and maintains the water treatment plant, which is located within the City, and the water lines of the distribution system, which are primarily located within the City, used to service the customers of the water utility.

Residential water customers within the City pay a water rate of \$2.38 per thousand gallons of usage plus a minimum fixed-rate charge of \$19.97 per month. Residential water customers outside the City pay a water rate of \$5.94 per thousand gallons of usage plus a minimum fixed-rate charge of \$19.97 per month. The City's utility billing ordinance stipulates that the per gallon water usage charge and minimum fixed-rate monthly charge are subject to inflationary increases based on the Consumer Price Index (CPI).

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

The sewer utility services 1,990 customer accounts. The City owns and maintains the sewer lines of the collection system, which are located primarily within the City, and the wastewater treatment plant, which is located in neighboring Lawrence Township.

Sewer customers with a water meter pay a sewer rate of \$2.89 per thousand gallons of usage plus a minimum fixed-rate charge of \$19.49 per month. Sewer customers without a water meter pay an unmetered flat sewer rate of \$32.49 per month. As of December 31, 2018, there were 55 sewer customer accounts paying the flat sewer rate. The City's utility billing ordinance stipulates that the per gallon sewer charge and minimum fixed-rate monthly charge are subject to inflationary increases based on CPI.

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

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

As of December 31, 2018, the Joint User Cost System had 3,349 single family home equivalent connections, of which the combined total of all City sewer customers comprised 83.5 percent of the single family home equivalent connections and the remaining 16.5 percent were located in the Stark County Metropolitan Sewer District. In 2018, the City sewer utility received \$93,987 (on a cash basis) from the Stark County Metropolitan Sewer District for the operations of the Joint User Cost System.

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

The revenues and expenses for the three utilities are reported under the business-type activities in Table 2. The majority of revenues are derived from charges for services. In 2018, revenues were more than the total expenses for the utilities, resulting in an increase in net position for the business-type activities.

The City's Funds

Information about the City's governmental funds begins on page 20. These funds are accounted for using the modified accrual basis of accounting. The City's general fund reflected a decrease in fund balance, which was due to an increase in transfers out made to support the operations of other governmental funds. The police fund had a decrease in fund balance due to an increase in expenditures. The fire/ems fund had an increase in fund balance due to an increase in revenues offsetting an increase in expenditures. The general obligation debt retirement fund had a significant increase in fund balance due to a significant increase in transfers in along with a significant decrease in debt service, both related to the retirement of short term notes through principal payments and the issuance of bonds. The capital improvements fund had an increase in fund balance primarily due to increases in intergovernmental revenues.

Information about the proprietary funds starts on page 27. These funds are accounted for on an accrual basis. The water fund had an operating income due to operating revenues outpacing operating expenses, though both increased from the prior year. The sewer fund had an operating loss due primarily to an increase in operating expenses related to personal services. The storm sewer fund had an operating loss due to the storm sewer charge not covering all costs of maintaining storm sewer infrastructure. However, capital contributions were sufficient to cover the difference, leading to an increase in net position in the fund.

Budgeting Highlights

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

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

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

For the general fund, final budgeted revenues were higher than original budgeted revenues, and actual revenue collections were higher than the final budget revenues. The increase in budgeted to actual revenue was primarily due to higher interest revenues.

Also in the general fund, the final budgeted expenditures were higher than the original budgeted expenditures. The difference between actual expenditures and final appropriations was mainly due to diligent oversight of expenditures in the general government line item. The City's ending unencumbered cash balance in the general fund was \$136,028 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation. Additions to capital assets included playground structures, lighting, downtown clock, servers, and various safety service equipment. Despite annual depreciation and the deletion of a building, capital assets increased from the prior fiscal year. For more information on capital assets, refer to Note 17 of the basic financial statements.

Debt Administration

During 2005, the City issued \$730,000 of Water Improvement Bonds for the purpose of constructing a waterline for the Northwest Local School District.

During 2006, the City issued \$1,500,000 in fire station bonds, the proceeds of which were used to finance the construction of a new fire station.

During 2018, the City issued \$825,000 of Various Purpose Improvement General Obligation Bonds for the purpose of making improvements to the service building and retiring a portion of the 2018 bond anticipation notes.

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

See Note 15 in the financial statements for more information regarding the City's debt.

Current Financial Issues

Over the past twenty years, income tax collections (on a cash basis) have increased from \$425,403 in 1993, to \$2,333,274 in 2018. This is largely attributed to the voter approved, four tenths of a percent increase that began in 2008. In addition, the Northwest Local School District became the City's largest employer in June 2008 through annexation. The voters also approved a one tenth of a percent income tax rate levy dedicated to the Police Department. The remaining one and four tenths of a percent income tax rate levies are receipted into the general fund, from where it is distributed to various City departments and

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funds via transfers in the annual appropriation ordinances adopted by City Council. Transfers from the general fund to the various funds are used to support the operating expenses and capital improvements for all City departments except the water and sewer utilities. Because income taxes represent the primary source for funding the City's traditional government functions (Police, Fire, Administration, etc.), it is important that the City continue to promote economic development.

The majority of the City's debt consists of bonds and zero percent interest OPWC loans owed by the water and sewer utilities, which will be repaid from user fees charged by the respective utility. In 2015, the City issued \$1.0 million in bond anticipation notes to pay the up-front engineering and design costs associated with the Cherry and Locust Street intersection project. The City also issued \$730,000 of bond anticipation notes in 2017 to purchase and renovate a building to house the City's service and utility departments. The City retired both of these debt issues in 2018, issuing \$825,000 in 15 year bonds and using local resources to pay the difference. The 15 year bonds will be repaid through a combination of general fund resources and water and sewer enterprise fund resources.

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

In addition to building reserve balances in the utility funds, the City has an emergency reserve with a total balance of \$30,000 at the end of 2018. This reserve was originally established by City Council in 2010 to accumulate resources to help the City better withstand downturns in the local economy or the sudden loss of key revenues. Similarly, City Council created a capital projects reserve fund in 2015 to accumulate resources to help replace vehicles and equipment in the future. The City had \$146,600 in this fund at the end of 2018.

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

Contacting the City's Finance Department

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

Basic Financial Statements

City of Canal Fulton, Ohio

Statement of Net Position

December 31, 2018

	Governmental Activities	Business-Type Activities	Total*
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,437,161	\$2,218,109	\$4,655,270
Accounts Receivable	11,153	160,187	171,340
Intergovernmental Receivable	668,971	6,941	675,912
Materials and Supplies Inventory	32,212	3,738	35,950
Income Taxes Receivable	523,999	0	523,999
Property Taxes Receivable	449,005	0	449,005
Net Pension Asset	18,181	23,144	41,325
Nondepreciable Capital Assets	3,273,501	773,492	4,046,993
Depreciable Capital Assets, Net	8,887,508	10,498,632	19,386,140
<i>Total Assets</i>	<u>16,301,691</u>	<u>13,684,243</u>	<u>29,985,934</u>
Deferred Outflows of Resources			
Pension	352,210	179,957	507,668
OPEB	168,541	51,832	202,879
<i>Total Deferred Outflows of Resources</i>	<u>520,751</u>	<u>231,789</u>	<u>710,547</u>
Liabilities			
Accounts Payable	35,192	29,103	64,295
Accrued Wages	34,340	12,742	47,082
Contracts Payable	8,312	9,580	17,892
Intergovernmental Payable	22,668	8,212	30,880
Vacation Benefits Payable	10,098	5,404	15,502
Accrued Interest Payable	8,575	7,181	15,756
Long-Term Liabilities:			
Due Within One Year	253,602	216,470	470,072
Due In More Than One Year:			
Net Pension Liability (See Note 18)	2,020,319	618,580	2,638,899
Net OPEB Liability (See Note 19)	1,778,104	460,348	2,238,452
Other Amounts	1,413,679	2,107,300	3,520,979
<i>Total Liabilities</i>	<u>5,584,889</u>	<u>3,474,920</u>	<u>9,059,809</u>
Deferred Inflows of Resources			
Property Taxes	432,352	0	432,352
Pension	290,607	162,852	428,960
OPEB	89,355	34,292	106,153
<i>Total Deferred Inflows of Resources</i>	<u>812,314</u>	<u>197,144</u>	<u>967,465</u>
Net Position			
Net Investment in Capital Assets	10,876,002	8,987,568	19,863,570
Restricted for:			
Capital Projects	432,538	0	432,538
Debt Service	20,276	0	20,276
Street Repair and Maintenance	425,479	0	425,479
Police Protection	214,246	0	214,246
Other Purposes	7,366	0	7,366
Unclaimed Monies	1,956	0	1,956
Unrestricted (Deficit)	(1,552,624)	1,256,400	(296,224)
<i>Total Net Position</i>	<u>\$10,425,239</u>	<u>\$10,243,968</u>	<u>\$20,669,207</u>

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

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Activities
For the Year Ended December 31, 2018

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$749,583	\$41,894	\$0	\$69,742
Security of Persons and Property	2,181,540	146,856	439,612	102,509
Transportation	813,188	1,311	361,949	92,414
Leisure Time Activities	143,612	41,238	4,188	7,485
Interest and Fiscal Charges	92,628	0	0	0
<i>Total Governmental Activities</i>	<u>3,980,551</u>	<u>231,299</u>	<u>805,749</u>	<u>272,150</u>
Business-Type Activities:				
Water	916,730	948,232	0	38,099
Sewer	1,024,207	906,509	0	45,040
Storm Sewer	70,993	58,023	0	112,314
<i>Total Business-Type Activities</i>	<u>2,011,930</u>	<u>1,912,764</u>	<u>0</u>	<u>195,453</u>
<i>Total</i>	<u>\$5,992,481</u>	<u>\$2,144,063</u>	<u>\$805,749</u>	<u>\$467,603</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Debt Service

 Capital Projects

Income Tax Levied for:

 General Purposes

 Other Purposes

Grants and Entitlements not

 Restricted to Specific Programs

Gain on Sale of Capital Assets

Interest

Other

Total General Revenues

Change in Net Position

*Net Position Beginning of Year -
Restated (See Note 3)*

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$637,947)	\$0	(\$637,947)
(1,492,563)	0	(1,492,563)
(357,514)	0	(357,514)
(90,701)	0	(90,701)
(92,628)	0	(92,628)
<u>(2,671,353)</u>	<u>0</u>	<u>(2,671,353)</u>
0	69,601	69,601
0	(72,658)	(72,658)
0	99,344	99,344
<u>0</u>	<u>96,287</u>	<u>96,287</u>
<u>(2,671,353)</u>	<u>96,287</u>	<u>(2,575,066)</u>
215,404	0	215,404
103,926	0	103,926
85,410	0	85,410
2,162,932	0	2,162,932
155,323	0	155,323
122,413	0	122,413
168,058	0	168,058
97,077	0	97,077
103,672	84,678	188,350
<u>3,214,215</u>	<u>84,678</u>	<u>3,298,893</u>
542,862	180,965	723,827
<u>9,882,377</u>	<u>10,063,003</u>	<u>19,945,380</u>
<u>\$10,425,239</u>	<u>\$10,243,968</u>	<u>\$20,669,207</u>

City of Canal Fulton, Ohio

Balance Sheet

Governmental Funds

December 31, 2018

	General	Police	Fire/ EMS	General Obligation Debt Retirement	Capital Improvements
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$590,912	\$241,252	\$259,491	\$21,722	\$230,220
Accounts Receivable	3,684	0	7,469	0	0
Interfund Receivable	220,000	0	0	0	0
Intergovernmental Receivable	47,588	0	361,208	7,074	65,874
Income Taxes Receivable	488,891	35,108	0	0	0
Property Taxes Receivable	249,121	0	0	103,777	0
Materials and Supplies Inventory	0	0	0	0	0
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	1,956	0	0	0	0
Total Assets	\$1,602,152	\$276,360	\$628,168	\$132,573	\$296,094
Liabilities					
Accounts Payable	\$7,542	\$7,588	\$13,075	\$0	\$3,200
Accrued Wages	4,699	17,808	8,988	0	0
Contracts Payable	7,783	295	151	0	0
Intergovernmental Payable	4,223	15,737	657	0	0
Interfund Payable	0	0	0	0	0
Total Liabilities	24,247	41,428	22,871	0	3,200
Deferred Inflows of Resources					
Property Taxes	240,714	0	0	99,264	0
Unavailable Revenue	331,447	20,895	350,080	11,587	0
Total Deferred Inflows of Resources	572,161	20,895	350,080	110,851	0
Fund Balances					
Nonspendable	1,956	0	0	0	0
Restricted	0	214,037	0	21,722	292,894
Committed	0	0	255,217	0	0
Assigned	84,712	0	0	0	0
Unassigned	919,076	0	0	0	0
Total Fund Balances	1,005,744	214,037	255,217	21,722	292,894
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,602,152	\$276,360	\$628,168	\$132,573	\$296,094

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2018*

Other Governmental Funds	Total Governmental Funds	Total Governmental Fund Balances	\$2,746,622
		<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
		Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,161,009
\$1,091,608	\$2,435,205	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
0	11,153	Delinquent Property Taxes	16,653
0	220,000	Income Taxes	311,871
187,227	668,971	Intergovernmental	514,491
0	523,999	Total	843,015
96,107	449,005	Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.	(10,098)
32,212	32,212	Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(8,575)
0	1,956	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
\$1,407,154	\$4,342,501	General Obligation Bonds	(1,080,577)
		Premiums on Bonds	(4,458)
\$3,787	\$35,192	Capital Lease Payable	(521,296)
2,845	34,340	Compensated Absences	(60,950)
83	8,312	Total	(1,667,281)
2,051	22,668	The net pension/OPEB asset/liabilities are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
220,000	220,000	Net Pension Asset	18,181
		Deferred Outflows - Pension	352,210
228,766	320,512	Deferred Outflows - OPEB	168,541
		Net Pension Liability	(2,020,319)
92,374	432,352	Net OPEB Liability	(1,778,104)
129,006	843,015	Deferred Inflows - Pension	(290,607)
		Deferred Inflows - OPEB	(89,355)
221,380	1,275,367	Total	(3,639,453)
		<i>Net Position of Governmental Activities</i>	\$10,425,239
32,212	34,168		
768,478	1,297,131		
154,674	409,891		
1,644	86,356		
0	919,076		
957,008	2,746,622		
\$1,407,154	\$4,342,501		

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Police	Fire/ EMS	General Obligation Debt Retirement	Capital Improvements
Revenues					
Property Taxes	\$212,945	\$0	\$0	\$102,058	\$0
Income Taxes	2,164,649	155,447	0	0	0
Charges for Services	8,855	0	138,978	0	0
Fines, Licenses and Permits	37,773	2,207	0	0	0
Intergovernmental	103,853	9,088	74,531	14,150	260,514
Interest	92,764	0	0	0	0
Contributions and Donations	2,485	4,116	1,710	0	0
Other	37,820	24,356	5,696	8,551	14,565
<i>Total Revenues</i>	<u>2,661,144</u>	<u>195,214</u>	<u>220,915</u>	<u>124,759</u>	<u>275,079</u>
Expenditures					
Current:					
General Government	689,900	0	0	1,633	0
Security of Persons and Property	0	1,336,036	608,532	0	0
Transportation	21,681	0	0	0	0
Leisure Time Activities	56,670	0	0	0	0
Capital Outlay	0	0	0	0	649,778
Debt Service:					
Principal Retirement	0	0	0	133,932	0
Interest and Fiscal Charges	0	0	0	79,015	566
<i>Total Expenditures</i>	<u>768,251</u>	<u>1,336,036</u>	<u>608,532</u>	<u>214,580</u>	<u>650,344</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,892,893</u>	<u>(1,140,822)</u>	<u>(387,617)</u>	<u>(89,821)</u>	<u>(375,265)</u>
Other Financing Sources (Uses)					
General Obligation Bonds Issued	0	0	0	415,577	0
Proceeds from the Sale of Capital Assets	0	0	0	0	173,058
Inception of Capital Lease	0	0	0	0	137,665
Transfers In	0	1,056,000	425,000	940,744	502,504
Transfers Out	(1,910,000)	0	0	(248,504)	(191,299)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,910,000)</u>	<u>1,056,000</u>	<u>425,000</u>	<u>1,107,817</u>	<u>621,928</u>
<i>Net Change in Fund Balances</i>	(17,107)	(84,822)	37,383	1,017,996	246,663
<i>Fund Balances (Deficit) Beginning of Year</i>	1,022,851	298,859	217,834	(996,274)	46,231
<i>Fund Balances End of Year</i>	<u>\$1,005,744</u>	<u>\$214,037</u>	<u>\$255,217</u>	<u>\$21,722</u>	<u>\$292,894</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018*

Other Governmental Funds	Total Governmental Funds		
\$84,278	\$399,281	Net Change in Fund Balances - Total Governmental Funds	\$878,541
0	2,320,096	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
40,162	187,995	Governmental funds report capital outlay as an expenditure.	
3,324	43,304	However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:	
356,691	818,827	Capital Asset Additions	864,652
4,313	97,077	Current Year Depreciation	<u>(605,763)</u>
9,188	17,499	Total	258,889
12,684	103,672		
<u>510,640</u>	<u>3,987,751</u>	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(5,000)
		Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
0	691,533	Delinquent Property Taxes	5,459
3,166	1,947,734	Income Taxes	(1,841)
393,348	415,029	Intergovernmental	<u>363,986</u>
52,996	109,666	Total	367,604
153,606	803,384		
86,917	220,849	Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	220,849
10,409	89,990		
<u>700,442</u>	<u>4,278,185</u>	Proceeds of debt are other financing sources in the governmental funds, but increase liabilities in the governmental activities:	
		General Obligation Bonds Issued	(415,577)
(189,802)	(290,434)	Inception of Capital Lease	<u>(580,340)</u>
		Total	(995,917)
0	415,577	In the statement of activities, interest is accrued on outstanding bonds and bond premiums are amortized over the term of the bonds, whereas in governmental funds, an expenditure is reported when bonds are issued:	
0	173,058	Accrued Interest	(3,275)
442,675	580,340	Amortization of Premiums on Debt	<u>637</u>
75,000	2,999,248	Total	(2,638)
(649,445)	(2,999,248)	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:	
<u>(131,770)</u>	<u>1,168,975</u>	Compensated Absences	8,014
		Vacation Benefits Payable	<u>(3,935)</u>
(321,572)	878,541	Total	4,079
1,278,580	1,868,081	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
<u>\$957,008</u>	<u>\$2,746,622</u>	Pension	193,568
		OPEB	<u>3,712</u>
		Total	197,280
		Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as expenses in the statement of activities:	
		Pension	(251,652)
		OPEB	<u>(129,173)</u>
		Total	(380,825)
		<i>Change in Net Position of Governmental Activities</i>	<u><u>\$542,862</u></u>

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$212,923	\$213,818	\$212,945	(\$873)
Income Taxes	2,248,926	2,258,375	2,176,945	(81,430)
Special Assessments	1,992	2,000	492	(1,508)
Charges for Services	8,962	9,000	8,855	(145)
Fines, Licenses, and Permits	22,426	22,520	37,415	14,895
Intergovernmental	92,493	92,882	106,091	13,209
Interest	23,402	23,500	92,764	69,264
Contributions and Donations	1,494	1,500	2,485	985
Other	25,177	25,199	37,820	12,621
<i>Total Revenues</i>	<u>2,637,795</u>	<u>2,648,794</u>	<u>2,675,812</u>	<u>27,018</u>
Expenditures				
Current:				
General Government	676,784	825,964	761,888	64,076
Transportation	18,536	23,000	21,681	1,319
Leisure Time Activities	58,712	72,264	58,649	13,615
<i>Total Expenditures</i>	<u>754,032</u>	<u>921,228</u>	<u>842,218</u>	<u>79,010</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,883,763</u>	<u>1,727,566</u>	<u>1,833,594</u>	<u>106,028</u>
Other Financing Uses				
Advances Out	(220,000)	(220,000)	(220,000)	0
Transfers Out	(1,940,000)	(1,940,000)	(1,910,000)	30,000
<i>Total Other Financing Uses</i>	<u>(2,160,000)</u>	<u>(2,160,000)</u>	<u>(2,130,000)</u>	<u>30,000</u>
<i>Net Change in Fund Balance</i>	(276,237)	(432,434)	(296,406)	136,028
<i>Fund Balance Beginning of Year</i>	777,842	777,842	777,842	0
Prior Year Encumbrances Appropriated	59,763	59,763	59,763	0
<i>Fund Balance End of Year</i>	<u>\$561,368</u>	<u>\$405,171</u>	<u>\$541,199</u>	<u>\$136,028</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Income Taxes	\$165,000	\$165,000	\$156,329	(\$8,671)
Fines, Licenses and Permits	0	0	2,207	2,207
Intergovernmental	1,000	1,000	9,088	8,088
Contributions and Donations	0	0	4,116	4,116
Other	0	0	29,370	29,370
<i>Total Revenues</i>	166,000	166,000	201,110	35,110
Expenditures				
Current:				
Security of Persons and Property	1,306,206	1,395,006	1,361,098	33,908
<i>Excess of Revenues Under Expenditures</i>	(1,140,206)	(1,229,006)	(1,159,988)	69,018
Other Financing Sources				
Transfers In	1,056,000	1,056,000	1,056,000	0
<i>Net Change in Fund Balance</i>	(84,206)	(173,006)	(103,988)	69,018
<i>Fund Balance Beginning of Year</i>	273,449	273,449	273,449	0
Prior Year Encumbrances Appropriated	40,946	40,946	40,946	0
<i>Fund Balance End of Year</i>	<u>\$230,189</u>	<u>\$141,389</u>	<u>\$210,407</u>	<u>\$69,018</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire/EMS Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$58,257	\$113,000	\$145,680	\$32,680
Intergovernmental	55,228	107,124	69,680	(37,444)
Contributions and Donations	0	0	1,710	1,710
Other	516	1,000	5,696	4,696
<i>Total Revenues</i>	114,001	221,124	222,766	1,642
Expenditures				
Current:				
Security of Persons and Property	576,489	682,489	631,688	50,801
<i>Excess of Revenues Under Expenditures</i>	(462,488)	(461,365)	(408,922)	52,443
Other Financing Sources				
Transfers In	425,000	425,000	425,000	0
<i>Net Change in Fund Balance</i>	(37,488)	(36,365)	16,078	52,443
<i>Fund Balance Beginning of Year</i>	191,625	191,625	191,625	0
Prior Year Encumbrances Appropriated	21,429	21,429	21,429	0
<i>Fund Balance End of Year</i>	<u>\$175,566</u>	<u>\$176,689</u>	<u>\$229,132</u>	<u>\$52,443</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Water	Sewer	Storm Sewer	Total
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$1,269,438	\$928,607	\$20,064	\$2,218,109
Accounts Receivable	85,348	69,417	5,422	160,187
Intergovernmental Receivable	0	6,941	0	6,941
Materials and Supplies Inventory	614	3,124	0	3,738
<i>Total Current Assets</i>	<u>1,355,400</u>	<u>1,008,089</u>	<u>25,486</u>	<u>2,388,975</u>
<i>Noncurrent Assets:</i>				
Nondepreciable Capital Assets	120,994	171,908	480,590	773,492
Depreciable Capital Assets, Net	4,555,066	3,995,816	1,947,750	10,498,632
Net Pension Asset	11,572	11,572	0	23,144
<i>Total Noncurrent Assets</i>	<u>4,687,632</u>	<u>4,179,296</u>	<u>2,428,340</u>	<u>11,295,268</u>
<i>Total Assets</i>	<u>6,043,032</u>	<u>5,187,385</u>	<u>2,453,826</u>	<u>13,684,243</u>
Deferred Outflows of Resources				
Deferred Outflows - Pension	89,978	89,979	0	179,957
Deferred Outflows - OPEB	25,916	25,916	0	51,832
<i>Total Deferred Outflows of Resources</i>	<u>115,894</u>	<u>115,895</u>	<u>0</u>	<u>231,789</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	9,466	19,637	0	29,103
Accrued Wages	6,371	6,371	0	12,742
Contracts Payable	4,820	4,760	0	9,580
Intergovernmental Payable	4,106	4,106	0	8,212
Vacation Benefits Payable	2,702	2,702	0	5,404
Accrued Interest Payable	5,694	1,487	0	7,181
Compensated Absences Payable	3,782	3,782	0	7,564
General Obligation Bonds Payable	49,975	9,975	0	59,950
OPWC Loans Payable	89,990	52,080	6,886	148,956
<i>Total Current Liabilities</i>	<u>176,906</u>	<u>104,900</u>	<u>6,886</u>	<u>288,692</u>
<i>Long-Term Liabilities:</i>				
Compensated Absences Payable	15,825	15,825	0	31,650
General Obligation Bonds Payable	481,267	194,737	0	676,004
OPWC Loans Payable	972,064	324,286	103,296	1,399,646
Net Pension Liability	309,290	309,290	0	618,580
Net OPEB Liability	230,174	230,174	0	460,348
<i>Total Long-Term Liabilities</i>	<u>2,008,620</u>	<u>1,074,312</u>	<u>103,296</u>	<u>3,186,228</u>
<i>Total Liabilities</i>	<u>2,185,526</u>	<u>1,179,212</u>	<u>110,182</u>	<u>3,474,920</u>
Deferred Inflows of Resources				
Deferred Inflows - Pension	81,428	81,424	0	162,852
Deferred Inflows - OPEB	17,146	17,146	0	34,292
<i>Total Deferred Inflows of Resources</i>	<u>98,574</u>	<u>98,570</u>	<u>0</u>	<u>197,144</u>
Net Position				
Net Investment in Capital Assets	3,082,764	3,586,646	2,318,158	8,987,568
Unrestricted	792,062	438,852	25,486	1,256,400
<i>Total Net Position</i>	<u>\$3,874,826</u>	<u>\$4,025,498</u>	<u>\$2,343,644</u>	<u>\$10,243,968</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018*

	Water	Sewer	Storm Sewer	Total
Operating Revenues				
Charges for Services	\$948,232	\$906,509	\$58,023	\$1,912,764
Other	41,069	43,609	0	84,678
<i>Total Operating Revenues</i>	<u>989,301</u>	<u>950,118</u>	<u>58,023</u>	<u>1,997,442</u>
Operating Expenses				
Personal Services	325,420	325,623	0	651,043
Fringe Benefits	201,406	197,578	0	398,984
Contractual Services	138,741	263,991	7,669	410,401
Materials and Supplies	45,336	34,356	0	79,692
Depreciation	179,538	194,418	43,324	417,280
Other	569	688	20,000	21,257
<i>Total Operating Expenses</i>	<u>891,010</u>	<u>1,016,654</u>	<u>70,993</u>	<u>1,978,657</u>
<i>Operating Income (Loss)</i>	98,291	(66,536)	(12,970)	18,785
Non-Operating Expenses				
Interest and Fiscal Charges	(25,720)	(7,553)	0	(33,273)
<i>Income Before Contributions</i>	72,571	(74,089)	(12,970)	(14,488)
Capital Contributions	38,099	45,040	112,314	195,453
<i>Change in Net Position</i>	110,670	(29,049)	99,344	180,965
<i>Net Position Beginning of Year - Restated (See Note 3)</i>	<u>3,764,156</u>	<u>4,054,547</u>	<u>2,244,300</u>	<u>10,063,003</u>
<i>Net Position End of Year</i>	<u><u>\$3,874,826</u></u>	<u><u>\$4,025,498</u></u>	<u><u>\$2,343,644</u></u>	<u><u>\$10,243,968</u></u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Water	Sewer	Storm Sewer	Total
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$950,713	\$909,806	\$57,119	\$1,917,638
Other Cash Receipts	43,483	45,761	0	89,244
Cash Payments to Employees for Services	(495,388)	(495,594)	0	(990,982)
Cash Payments for Goods and Services	(212,055)	(327,426)	(10,662)	(550,143)
Other Cash Payments	(569)	(688)	(20,000)	(21,257)
<i>Net Cash Provided by Operating Activities</i>	<u>286,184</u>	<u>131,859</u>	<u>26,457</u>	<u>444,500</u>
Cash Flows from Capital and Related Financing Activities				
Federal and State Subsidies	38,099	38,099	112,314	188,512
General Obligation Bonds Issued	204,711	204,712	0	409,423
Notes Issued	243,333	243,334	0	486,667
Principal Paid on Notes	(486,666)	(486,668)	0	(973,334)
Interest Paid on Notes	(14,309)	(10,641)	0	(24,950)
Principal Paid on Bonds	(40,000)	0	0	(40,000)
Interest Paid on Bonds	(15,275)	0	0	(15,275)
Principal Paid on OPWC Loans	(89,991)	(52,080)	(6,885)	(148,956)
Payments for Capital Acquisitions	(202,260)	(144,802)	(149,753)	(496,815)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(362,358)</u>	<u>(208,046)</u>	<u>(44,324)</u>	<u>(614,728)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(76,174)	(76,187)	(17,867)	(170,228)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,345,612</u>	<u>1,004,794</u>	<u>37,931</u>	<u>2,388,337</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$1,269,438</u>	<u>\$928,607</u>	<u>\$20,064</u>	<u>\$2,218,109</u>

(continued)

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2018

	Water	Sewer	Storm Sewer	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$98,291	(\$66,536)	(\$12,970)	\$18,785
Adjustments:				
Depreciation	179,538	194,418	43,324	417,280
(Increase) Decrease in Assets:				
Accounts Receivable	4,895	5,449	(904)	9,440
Materials and Supplies Inventory	(202)	(1,028)	0	(1,230)
Net Pension Asset	(6,152)	(6,152)	0	(12,304)
Decrease in Deferred Outflows of Resources:				
Pension	54,937	54,936	0	109,873
OPEB	14,967	14,967	0	29,934
Increase (Decrease) in Liabilities:				
Accounts Payable	(19,707)	(24,802)	0	(44,509)
Accrued Wages	252	252	0	504
Contracts Payable	(2,722)	(2,782)	(2,993)	(8,497)
Intergovernmental Payable	(5,439)	(559)	0	(5,998)
Vacation Benefits Payable	496	496	0	992
Compensated Absences Payable	(5,599)	(9,428)	0	(15,027)
Net Pension Liability	6,727	6,727	0	13,454
Net OPEB Liability	12,484	12,484	0	24,968
Decrease in Deferred Inflows of Resources:				
Pension	(42,295)	(42,296)	0	(84,591)
OPEB	(4,287)	(4,287)	0	(8,574)
<i>Net Cash Provided by Operating Activities</i>	<u>\$286,184</u>	<u>\$131,859</u>	<u>\$26,457</u>	<u>\$444,500</u>

See accompanying notes to the basic financial statements

City of Canal Fulton, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2018

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$41,003</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$41,003</u></u>

See accompanying notes to the basic financial statements

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

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

The City participates in the Local Organized Governments in Cooperation, which is defined as a joint venture, the Northwest Stark Senior Citizens Commission, which is defined as a related organization, as well as the Stark County Regional Planning Commission, the Stark Council of Governments, and the Stark County District Board of Health as jointly governed organizations. These organizations are presented in Notes 11, 12, and 13 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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

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

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

Fund Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Measurement Focus

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

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

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

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

Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in notes 18 and 19.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes income taxes, delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 21. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see notes 18 and 19).

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

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

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

Cash and Cash Equivalents

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

During 2018, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2018 amounted to \$92,764, which includes \$69,149 assigned from other City funds.

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

Inventory

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

Restricted Assets

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

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are

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

not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

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

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

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

Compensated Absences

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

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liabilities (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 plans. For

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

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.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balances

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

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

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by ordinance or by State Statute. State Statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in the 2019 appropriated budget.

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

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

Net Position

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

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

Operating Revenues and Expenses

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

Internal Activity

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

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

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

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables”. Interfund balance amounts are eliminated in the statement of net position.

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

Bond Premiums

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

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

Estimates

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

Budgetary Process

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

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

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

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

Capital Contributions

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

Note 3 – Changes in Accounting Principles and Restatement of Net Position

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

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

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business - Type Activities	Total
Net Position December 31, 2017	\$11,455,834	\$10,459,483	\$21,915,317
Adjustments:			
Net OPEB Liability	(1,581,892)	(402,316)	(1,984,208)
Deferred Outflow - Payments Subsequent to Measurement Date	8,435	5,836	14,271
Restated Net Position December 31, 2017	<u>\$9,882,377</u>	<u>\$10,063,003</u>	<u>\$19,945,380</u>

	Water	Sewer	Storm Sewer	Total Enterprise
Net Position December 31, 2017	\$3,962,396	\$4,252,787	\$2,244,300	\$10,459,483
Adjustments:				
Net OPEB Liability	(201,158)	(201,158)	0	(402,316)
Deferred Outflow - Payments Subsequent to Measurement Date	2,918	2,918	0	5,836
Restated Net Position December 31, 2017	<u>\$3,764,156</u>	<u>\$4,054,547</u>	<u>\$2,244,300</u>	<u>\$10,063,003</u>

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

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

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

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

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

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

Net Change in Fund Balance
 General and Major Special Revenue Funds

	General	Police	Fire/EMS
GAAP Basis	(\$17,107)	(\$84,822)	\$37,383
Net Adjustment for Revenue Accruals	14,668	5,896	1,851
Net Adjustment for Expenditure Accruals	(22,298)	5,783	7,203
Advances Out	(220,000)	0	0
Encumbrances	(51,669)	(30,845)	(30,359)
Budget Basis	(\$296,406)	(\$103,988)	\$16,078

Note 5 – Deposits and Investments

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

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

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

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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 repayment of all public monies deposited in the financial institution.

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

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

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

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

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

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

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

Investments

As of December 31, 2018, the City had investments in STAR Ohio in the amount of \$4,163,142. The investments in STAR Ohio are valued at net asset value (NAV) per share and had an average maturity of 44.9 days as of December 31, 2018.

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

Note 6 – Receivables

Receivables at December 31, 2018, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, and accounts (billings for utility service). No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$4.60 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

	Assessed Value
Real Property	<u>\$94,601,240</u>
Public Utility Property	<u>1,936,070</u>
Total	<u><u>\$96,537,310</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Canal Fulton. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2018, and for which there is an enforceable legal claim. In the general fund and general obligation debt retirement debt service fund, the entire receivable has been offset by deferred inflows of resources – property taxes since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes during the available period are not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

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

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

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

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amount</u>
<i>Governmental Activities:</i>	
SAFER Grant	\$361,208
Gasoline Tax	144,240
ODNR Grant	65,874
Permissive Motor Vehicle License Tax	41,282
Local Government	27,251
Homestead	23,433
Recycling Grant	5,590
Other	<u>93</u>
Total Governmental Activities	668,971
<i>Business-Type Activity:</i>	
Sewer:	
Stark County	<u>6,941</u>
Total Intergovernmental Receivables	<u><u>\$675,912</u></u>

Note 7 – Contingencies

Litigation

The City is not party to legal proceedings as of December 31, 2018.

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2018.

Note 8 – Other Employee Benefits

Compensated Absences

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

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

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

Medical and Dental Insurance

The City provides medical, dental, and vision benefits to employees through The Health Plan, MetLife, and Vision Service Plan, respectively. The City also provides \$25,000 of life insurance for employees through Lincoln Financial. The City's portion of monthly premiums for 2018 were \$1,320.57 for family, \$937.83 for employee and spouse, \$767.73 for employee and children, and \$427.51 for single.

Note 9 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the City contracted with The Ohio Municipal Joint Self Insurance Pool for various types of insurance.

The coverage and deductible are as follows:

Type of Coverage	Deductible	Coverage
General Liability	\$1,000	\$3,000,000
Employers Liability	0	1,000,000
Employee Benefits	1,000	1,000,000
Law Enforcement Officers Liability	5,000	3,000,000
Public Officials Liability	1,000	3,000,000
Automobile	0	3,000,000
Property	1,000	16,194,133
Electronic Equipment/Media Coverage	500	73,000
Public Employee Dishonesty	500	10,000
Boiler and Machinery	1,000	16,194,133
Emergency Medical Services Liability	1,000	3,000,000
Municipal Attorney and Law Director	1,000	1,000,000

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

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

Note 10 – Internal Activity

Interfund Transfers

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

Transfer to	Transfer From				Total
	General	General Obligation Debt Retirement	Capital Improvements	Other Governmental Funds	
Police	\$1,056,000	\$0	\$0	\$0	\$1,056,000
Fire/EMS	425,000	0	0	0	425,000
General Obligation Debt Retirement	100,000	0	191,299	649,445	940,744
Capital Improvements	254,000	248,504	0	0	502,504
Other Governmental Funds	75,000	0	0	0	75,000
	<u>\$1,910,000</u>	<u>\$248,504</u>	<u>\$191,299</u>	<u>\$649,445</u>	<u>\$2,999,248</u>

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

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

Interfund Balances

During 2018, the general fund advanced funds to the capital projects reserve fund in the amount of \$220,000. The advance was made for the purpose of supporting capital acquisitions in the fund. The balances are expected to be repaid in 2020 once grant monies are received.

Elimination of Internal Change in Proportionate Share

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

Eliminations made in the total column of the entity wide statement of net position include deferred outflows of resources for the governmental type activities and deferred inflows of resources for the business type activities (\$12,249 related to the water enterprise fund and \$12,250 related to the sewer enterprise fund) in the amount of \$24,499 related to pension. Eliminations made related to OPEB amounted to \$8,747 for the water enterprise fund and \$8,747 for the sewer enterprise fund, for a total of \$17,494.

Note 11 – Joint Venture

The City participates in the Local Organized Governments in Cooperation (LOGIC), a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the City, Jackson Township, Lawrence Township, City of Massillon, and Hills and Dales Village, with each participant providing one representative to serve on the board. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding, and each participant is entitled to vote its percentage share. The board has total authority over the operation of LOGIC, including budgeting, appropriating, contracting, and designating management. Continued existence of LOGIC is dependent on the City's continued participation; however, the City does not have an equity interest in the LOGIC. LOGIC does not provide specific financial benefits or impose specific financial burdens on the City. During 2018, the City made contributions of \$103,456, but does not have an equity interest in LOGIC. Financial statements of LOGIC may be obtained from Local Organized Governments in Cooperation, 2601 Cleveland Avenue, Canton, Ohio 44709.

Note 12 – Related Organization

Four of the nine members of the Northwest Stark Senior Citizens Commission (Senior Citizens Commission) are appointed by the Mayor of the City. Four of the nine members of the Senior Citizens Commission are elected by the members of the Northwest Stark Senior Center. These eight members of the Senior Citizens Commission elect the remaining member. The Senior Citizens Commission

City of Canal Fulton, Ohio
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For the Year Ended December 31, 2018

administers its own staff and does not rely on the City to finance deficits. The City is not financially accountable for the Senior Citizens Commission nor is the Senior Citizens Commission financially dependent on the City. The City did not make any payments to the Senior Citizens Commission in 2018. Financial information may be obtained by contacting the Senior Citizens Commission at 853 Locust Street, Canal Fulton, Ohio 44614.

Note 13 – Jointly Governed Organizations

Stark County Regional Planning Commission

The City participates in the Stark County Regional Planning Commission (Planning Commission), which is a statutorily created political subdivision of the State. The Planning Commission is jointly governed among Stark County, and other cities, villages, and townships. Of the 85 member board, the City appoints one member. The degree of control exercised by any participating government is limited to its representation on the board. The principal aim of the Planning Commission is to provide comprehensive planning, both long and short-term range, dealing with the economic and physical environment of Stark County. The board exercises total authority for the day-to-day operations of the Planning Commission. These include budgeting, appropriating, contracting and designating management. The City has no financial responsibility for any of the Planning Commission's liabilities. In 2018, the City contributed a total of \$548 to the Planning Commission. Complete financial statements can be obtained from the Stark County Regional Planning Commission, 201 3rd Street NE, Suite 201, Canton, Ohio 44702.

Stark Council of Governments

The City participates in the Stark Council of Governments (Council) which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County and its municipalities and townships which direct the operations of the Stark County Metropolitan Narcotics Unit and the Stark County Crime Laboratory. Of the 27 members, the City has one appointed member. Each member's control over the operation of the Council is limited to its representation on the board. The board exercises total authority over the operation of the Council including budgeting, appropriation, contracting, and designating management. The Council is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City did not contribute any funds to the Council in 2018. Complete financial statements can be obtained from the Stark Council of Governments, P.O. Box 21451 Canton, Ohio 44701-1451.

Stark County District Board of Health

The City participates in the Stark County District Board of Health (Health District) which is a statutorily created political subdivision of the State. The Health District is jointly governed by Stark County townships, villages, the City of Canal Fulton, the City of Louisville, and the City of North Canton. Of the 8 board members, the City has one appointed member. The board is made up of various professionals who are equally representative of the general health district. The board exercises total authority over the operation of the Health District including budgeting, appropriation, contracting, and designating management. The Health District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City contributed \$24,209 to the Health District in 2018. Complete financial statements can be obtained from the Stark County Combined General Health District, 3951 Convenience Circle NW, Canton, Ohio 44718.

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

Note 14 – Capital Leases

During 2015, the City entered into a capital lease with Huntington Public Capital Corporation for a dump truck. The lease will end in 2020. During 2018, the City entered into a capital lease with Huntington Public Capital Corporation for a fire truck, dump truck, and ambulance. The lease will end in 2022. The lease obligations meet the criteria of capital leases and have been recorded on the government-wide statements. The capital assets were capitalized at the present value of the minimum lease payments at the time the leases were entered into.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Vehicles	\$396,292
Less: Accumulated depreciation	(69,898)
Total	\$326,394

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

	Governmental Activities
2019	\$149,134
2020	157,002
2021	128,082
2022	128,083
Total Minimum Lease Payment	562,301
Less: Amount Representing Interest	(41,005)
Present Value of Minimum Lease Payments	\$521,296

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

Note 15 – Long-Term Obligations

Debt Issue	Rate	Issue Amount	Date of Maturity
<i>Governmental Activities:</i>			
Fire Station Bonds 1 - 2006	4.25-5%	\$750,000	December 1, 2025
Fire Station Bonds 2 - 2006	4.25-5	750,000	December 1, 2025
Various Purpose Improvement Bonds - 2018	3.47	415,577	December 1, 2033
<i>Business-Type Activities:</i>			
Northwest Waterline Bonds - 2005	3.0-4.5	730,000	March 15, 2025
Various Purpose Improvement Bonds - 2018	3.47	409,423	December 1, 2033
OPWC Water Treatment Plant Loan - 2003	0	600,595	July 1, 2024
OPWC Milan Street Waterline Loan - 2006	0	331,649	January 1, 2026
OPWC Wooster/Milan Waterline Loan - 2016	0	533,411	January 1, 2037
OPWC Poplar/Steiner Waterline Loan - 2016	0	304,899	January 1, 2037
OPWC Locust Abandonment Waterline Loan - 2016	0	29,260	January 1, 2037
OPWC Denshire Sanitary Sewer Loan - 2003	0	417,195	July 1, 2022
OPWC Solids Handling Improvement Loan - 2003	0	376,100	January 1, 2023
OPWC High Street Sanitary Sewer Loan - 2009	0	116,357	January 1, 2041
OPWC WWTP Screening Improvements - 2014	0	170,750	July 1, 2035
OPWC Wooster Street Storm Sewer - 2014	0	137,727	January 1, 2035

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

	Restated Amount Outstanding 12/31/2017	Additions	Deletions	Amount Outstanding 12/31/2018	Amounts Due in One Year
<i>Governmental Activities:</i>					
<u>General Obligation Bonds:</u>					
Fire Station Bonds 1	\$375,000	\$0	\$40,000	\$335,000	\$40,000
Premium on Fire Station Bonds 1	3,602	0	451	3,151	0
Fire Station Bonds 2	370,000	0	40,000	330,000	40,000
Premium on Fire Station Bonds 2	1,493	0	186	1,307	0
Various Purpose Improvement Bonds	0	415,577	0	415,577	20,050
Total General Obligation Bonds	750,095	415,577	80,637	1,085,035	100,050
<u>Other Long-Term Obligations:</u>					
Capital Leases	81,805	580,340	140,849	521,296	132,312
Compensated Absences	68,964	7,487	15,501	60,950	21,240
Total Other Long-Term Obligations	150,769	587,827	156,350	582,246	153,552
<u>Net Pension Liability:</u>					
OPERS	788,394	0	302,377	486,017	0
OPF	1,615,271	0	80,969	1,534,302	0
Total Net Pension Liability	2,403,665	0	383,346	2,020,319	0
<u>Net OPEB Liability:</u>					
OPERS	371,369	0	9,672	361,697	0
OPF	1,210,523	205,884	0	1,416,407	0
Total Net OPEB Liability	1,581,892	205,884	9,672	1,778,104	0
Total Governmental Activities	\$4,886,421	\$1,209,288	\$630,005	\$5,465,704	\$253,602

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

	Restated Amount Outstanding 12/31/2017	Additions	Deletions	Amount Outstanding 12/31/2018	Amounts Due in One Year
<i>Business-Type Activities:</i>					
<u>General Obligation Bonds:</u>					
Northwest Waterline Bonds - Water:					
Serial Bonds	\$120,000	\$0	\$40,000	\$80,000	\$40,000
Term Bonds	245,000	0	0	245,000	0
Premium on Northwest Waterline Bonds	1,787	0	256	1,531	0
Various Purpose Improvement Bonds:					
Water	0	204,711	0	204,711	9,975
Sewer	0	204,712	0	204,712	9,975
Total General Obligation Bonds	<u>366,787</u>	<u>409,423</u>	<u>40,256</u>	<u>735,954</u>	<u>59,950</u>
<u>OPWC Loans:</u>					
Water - Treatment Plant	195,193	0	30,029	165,164	30,028
Water - Milan Street	132,660	0	16,583	116,077	16,583
Water - Wooster/Milan	506,740	0	26,670	480,070	26,670
Water - Poplar/Steiner	289,655	0	15,246	274,409	15,246
Water - Locust Abandonment	27,797	0	1,463	26,334	1,463
Sewer - Denshire Sanitary Sewer	93,869	0	20,860	73,009	20,860
Sewer - Solids Handling Improvement	94,025	0	18,805	75,220	18,805
Sewer - High Street Sanitary Sewer	91,146	0	3,878	87,268	3,878
Sewer - WWTP Screening Improvements	149,406	0	8,537	140,869	8,537
Storm Sewer - Wooster Street Storm Sewer	117,067	0	6,885	110,182	6,886
Total OPWC Loans	<u>1,697,558</u>	<u>0</u>	<u>148,956</u>	<u>1,548,602</u>	<u>148,956</u>
Compensated Absences	<u>53,239</u>	<u>39,663</u>	<u>53,688</u>	<u>39,214</u>	<u>7,564</u>
Net Pension Liability - OPERS:					
Water	427,048	0	117,758	309,290	0
Sewer	427,048	0	117,758	309,290	0
Total Net Pension Liability - OPERS	<u>854,096</u>	<u>0</u>	<u>235,516</u>	<u>618,580</u>	<u>0</u>
Net OPEB Liability - OPERS:					
Water	201,158	29,016	0	230,174	0
Sewer	201,158	29,016	0	230,174	0
Total Net Pension OPEB - OPERS	<u>402,316</u>	<u>58,032</u>	<u>0</u>	<u>460,348</u>	<u>0</u>
Total Business-Type Activities	<u>\$3,373,996</u>	<u>\$507,118</u>	<u>\$478,416</u>	<u>\$3,402,698</u>	<u>\$216,470</u>

The fire station bonds 1 and 2 and the governmental portion of the 2018 various purpose improvement bonds are paid from the general obligation debt retirement fund, while the capital leases are paid from the general obligation debt retirement debt service fund and the fire equipment capital projects fund. As of December 31, 2018, the City had unspent proceeds of \$316,866.

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

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Redemption Provisions

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

<u>Year</u>	<u>Principal Amount</u>
2021	\$45,000
2022	45,000
2023	50,000
2024	50,000

On October 30, 2018, the City issued \$825,000 of Various Purpose Improvement General Obligation Bonds for the purposes of making improvements to the service building and retiring a portion of the short-term 2018 bond anticipation notes. The bonds were issued for a period of 15 years at an interest rate of 3.47 percent. Interest payments are payable on June 1 and December 1 of each year until the principal amount is paid.

The City has pledged future water revenues net of expenses to repay OPWC loans. These loans are payable solely from net revenues and are payable through 2026. Annual principal payments on these loans are expected to require less than 33 percent of net revenues and less than 10 percent of total revenues. The total principal remaining to be paid on the loans is \$1,062,054. Principal paid for the current year was \$89,991, total net revenues were \$277,829, and total revenues were \$989,301.

The City has pledged future sewer revenues net of expenses to repay OPWC loans. These loans are payable solely from net revenues and are payable through 2041. Annual principal payments on these loans are expected to require less than 41 percent of net revenues and less than 6 percent of total revenues. The total principal remaining to be paid on the loans is \$376,366. Principal paid for the current year was \$52,080, total net revenues were \$127,882, and total revenues were \$950,118.

The City has pledged future storm sewer revenues net of expenses to repay an OPWC loan. This loan is payable solely from net revenues and is payable through 2034. Annual principal payments on this loan are expected to require less than 23 percent of net revenues and less than 12 percent of total revenues. The total principal remaining to be paid on the loan is \$110,182. Principal paid for the current year was \$6,885, total net revenues were \$30,354, and total revenues were \$58,023.

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

As of December 31, 2018, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$8,343,140 and the unvoted legal debt margin was \$3,516,274.

City of Canal Fulton, Ohio
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Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2018, are as follows:

Governmental Activities					
General Obligation					
Bonds					
Year	Principal		Interest		
2019	\$100,050		\$48,912		
2020	112,447		42,974		
2021	113,447		37,696		
2022	118,580		32,382		
2023	124,712		26,814		
2024-2028	346,683		59,131		
2029-2033	164,658		18,544		
Total	\$1,080,577		\$266,453		

Business-Type Activities					
General Obligation Bonds					
Year	Serial		Term		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2019	\$59,950	\$29,006	\$0	\$0	\$148,956
2020	62,553	25,392	0	0	148,958
2021	22,554	12,732	45,000	10,013	148,958
2022	23,420	11,948	45,000	7,988	138,527
2023	24,288	11,136	50,000	5,851	109,293
2024-2028	135,318	42,442	105,000	4,834	361,586
2029-2033	161,340	17,156	0	0	313,405
2034-2038	0	0	0	0	169,229
2039-2041	0	0	0	0	9,690
Total	\$489,423	\$149,812	\$245,000	\$28,686	\$1,548,602

Note 16 – Notes Payable

During 2018, the City issued short-term notes in the amount of \$1,730,000 at an interest rate of 2.5 percent. The notes were set to mature on November 1, 2018, but they were bonded out on October 30, 2018, as part of the 2018 Various Purpose Improvement Notes (see Note 15). The purposes for which the notes were issued are as follows:

Purpose	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018
Governmental Rollover of Prior Year Notes	1,000,000	\$1,243,333	(\$2,243,333)	\$0
Governmental Building Capital Projects	243,333	0	(243,333)	0
Water Rollover of Prior Year Notes	0	243,333	(243,333)	0
Sewer Rollover of Prior Year Notes	0	243,334	(243,334)	0
Water Capital Projects	243,333	0	(243,333)	0
Sewer Capital Projects	243,334	0	(243,334)	0
Total	1,730,000	\$1,730,000	(\$3,460,000)	\$0

City of Canal Fulton, Ohio
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Note 17 – Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
Governmental Activities				
<i>Capital Assets, not being depreciated and amortized</i>				
Land	\$3,245,718	\$0	(\$5,000)	\$3,240,718
Construction in Progress	3,071,993	101,656	(3,140,866)	32,783
Total Capital Assets, not being depreciated and amortized	6,317,711	101,656	(3,145,866)	3,273,501
<i>Capital Assets, being depreciated and amortized:</i>				
Buildings and Improvements	5,181,145	355,760	(27,153)	5,509,752
Equipment and Machinery	810,174	245,093	0	1,055,267
Vehicles	1,476,410	296,876	0	1,773,286
Infrastructure:				
Roads	3,499,202	3,006,133	0	6,505,335
Total Capital Assets, being depreciated and amortized	10,966,931	3,903,862	(27,153)	14,843,640
Less Accumulated Depreciation and Amortization:				
Buildings and Improvements	(2,547,752)	(117,325)	27,153	(2,637,924)
Equipment and Machinery	(574,310)	(94,990)	0	(669,300)
Vehicles	(1,136,190)	(68,181)	0	(1,204,371)
Infrastructure:				
Roads	(1,119,270)	(325,267)	0	(1,444,537)
Total Accumulated Depreciation and Amortization	(5,377,522)	(605,763)	27,153	(5,956,132)
Total Capital Assets being depreciated and amortized, Net	5,589,409	3,298,099	0	8,887,508
Governmental Activities Capital Assets, Net	\$11,907,120	\$3,399,755	(\$3,145,866)	\$12,161,009

* Depreciation expense was charged to governmental activities as follows:

General Government	\$16,509
Security of Persons and Property	168,994
Transportation	387,365
Leisure Time Activities	32,895
Total Depreciation Expense	\$605,763

City of Canal Fulton, Ohio
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For the Year Ended December 31, 2018

	Balance 12/31/2017	Additions	Deductions	Balance 12/31/2018
Business-Type Activities				
<i>Capital Assets, not being depreciated and amortized</i>				
Land	\$234,514	\$0	\$0	\$234,514
Construction in Progress	659,794	375,055	(495,871)	538,978
Total Capital Assets, not being depreciated and amortized	894,308	375,055	(495,871)	773,492
<i>Capital Assets, being depreciated and amortized:</i>				
Buildings and Improvements	4,959,041	571,533	0	5,530,574
Equipment and Machinery	256,256	0	0	256,256
Vehicles	175,183	33,898	0	209,081
Infrastructure:				
Water Lines	7,104,884	0	0	7,104,884
Sewer Lines	5,191,642	0	0	5,191,642
Storm Sewers	4,201,039	12,200	0	4,213,239
Total Capital Assets, being depreciated and amortized	21,888,045	617,631	0	22,505,676
Less Accumulated Depreciation and Amortization:				
Buildings and Improvements	(2,796,392)	(158,931)	0	(2,955,323)
Equipment and Machinery	(135,003)	(18,083)	0	(153,086)
Vehicles	(125,714)	(14,024)	0	(139,738)
Infrastructure:				
Water Lines	(3,512,126)	(117,828)	0	(3,629,954)
Sewer Lines	(2,798,364)	(65,090)	0	(2,863,454)
Storm Sewers	(2,222,165)	(43,324)	0	(2,265,489)
Total Accumulated Depreciation and Amortization	(11,589,764)	(417,280)	0	(12,007,044)
Total Capital Assets being depreciated and amortized, Net	10,298,281	200,351	0	10,498,632
Business-Type Activities Capital Assets, Net	\$11,192,589	\$575,406	(\$495,871)	\$11,272,124

Note 18 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Liability

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liabilities (asset) represent the City’s proportionate share of each pension/OPEB plans’ collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plans’ fiduciary net position. The net pension/OPEB liabilities (asset) calculation are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

City of Canal Fulton, Ohio
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Ohio Revised Code limits the City's obligation for these liabilities 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 and OPEB.

GASB 68/75 assumes the liabilities are solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liabilities (asset). Resulting adjustments to the net pension/OPEB liabilities (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code (ORC) permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 19 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System. OPERS 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' financial report referenced previously for additional information, including requirements for reduced and unreduced benefits):

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Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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.

When a traditional plan benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a COLA of the defined benefit portion of their pension benefit. 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.

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.

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

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

* Member contributions within the 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 the remainder going to pension.

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

For 2018, the City’s contractually required contribution was \$132,144 for the traditional plan, \$18,460 for the combined plan and \$2,060 for the member-directed plan. Of these amounts, \$11,837 is reported as an intergovernmental payable for the traditional plan, \$1,654 for the combined plan, and \$259 for the member-directed plan.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description – City full-time police and firefighters participate in Ohio Police and Fire Pension Fund, 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 (COLA), 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 that 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 members’ average annual salary. The following discussion of the pension formula relates to normal service retirement.

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F’s financial report referenced previously for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits):

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, surviving beneficiaries, 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.

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

	<u>Police</u>
2018 Statutory Maximum Contribution Rates	
Employer	19.50
Employee	12.25
 2018 Actual Contribution Rates	
Employer:	
Pension	19.00
Post-employment Health Care Benefits	0.50
Total Employer	19.50
Employee	12.25

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$127,302 for 2018. Of this amount, \$8,986 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2017, and was determined by rolling

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forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.00704100%	0.03035700%	0.02499900%	
Prior Measurement Date	<u>0.00723300%</u>	<u>0.02859700%</u>	<u>0.02550200%</u>	
Change in Proportionate Share	<u>-0.00019200%</u>	<u>0.00176000%</u>	<u>-0.00050300%</u>	
Proportionate Share of the:				
Net Pension Liability	\$1,104,597	\$0	\$1,534,302	\$2,638,899
Net Pension Asset	0	41,325	0	41,325
Pension Expense	223,028	(25,252)	164,646	362,422

2018 pension expense for the member-directed defined contribution plan was \$2,060.

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

	OPERS <u>Traditional Plan</u>	OPERS <u>Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources				
Differences between expected and actual experience	\$1,128	\$0	\$23,284	\$24,412
Changes of assumptions	132,007	3,612	66,858	202,477
Changes in proportion and differences between City contributions and proportionate share of contributions	2,873	0	0	2,873
City contributions subsequent to the measurement date	<u>132,144</u>	<u>18,460</u>	<u>127,302</u>	<u>277,906</u>
Total Deferred Outflows of Resources	<u>\$268,152</u>	<u>\$22,072</u>	<u>\$217,444</u>	<u>\$507,668</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$21,767	\$12,311	\$2,776	\$36,854
Net difference between projected and actual earnings on pension plan investments	237,142	6,520	53,075	296,737
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>21,107</u>	<u>854</u>	<u>73,408</u>	<u>95,369</u>
Total Deferred Inflows of Resources	<u>\$280,016</u>	<u>\$19,685</u>	<u>\$129,259</u>	<u>\$428,960</u>

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\$277,906 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2019	\$90,300	(\$2,175)	\$20,040	\$108,165
2020	(32,438)	(2,354)	6,086	(28,706)
2021	(104,425)	(3,814)	(48,887)	(157,126)
2022	(97,445)	(3,659)	(31,364)	(132,468)
2023	0	(1,371)	12,004	10,633
Thereafter	0	(2,700)	3,004	304
Total	(\$144,008)	(\$16,073)	(\$39,117)	(\$199,198)

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all 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, prepared as of December 31, 2017, are presented as follows:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	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

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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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the traditional pension plan, the defined benefit component of the combined plan and 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 investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table that follows displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. 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.

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$1,961,482	\$1,104,597	\$390,212
OPERS Combined Plan	(22,464)	(41,325)	(54,339)

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability (asset) is not known.

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. 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 the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented as follows:

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 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	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, 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.

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

For the January 1, 2017, valuation, 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

For the January 1, 2016 valuation, rates of death were based on the RP-2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

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

The long-term expected rate of return on 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 expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized as follows:

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

Note: Assumptions are geometric.

* levered 2x

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

Discount Rate For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 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	\$2,126,944	\$1,534,302	\$1,050,947

Note 19 – Postemployment Benefits

See Note 18 for a description of the net OPEB liability.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System 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' financial report referenced later for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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

The City’s contractually required contribution was \$824 for 2018. Of this amount, none is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund sponsored health care program, a cost-sharing, multiple-employer defined post-employment health care 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 OPEB as described in GASB Statement No. 75.

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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

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

The City's contractually required contribution to OP&F was \$3,350 for 2018. Of this amount, \$236 is reported as an intergovernmental payable.

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

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

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	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.00757000%	0.02499900%	
Prior Measurement Date	<u>0.00766000%</u>	<u>0.02550200%</u>	
Change in Proportionate Share	<u>-0.00009000%</u>	<u>-0.00050300%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$822,045	\$1,416,407	\$2,238,452
OPEB Expense	\$66,476	\$109,487	\$175,963

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$640	\$0	\$640
Changes of assumptions	59,854	138,211	198,065
City contributions subsequent to the measurement date	<u>824</u>	<u>3,350</u>	<u>4,174</u>
Total Deferred Outflows of Resources	<u>\$61,318</u>	<u>\$141,561</u>	<u>\$202,879</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$7,144	\$7,144
Net difference between projected and actual earnings on OPEB plan investments	61,237	9,323	70,560
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>6,150</u>	<u>22,299</u>	<u>28,449</u>
Total Deferred Inflows of Resources	<u>\$67,387</u>	<u>\$38,766</u>	<u>\$106,153</u>

\$4,174 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2019	\$10,673	\$13,571	\$24,244
2020	10,673	13,571	24,244
2021	(12,929)	13,571	642
2022	(15,310)	13,571	(1,739)
2023	0	15,902	15,902
Thereafter	<u>0</u>	<u>29,259</u>	<u>29,259</u>
Total	<u>(\$6,893)</u>	<u>\$99,445</u>	<u>\$92,552</u>

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Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions 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	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the traditional pension plan, combined plan and member-directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions

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are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

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 following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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

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

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

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$1,092,124	\$822,045	\$603,556

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$786,523	\$822,045	\$858,741

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City’s net OPEB liability is not known.

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented as follows:

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

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 prior experience study was completed December 31, 2011.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 18.

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members; therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate

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

was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$1,770,527	\$1,416,407	\$1,143,927

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

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

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

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$1,100,291	\$1,416,407	\$1,842,427

Changes between Measurement Date and Report Date

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

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

Note 20 – Significant Commitments

Encumbrances

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

General	\$51,669
Police	30,845
Fire/EMS	30,359
Capital Improvements	29,881
Other Governmental Funds	335,109
Water	31,203
Sewer	90,321
Total	\$599,387

Note 21 – Fund Balances

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

Fund Balances	General	Police	Fire/ EMS	General Obligation Debt Retirement	Capital Improvements	Other Governmental Funds	Total
<u>Nonspendable:</u>							
Unclaimed Monies	\$1,956	\$0	\$0	\$0	\$0	\$0	\$1,956
Inventory	0	0	0	0	0	32,212	32,212
Total Nonspendable	1,956	0	0	0	0	32,212	34,168
<u>Restricted to:</u>							
Transportation	0	0	0	0	0	276,971	276,971
Public Safety	0	214,037	0	0	0	32,982	247,019
St. Helena II	0	0	0	0	0	7,366	7,366
Capital Projects	0	0	0	0	292,894	451,159	744,053
Debt Service	0	0	0	21,722	0	0	21,722
Total Restricted	0	214,037	0	21,722	292,894	768,478	1,297,131
<u>Committed to:</u>							
Public Safety	0	0	255,217	0	0	0	255,217
Capital Improvements	0	0	0	0	0	154,674	154,674
Total Committed	0	0	255,217	0	0	154,674	409,891
<u>Assigned to:</u>							
Capital Projects	0	0	0	0	0	1,644	1,644
2019 Appropriations	37,818	0	0	0	0	0	37,818
Purchases on Order:							
City Administration	46,894	0	0	0	0	0	46,894
Total Assigned	84,712	0	0	0	0	1,644	86,356
Unassigned	919,076	0	0	0	0	0	919,076
Total Fund Balances	\$1,005,744	\$214,037	\$255,217	\$21,722	\$292,894	\$957,008	\$2,746,622

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

In addition to the above fund balance constraints, the City has a general fund budget stabilization arrangement that does not meet the criteria to be classified as restricted or committed. Pursuant to Ohio Revised Code Section 5705.13, the City established a budget stabilization by resolution to provide options to respond to unexpected infrastructure failure, or disaster situations. Expenditures of a recurring nature are not addressed through the use of this arrangement. City Council authorized the funding of this arrangement as resources become available in the general fund. The fund balance should not exceed 30 percent of the general fund average revenues. The balance in the reserve at December 31, 2018, was \$30,000.

**Required Supplementary
Information**

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.00704100%	0.00723300%	0.00716800%	0.00733100%	0.00733100%
City's Proportionate Share of the Net Pension Liability	\$1,104,597	\$1,642,490	\$1,241,590	\$884,200	\$864,229
City's Covered Payroll	\$929,262	\$935,058	\$892,150	\$898,775	\$864,297
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	118.87%	175.66%	139.17%	98.38%	99.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

See accompanying notes to the required supplementary information.

City of Canal Fulton, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
*2018 (1) **

	<u>2018</u>
City's Proportion of the Net Pension Asset	0.03035700%
City's Proportionate Share of the Net Pension Asset	\$41,325
City's Covered Payroll	\$124,331
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information.

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.00757000%	0.00766000%
City's Proportionate Share of the Net OPEB Liability	\$822,045	\$773,685
City's Covered Payroll	\$1,070,768	\$1,058,950
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.77%	73.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

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

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.02499900%	0.02550200%	0.02608600%	0.02718150%	0.02718150%
City's Proportionate Share of the Net Pension Liability	\$1,534,302	\$1,615,271	\$1,678,131	\$1,408,114	\$1,323,824
City's Covered Payroll	\$609,637	\$607,695	\$589,974	\$598,700	\$612,772
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	251.67%	265.80%	284.44%	235.20%	216.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

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

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

See accompanying notes to the required supplementary information.

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.02499900%	0.02550200%
City's Proportionate Share of the Net OPEB Liability	\$1,416,407	\$1,210,523
City's Covered Payroll	\$609,637	\$607,695
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	232.34%	199.20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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

	2018	2017	2016	2015	2014	2013
Net Pension Liability - Traditional Plan						
Contractually Required Contribution	\$132,144	\$120,804	\$112,207	\$107,058	\$107,853	\$112,359
Contributions in Relation to the Contractually Required Contribution	(132,144)	(120,804)	(112,207)	(107,058)	(107,853)	(112,359)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$943,886	\$929,262	\$935,058	\$892,150	\$898,775	\$864,297
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
Net Pension Liability - Combined Plan						
Contractually Required Contribution	\$18,460	\$16,163	\$13,358	\$14,366	\$19,179	N/A
Contributions in Relation to the Contractually Required Contribution	(18,460)	(16,163)	(13,358)	(14,366)	(19,179)	N/A
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	N/A
City Covered Payroll	\$131,857	\$124,331	\$111,317	\$119,717	\$159,825	N/A
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	N/A
Net OPEB Liability - OPEB Plan						
Contractually Required Contribution	\$824	\$11,223	\$21,431	\$20,517	\$21,172	N/A
Contributions in Relation to the Contractually Required Contribution	(824)	(11,223)	(21,431)	(20,517)	(21,172)	N/A
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	N/A
City Covered Payroll (2)	\$1,096,343	\$1,070,768	\$1,058,950	\$1,018,089	\$1,058,600	N/A
Contributions as a Percentage of Covered Payroll	<u>0.08%</u>	<u>1.05%</u>	<u>2.02%</u>	<u>2.02%</u>	<u>2.00%</u>	N/A

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

(2) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

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

	2018	2017	2016	2015	2014	2013
Net Pension Liability						
Contractually Required Contribution	\$127,302	\$115,831	\$115,462	\$112,095	\$113,753	\$97,329
Contributions in Relation to the Contractually Required Contribution	<u>(127,302)</u>	<u>(115,831)</u>	<u>(115,462)</u>	<u>(112,095)</u>	<u>(113,753)</u>	<u>(97,329)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (2)	\$670,011	\$609,637	\$607,695	\$589,974	\$598,700	\$612,772
Pension Contributions as a Percentage of Covered Payroll	<u>19.00%</u>	<u>19.00%</u>	<u>19.00%</u>	<u>19.00%</u>	<u>19.00%</u>	<u>15.88%</u>
Net OPEB Liability						
Contractually Required Contribution	\$3,350	\$3,048	\$3,038	\$2,950	\$2,994	\$22,162
Contributions in Relation to the Contractually Required Contribution	<u>(3,350)</u>	<u>(3,048)</u>	<u>(3,038)</u>	<u>(2,950)</u>	<u>(2,994)</u>	<u>(22,162)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>
Total Contributions as a Percentage of Covered Payroll	<u>19.50%</u>	<u>19.50%</u>	<u>19.50%</u>	<u>19.50%</u>	<u>19.50%</u>	<u>19.50%</u>

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

(2) The City's covered payroll is the same for pension and OPEB.

See accompanying notes to the required supplementary information.

City of Canal Fulton, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OPERS Pension

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

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

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

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

City of Canal Fulton, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OP&F Pension

Amounts reported for 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 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	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported for 2018 use valuation, 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

Amounts reported for 2018 use valuation, 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

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

City of Canal Fulton, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – OP&F OPEB

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

**Combining and Individual Fund
Statements and Schedules**

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

Nonmajor Capital Projects Funds

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

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

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

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

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

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

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

City of Canal Fulton, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$264,131	\$827,477	\$1,091,608
Intergovernmental Receivable	185,609	1,618	187,227
Property Taxes Receivable	0	96,107	96,107
Materials and Supplies Inventory	32,212	0	32,212
<i>Total Assets</i>	<u>\$481,952</u>	<u>\$925,202</u>	<u>\$1,407,154</u>
Liabilities			
Accounts Payable	\$3,787	\$0	\$3,787
Accrued Wages	2,845	0	2,845
Contracts Payable	83	0	83
Intergovernmental Payable	2,051	0	2,051
Interfund Payable	0	220,000	220,000
<i>Total Liabilities</i>	<u>8,766</u>	<u>220,000</u>	<u>228,766</u>
Deferred Inflows of Resources			
Property Taxes	0	92,374	92,374
Unavailable Revenue	123,655	5,351	129,006
<i>Total Deferred Inflows of Resources</i>	<u>123,655</u>	<u>97,725</u>	<u>221,380</u>
Fund Balances			
Nonspendable	32,212	0	32,212
Restricted	317,319	451,159	768,478
Committed	0	154,674	154,674
Assigned	0	1,644	1,644
<i>Total Fund Balances</i>	<u>349,531</u>	<u>607,477</u>	<u>957,008</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$481,952</u>	<u>\$925,202</u>	<u>\$1,407,154</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$0	\$84,278	\$84,278
Charges for Services	40,162	0	40,162
Fines, Licenses and Permits	3,324	0	3,324
Intergovernmental	349,303	7,388	356,691
Interest	4,313	0	4,313
Contributions and Donations	4,188	5,000	9,188
Other	12,684	0	12,684
<i>Total Revenues</i>	<u>413,974</u>	<u>96,666</u>	<u>510,640</u>
Expenditures			
Current:			
Security of Persons and Property	1,944	1,222	3,166
Transportation	393,348	0	393,348
Leisure Time Activities	52,996	0	52,996
Capital Outlay	0	153,606	153,606
Debt Service:			
Principal Retirement	0	86,917	86,917
Interest and Fiscal Charges	0	10,409	10,409
<i>Total Expenditures</i>	<u>448,288</u>	<u>252,154</u>	<u>700,442</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(34,314)</u>	<u>(155,488)</u>	<u>(189,802)</u>
Other Financing Sources (Uses)			
Inception of Capital Lease	0	442,675	442,675
Transfers In	0	75,000	75,000
Transfers Out	0	(649,445)	(649,445)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(131,770)</u>	<u>(131,770)</u>
<i>Net Change in Fund Balances</i>	(34,314)	(287,258)	(321,572)
<i>Fund Balances Beginning of Year</i>	<u>383,845</u>	<u>894,735</u>	<u>1,278,580</u>
<i>Fund Balances End of Year</i>	<u><u>\$349,531</u></u>	<u><u>\$607,477</u></u>	<u><u>\$957,008</u></u>

City of Canal Fulton, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	Street Maintenance	State Highway	Motor Vehicle License	Enforcement and Education
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$161,166	\$20,190	\$41,923	\$16,008
Intergovernmental Receivable	133,420	10,820	41,282	0
Materials and Supplies Inventory	32,212	0	0	0
<i>Total Assets</i>	<u>\$326,798</u>	<u>\$31,010</u>	<u>\$83,205</u>	<u>\$16,008</u>
Liabilities				
Accounts Payable	\$707	\$1,824	\$776	\$0
Accrued Wages	2,787	0	0	0
Contracts Payable	83	0	0	0
Intergovernmental Payable	1,998	0	0	0
<i>Total Liabilities</i>	<u>5,575</u>	<u>1,824</u>	<u>776</u>	<u>0</u>
Deferred Inflows of Resources				
Unavailable Revenue	89,534	7,261	26,860	0
Fund Balances				
Nonspendable	32,212	0	0	0
Restricted	199,477	21,925	55,569	16,008
<i>Total Fund Balances</i>	<u>231,689</u>	<u>21,925</u>	<u>55,569</u>	<u>16,008</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$326,798</u>	<u>\$31,010</u>	<u>\$83,205</u>	<u>\$16,008</u>

Law Enforcement Trust	Canal Boat	Nonmajor Special Revenue Funds
\$16,887	\$7,957	\$264,131
87	0	185,609
0	0	32,212
<u>\$16,974</u>	<u>\$7,957</u>	<u>\$481,952</u>
\$0	\$480	\$3,787
0	58	2,845
0	0	83
0	53	2,051
<u>0</u>	<u>591</u>	<u>8,766</u>
<u>0</u>	<u>0</u>	<u>123,655</u>
0	0	32,212
16,974	7,366	317,319
<u>16,974</u>	<u>7,366</u>	<u>349,531</u>
<u>\$16,974</u>	<u>\$7,957</u>	<u>\$481,952</u>

City of Canal Fulton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

	Street Maintenance	State Highway	Motor Vehicle License	Enforcement and Education
Revenues				
Charges for Services	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	0	782
Intergovernmental	252,867	20,346	76,003	0
Interest	3,142	315	856	0
Contributions and Donations	0	0	0	0
Other	1,795	2,657	7,650	0
<i>Total Revenues</i>	<u>257,804</u>	<u>23,318</u>	<u>84,509</u>	<u>782</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	402
Transportation	272,348	23,556	97,444	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>272,348</u>	<u>23,556</u>	<u>97,444</u>	<u>402</u>
<i>Net Change in Fund Balances</i>	(14,544)	(238)	(12,935)	380
<i>Fund Balances Beginning of Year</i>	<u>246,233</u>	<u>22,163</u>	<u>68,504</u>	<u>15,628</u>
<i>Fund Balances End of Year</i>	<u><u>\$231,689</u></u>	<u><u>\$21,925</u></u>	<u><u>\$55,569</u></u>	<u><u>\$16,008</u></u>

Law Enforcement Trust	Canal Boat	Total Nonmajor Special Revenue Funds
\$2,347	\$37,815	\$40,162
2,542	0	3,324
87	0	349,303
0	0	4,313
0	4,188	4,188
0	582	12,684
<u>4,976</u>	<u>42,585</u>	<u>413,974</u>
1,542	0	1,944
0	0	393,348
0	52,996	52,996
<u>1,542</u>	<u>52,996</u>	<u>448,288</u>
3,434	(10,411)	(34,314)
<u>13,540</u>	<u>17,777</u>	<u>383,845</u>
<u>\$16,974</u>	<u>\$7,366</u>	<u>\$349,531</u>

City of Canal Fulton, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018

	Locust Street Project	Parks/ Recreation Capital Projects	Downtown Capital Improvement	Capital Projects Reserve
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,644	\$8,074	\$42,900	\$366,600
Intergovernmental Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$1,644</u>	<u>\$8,074</u>	<u>\$42,900</u>	<u>\$366,600</u>
Liabilities				
Interfund Payable	\$0	\$0	\$0	\$220,000
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	0	0	42,900	0
Committed	0	8,074	0	146,600
Assigned	1,644	0	0	0
<i>Total Fund Balances</i>	<u>1,644</u>	<u>8,074</u>	<u>42,900</u>	<u>146,600</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,644</u>	<u>\$8,074</u>	<u>\$42,900</u>	<u>\$366,600</u>

Road Improvement Projects	Fire Equipment	Total Nonmajor Capital Projects Funds
\$7,381	\$400,878	\$827,477
0	1,618	1,618
0	96,107	96,107
<u>\$7,381</u>	<u>\$498,603</u>	<u>\$925,202</u>
<u>\$0</u>	<u>\$0</u>	<u>\$220,000</u>
0	92,374	92,374
0	5,351	5,351
<u>0</u>	<u>97,725</u>	<u>97,725</u>
7,381	400,878	451,159
0	0	154,674
0	0	1,644
<u>7,381</u>	<u>400,878</u>	<u>607,477</u>
<u>\$7,381</u>	<u>\$498,603</u>	<u>\$925,202</u>

City of Canal Fulton, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

	Locust Street Project	Parks/ Recreation Capital Projects	Downtown Capital Improvement	Capital Projects Reserve
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	0
Contributions and Donations	0	5,000	0	0
<i>Total Revenues</i>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Capital Outlay	0	10,000	3,823	3,400
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>0</u>	<u>10,000</u>	<u>3,823</u>	<u>3,400</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(5,000)</u>	<u>(3,823)</u>	<u>(3,400)</u>
Other Financing Sources (Uses)				
Inception of Capital Lease	0	0	0	0
Transfers In	0	0	0	75,000
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75,000</u>
<i>Net Change in Fund Balances</i>	0	(5,000)	(3,823)	71,600
<i>Fund Balances Beginning of Year</i>	<u>1,644</u>	<u>13,074</u>	<u>46,723</u>	<u>75,000</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,644</u></u>	<u><u>\$8,074</u></u>	<u><u>\$42,900</u></u>	<u><u>\$146,600</u></u>

Road Improvement Projects	Fire Equipment	Total Nonmajor Capital Projects Funds
\$0	\$84,278	\$84,278
4,151	3,237	7,388
0	0	5,000
4,151	87,515	96,666
0	1,222	1,222
12,674	123,709	153,606
0	86,917	86,917
0	10,409	10,409
12,674	222,257	252,154
(8,523)	(134,742)	(155,488)
0	442,675	442,675
0	0	75,000
(649,445)	0	(649,445)
(649,445)	442,675	(131,770)
(657,968)	307,933	(287,258)
665,349	92,945	894,735
\$7,381	\$400,878	\$607,477

Fund Description – Fiduciary Fund

Fiduciary Fund

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

Agency Fund

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

City of Canal Fulton, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2018

	Beginning Balance 12/31/17	Additions	Deductions	Ending Balance 12/31/18
Escrow				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$16,797	\$28,325	\$4,119	\$41,003
Liabilities				
Deposits Held and Due to Others	\$16,797	\$28,325	\$4,119	\$41,003

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$212,923	\$213,818	\$212,945	(\$873)
Income Taxes	2,248,926	2,258,375	2,176,945	(81,430)
Special Assessments	1,992	2,000	492	(1,508)
Charges for Services	8,962	9,000	8,855	(145)
Fines, Licenses and Permits	22,426	22,520	37,415	14,895
Intergovernmental	92,493	92,882	106,091	13,209
Interest	23,402	23,500	92,764	69,264
Contributions and Donations	1,494	1,500	2,485	985
Other	25,177	25,199	37,820	12,621
<i>Total Revenues</i>	<i>2,637,795</i>	<i>2,648,794</i>	<i>2,675,812</i>	<i>27,018</i>
Expenditures				
Current:				
General Government				
City Council				
Personal Services	17,481	21,691	21,240	451
Contractual Services	484	600	25	575
Other	564	700	29	671
City Council Total	18,529	22,991	21,294	1,697
Mayor's Office				
Personal Services	95,712	118,261	113,672	4,589
Contractual Services	67,985	83,337	79,587	3,750
Materials and Supplies	7,709	9,407	6,807	2,600
Capital Outlay	3,304	4,100	3,813	287
Other	322	400	0	400
Mayor's Office Total	175,032	215,505	203,879	11,626
Finance Department				
Personal Services	64,841	80,116	73,135	6,981
Contractual Services	33,148	39,347	35,226	4,121
Materials and Supplies	3,970	4,122	2,950	1,172
Capital Outlay	35	678	678	0
Finance Department Total	101,994	124,263	111,989	12,274
Legal Department				
Personal Services	14,186	17,602	17,408	194
Contractual Services	53,950	64,770	59,656	5,114
Legal Department Total	\$68,136	\$82,372	\$77,064	\$5,308

(continued)

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Engineering Department				
Contractual Services	\$31,006	\$37,275	\$36,895	\$380
Materials and Supplies	4,500	4,500	4,500	0
Engineering Department Total	35,506	41,775	41,395	380
Land/Buildings				
Personal Services	50,492	62,419	55,759	6,660
Contractual Services	51,559	62,572	53,737	8,835
Materials and Supplies	5,679	6,746	3,784	2,962
Capital Outlay	2,062	2,558	2,338	220
Land/Buildings Total	109,792	134,295	115,618	18,677
Community Service				
Personal Services	14,174	17,587	16,098	1,489
Contractual Services	1,048	1,300	660	640
Materials and Supplies	1,854	2,300	1,794	506
Capital Outlay	403	500	0	500
Community Service Total	17,479	21,687	18,552	3,135
Income Tax				
Personal Services	63,615	78,520	71,158	7,362
Contractual Services	30,713	33,913	30,407	3,506
Materials and Supplies	11,927	17,193	17,193	0
Capital Outlay	302	374	263	111
Other	43,759	53,076	53,076	0
Income Tax Total	150,316	183,076	172,097	10,979
General Government Total	676,784	825,964	761,888	64,076
Transportation				
Contractual Services	18,536	23,000	21,681	1,319
Leisure Time Activities				
Personal Services	29,057	36,055	28,602	7,453
Contractual Services	23,507	28,704	24,183	4,521
Materials and Supplies	5,311	6,467	4,826	1,641
Capital Outlay	837	1,038	1,038	0
Leisure Time Activities Total	58,712	72,264	58,649	13,615
<i>Total Expenditures</i>	754,032	921,228	842,218	79,010
<i>Excess of Revenues Over Expenditures</i>	\$1,883,763	\$1,727,566	\$1,833,594	\$106,028

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Uses				
Advances Out	(\$220,000)	(\$220,000)	(\$220,000)	\$0
Transfers Out	(1,940,000)	(1,940,000)	(1,910,000)	30,000
<i>Total Other Financing Uses</i>	<u>(2,160,000)</u>	<u>(2,160,000)</u>	<u>(2,130,000)</u>	<u>30,000</u>
<i>Net Change in Fund Balance</i>	(276,237)	(432,434)	(296,406)	136,028
<i>Fund Balance Beginning of Year</i>	777,842	777,842	777,842	0
Prior Year Encumbrances Appropriated	<u>59,763</u>	<u>59,763</u>	<u>59,763</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$561,368</u>	<u>\$405,171</u>	<u>\$541,199</u>	<u>\$136,028</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$165,000	\$165,000	\$156,329	(\$8,671)
Fines, Licenses and Permits	0	0	2,207	2,207
Intergovernmental	1,000	1,000	9,088	8,088
Contributions and Donations	0	0	4,116	4,116
Other	0	0	29,370	29,370
<i>Total Revenues</i>	<u>166,000</u>	<u>166,000</u>	<u>201,110</u>	<u>35,110</u>
Expenditures				
Current:				
Security of Persons and Property				
Personal Services	1,094,314	1,170,778	1,139,711	31,067
Contractual Services	163,292	173,424	172,147	1,277
Materials and Supplies	42,090	43,985	42,421	1,564
Capital Outlay	6,510	6,819	6,819	0
<i>Total Expenditures</i>	<u>1,306,206</u>	<u>1,395,006</u>	<u>1,361,098</u>	<u>33,908</u>
<i>Excess of Revenues Under Expenditures</i>	(1,140,206)	(1,229,006)	(1,159,988)	69,018
Other Financing Sources				
Transfers In	1,056,000	1,056,000	1,056,000	0
<i>Net Change in Fund Balance</i>	(84,206)	(173,006)	(103,988)	69,018
<i>Fund Balance Beginning of Year</i>	273,449	273,449	273,449	0
Prior Year Encumbrances Appropriated	40,946	40,946	40,946	0
<i>Fund Balance End of Year</i>	<u>\$230,189</u>	<u>\$141,389</u>	<u>\$210,407</u>	<u>\$69,018</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire/EMS Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$58,257	\$113,000	\$145,680	\$32,680
Intergovernmental	55,228	107,124	69,680	(37,444)
Contributions and Donations	0	0	1,710	1,710
Other	516	1,000	5,696	4,696
<i>Total Revenues</i>	<u>114,001</u>	<u>221,124</u>	<u>222,766</u>	<u>1,642</u>
Expenditures				
Current:				
Security of Persons and Property				
Personal Services	352,598	419,826	394,131	25,695
Contractual Services	132,499	154,807	141,730	13,077
Materials and Supplies	25,256	29,820	28,333	1,487
Capital Outlay	65,791	77,625	67,083	10,542
Other	345	411	411	0
<i>Total Expenditures</i>	<u>576,489</u>	<u>682,489</u>	<u>631,688</u>	<u>50,801</u>
<i>Excess of Revenues Under Expenditures</i>	(462,488)	(461,365)	(408,922)	52,443
Other Financing Sources				
Transfers In	425,000	425,000	425,000	0
<i>Net Change in Fund Balance</i>	(37,488)	(36,365)	16,078	52,443
<i>Fund Balance Beginning of Year</i>	191,625	191,625	191,625	0
Prior Year Encumbrances Appropriated	21,429	21,429	21,429	0
<i>Fund Balance End of Year</i>	<u>\$175,566</u>	<u>\$176,689</u>	<u>\$229,132</u>	<u>\$52,443</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Debt Retirement Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$73,458	\$90,814	\$102,058	\$11,244
Intergovernmental	12,133	15,000	14,150	(850)
Other	20,222	25,000	8,551	(16,449)
<i>Total Revenues</i>	<u>105,813</u>	<u>130,814</u>	<u>124,759</u>	<u>(6,055)</u>
Expenditures				
Current:				
General Government				
Contractual Services	381	3,500	1,633	1,867
Debt Service:				
Principal Retirement	195,565	1,788,983	1,779,854	9,129
Interest and Fiscal Charges	10,611	103,123	103,109	14
<i>Total Debt Service</i>	<u>206,176</u>	<u>1,892,106</u>	<u>1,882,963</u>	<u>9,143</u>
<i>Total Expenditures</i>	<u>206,557</u>	<u>1,895,606</u>	<u>1,884,596</u>	<u>11,010</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(100,744)</u>	<u>(1,764,792)</u>	<u>(1,759,837)</u>	<u>4,955</u>
Other Financing Sources				
General Obligation Bonds Issued	0	415,577	415,577	0
Notes Issued	0	1,243,556	1,243,333	(223)
Transfers In	100,000	100,000	100,000	0
<i>Total Other Financing Sources</i>	<u>100,000</u>	<u>1,759,133</u>	<u>1,758,910</u>	<u>(223)</u>
<i>Net Change in Fund Balance</i>	(744)	(5,659)	(927)	4,732
<i>Fund Balance Beginning of Year</i>	<u>22,649</u>	<u>22,649</u>	<u>22,649</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$21,905</u>	<u>\$16,990</u>	<u>\$21,722</u>	<u>\$4,732</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$116,182	\$194,640	\$78,458
Other	0	0	14,565	14,565
<i>Total Revenues</i>	<u>0</u>	<u>116,182</u>	<u>209,205</u>	<u>93,023</u>
Expenditures				
Current:				
General Government				
Capital Outlay	102,461	224,565	199,032	25,533
Security of Persons and Property				
Capital Outlay	203,359	324,181	322,423	1,758
Transportation				
Capital Outlay	91,139	294,965	251,888	43,077
Debt Service:				
Principal Retirement	58,328	191,500	191,299	201
<i>Total Expenditures</i>	<u>455,287</u>	<u>1,035,211</u>	<u>964,642</u>	<u>70,368</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(455,287)</u>	<u>(919,029)</u>	<u>(755,437)</u>	<u>163,391</u>
Other Financing Sources				
Inception of Capital Lease	0	143,100	137,665	(5,435)
Sale of Capital Assets	0	175,000	173,058	(1,942)
Transfers In	254,000	254,000	254,000	0
<i>Total Other Financing Sources</i>	<u>254,000</u>	<u>572,100</u>	<u>564,723</u>	<u>(7,377)</u>
<i>Net Change in Fund Balance</i>	<u>(201,287)</u>	<u>(346,929)</u>	<u>(190,714)</u>	<u>156,014</u>
<i>Fund Balance Beginning of Year</i>	189,766	189,766	189,766	0
Prior Year Encumbrances Appropriated	201,288	201,288	201,288	0
<i>Fund Balance End of Year</i>	<u>\$189,767</u>	<u>\$44,125</u>	<u>\$200,340</u>	<u>\$156,014</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$689,483	\$931,000	\$950,713	\$19,713
Intergovernmental	0	0	38,099	38,099
General Obligation Bonds Issued	0	204,711	204,711	0
Notes Issued	243,333	247,038	243,333	(3,705)
Other	5,184	8,741	43,483	34,742
<i>Total Revenues</i>	<u>938,000</u>	<u>1,391,490</u>	<u>1,480,339</u>	<u>88,849</u>
Expenses				
Personal Services	305,808	527,862	507,850	20,012
Contractual Services	115,487	187,896	174,955	12,941
Materials and Supplies	39,108	61,274	55,531	5,743
Capital Outlay	148,916	212,651	202,570	10,081
Other	376	657	569	88
Debt Service:				
Principal Retirement	353,296	616,661	616,657	4
Interest and Fiscal Charges	16,950	29,585	29,584	1
<i>Total Expenses</i>	<u>979,941</u>	<u>1,636,586</u>	<u>1,587,716</u>	<u>48,870</u>
<i>Net Change in Fund Equity</i>	(41,941)	(245,096)	(107,377)	137,719
<i>Fund Equity Beginning of Year</i>	1,246,538	1,246,538	1,246,538	0
Prior Year Encumbrances Appropriated	<u>99,074</u>	<u>99,074</u>	<u>99,074</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$1,303,671</u></u>	<u><u>\$1,100,516</u></u>	<u><u>\$1,238,235</u></u>	<u><u>\$137,719</u></u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$916,000	\$916,000	\$909,806	(\$6,194)
Intergovernmental	0	0	38,099	38,099
General Obligation Bonds Issued	204,712	204,712	204,712	0
Notes Issued	0	247,038	243,334	(3,704)
Other	0	1,740	45,761	44,021
<i>Total Revenues</i>	<u>1,120,712</u>	<u>1,369,490</u>	<u>1,441,712</u>	<u>72,222</u>
Expenses				
Personal Services	328,187	530,356	498,004	32,352
Contractual Services	236,397	365,259	360,732	4,527
Materials and Supplies	32,254	48,428	45,375	3,053
Capital Outlay	138,337	185,921	154,032	31,889
Other	612	1,000	688	312
Debt Service:				
Principal Retirement	329,582	538,916	538,748	168
Interest and Fiscal Charges	6,508	10,641	10,641	0
<i>Total Expenses</i>	<u>1,071,877</u>	<u>1,680,521</u>	<u>1,608,220</u>	<u>72,301</u>
<i>Net Change in Fund Equity</i>	48,835	(311,031)	(166,508)	144,523
<i>Fund Equity Beginning of Year</i>	891,186	891,186	891,186	0
Prior Year Encumbrances Appropriated	<u>113,606</u>	<u>113,606</u>	<u>113,606</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$1,053,627</u>	<u>\$693,761</u>	<u>\$838,284</u>	<u>\$144,523</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Storm Sewer Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$50,000	\$50,000	\$57,119	\$7,119
Intergovernmental	113,308	113,308	112,314	(994)
<i>Total Revenues</i>	<u>163,308</u>	<u>163,308</u>	<u>169,433</u>	<u>6,125</u>
Expenses				
Contractual Services	50,000	11,623	10,662	961
Capital Outlay	80,261	149,753	149,753	0
Other	0	20,000	20,000	0
Debt Service:				
Principal Retirement	0	6,885	6,885	0
<i>Total Expenses</i>	<u>130,261</u>	<u>188,261</u>	<u>187,300</u>	<u>961</u>
<i>Net Change in Fund Equity</i>	33,047	(24,953)	(17,867)	7,086
<i>Fund Deficit Beginning of Year</i>	(42,331)	(42,331)	(42,331)	0
Prior Year Encumbrances Appropriated	<u>80,262</u>	<u>80,262</u>	<u>80,262</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$70,978</u>	<u>\$12,978</u>	<u>\$20,064</u>	<u>\$7,086</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$255,000	\$255,000	\$250,702	(\$4,298)
Interest	0	0	3,142	3,142
Other	3,000	3,000	1,795	(1,205)
<i>Total Revenues</i>	<u>258,000</u>	<u>258,000</u>	<u>255,639</u>	<u>(2,361)</u>
Expenditures				
Current:				
Transportation				
Personal Services	189,598	219,654	208,303	11,351
Contractual Services	69,733	79,087	76,367	2,720
Materials and Supplies	24,524	28,113	27,833	280
Capital Outlay	438	438	0	438
<i>Total Expenditures</i>	<u>284,293</u>	<u>327,292</u>	<u>312,503</u>	<u>14,789</u>
<i>Net Change in Fund Balance</i>	(26,293)	(69,292)	(56,864)	12,428
<i>Fund Balance Beginning of Year</i>	191,371	191,371	191,371	0
Prior Year Encumbrances Appropriated	16,842	16,842	16,842	0
<i>Fund Balance End of Year</i>	<u>\$181,920</u>	<u>\$138,921</u>	<u>\$151,349</u>	<u>\$12,428</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$21,000	\$21,000	\$20,170	(\$830)
Interest	0	0	315	315
Other	0	0	2,657	2,657
<i>Total Revenues</i>	21,000	21,000	23,142	2,142
Expenditures				
Current:				
Transportation				
Contractual Services	20,870	20,870	19,921	949
Materials and Supplies	3,315	3,315	2,615	700
<i>Total Expenditures</i>	24,185	24,185	22,536	1,649
<i>Net Change in Fund Balance</i>	(3,185)	(3,185)	606	3,791
<i>Fund Balance Beginning of Year</i>	16,969	16,969	16,969	0
Prior Year Encumbrances Appropriated	2,615	2,615	2,615	0
<i>Fund Balance End of Year</i>	\$16,399	\$16,399	\$20,190	\$3,791

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$77,000	\$77,000	\$75,521	(\$1,479)
Interest	0	0	856	856
Other	0	0	10,350	10,350
<i>Total Revenues</i>	<u>77,000</u>	<u>77,000</u>	<u>86,727</u>	<u>9,727</u>
Expenditures				
Current:				
Transportation				
Contractual Services	19,100	19,100	12,805	6,295
Materials and Supplies	98,517	98,517	98,311	206
<i>Total Expenditures</i>	<u>117,617</u>	<u>117,617</u>	<u>111,116</u>	<u>6,501</u>
<i>Net Change in Fund Balance</i>	(40,617)	(40,617)	(24,389)	16,228
<i>Fund Balance Beginning of Year</i>	46,032	46,032	46,032	0
Prior Year Encumbrances Appropriated	12,617	12,617	12,617	0
<i>Fund Balance End of Year</i>	<u>\$18,032</u>	<u>\$18,032</u>	<u>\$34,260</u>	<u>\$16,228</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses, and Permits	\$1,500	\$1,500	\$782	(\$718)
Expenditures				
Current:				
Security of Persons and Property				
Materials and Supplies	1,500	1,500	402	1,098
<i>Net Change in Fund Balance</i>	0	0	380	380
<i>Fund Balance Beginning of Year</i>	15,628	15,628	15,628	0
<i>Fund Balance End of Year</i>	<u>\$15,628</u>	<u>\$15,628</u>	<u>\$16,008</u>	<u>\$380</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$2,000	\$2,000	\$2,542	\$542
Charges for Services	0	0	2,347	2,347
<i>Total Revenues</i>	2,000	2,000	4,889	2,889
Expenditures				
Current:				
Security of Persons and Property				
Materials and Supplies	667	667	0	667
Capital Outlay	1,932	1,932	1,542	390
<i>Total Expenditures</i>	2,599	2,599	1,542	1,057
<i>Net Change in Fund Balance</i>	(599)	(599)	3,347	3,946
<i>Fund Balance Beginning of Year</i>	12,941	12,941	12,941	0
Prior Year Encumbrances Appropriated	599	599	599	0
<i>Fund Balance End of Year</i>	<u>\$12,941</u>	<u>\$12,941</u>	<u>\$16,887</u>	<u>\$3,946</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Canal Boat Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$48,000	\$48,000	\$37,815	(\$10,185)
Contributions and Donations	1,000	1,000	4,188	3,188
Other	0	0	582	582
<i>Total Revenues</i>	49,000	49,000	42,585	(6,415)
Expenditures				
Current:				
Leisure Time Activities				
Personal Services	30,528	36,404	29,976	6,428
Contractual Services	18,770	22,142	19,654	2,488
Materials and Supplies	3,080	3,457	2,657	800
Capital Outlay	1,845	2,200	1,591	609
Other	101	120	120	0
<i>Total Expenditures</i>	54,324	64,323	53,998	10,325
<i>Net Change in Fund Balance</i>	(5,324)	(15,323)	(11,413)	3,910
<i>Fund Balance Beginning of Year</i>	16,701	16,701	16,701	0
Prior Year Encumbrances Appropriated	2,369	2,369	2,369	0
<i>Fund Balance End of Year</i>	\$13,746	\$3,747	\$7,657	\$3,910

City of Canal Fulton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Locust Street Project Fund
 For the Year Ended December 31, 2018*

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

City of Canal Fulton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Parks and Recreation Capital Projects Fund
 For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions and Donations	\$0	\$0	\$5,000	\$5,000
Expenditures				
Capital Outlay	12,292	12,292	10,000	2,292
<i>Net Change in Fund Balance</i>	(12,292)	(12,292)	(5,000)	7,292
<i>Fund Balance Beginning of Year</i>	10,781	10,781	10,781	0
Prior Year Encumbrances Appropriated	2,293	2,293	2,293	0
<i>Fund Balance End of Year</i>	<u>\$782</u>	<u>\$782</u>	<u>\$8,074</u>	<u>\$7,292</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Downtown Capital Improvement Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	10,000	10,000	3,823	6,177
<i>Net Change in Fund Balance</i>	(10,000)	(10,000)	(3,823)	6,177
<i>Fund Balance Beginning of Year</i>	46,723	46,723	46,723	0
<i>Fund Balance End of Year</i>	<u>\$36,723</u>	<u>\$36,723</u>	<u>\$42,900</u>	<u>\$6,177</u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Projects Reserve Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay	75,000	75,000	3,400	71,600
<i>Total Expenditures</i>	75,000	75,000	3,400	71,600
<i>Excess of Revenues Under Expenditures</i>	(75,000)	(75,000)	(3,400)	0
Other Financing Sources				
Advances In	0	220,000	220,000	0
Transfers In	0	0	75,000	75,000
<i>Total Other Financing Sources</i>	0	220,000	295,000	75,000
<i>Net Change in Fund Balance</i>	(75,000)	145,000	291,600	75,000
<i>Fund Balance Beginning of Year</i>	75,000	75,000	75,000	0
<i>Fund Balance End of Year</i>	\$0	\$220,000	\$366,600	\$75,000

City of Canal Fulton, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Road Improvement Projects Fund
 For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$209,166	\$209,166	\$64,151	(\$145,015)
Expenditures				
Capital Outlay	169,738	169,738	35,516	134,222
Debt Service:				
Principal Retirement	649,500	649,500	649,445	55
<i>Total Expenditures</i>	<u>819,238</u>	<u>819,238</u>	<u>684,961</u>	<u>134,277</u>
<i>Net Change in Fund Balance</i>	(610,072)	(610,072)	(620,810)	(10,738)
<i>Fund Balance Beginning of Year</i>	458,453	458,453	458,453	0
Prior Year Encumbrances Appropriated	<u>169,738</u>	<u>169,738</u>	<u>169,738</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$18,119</u></u>	<u><u>\$18,119</u></u>	<u><u>\$7,381</u></u>	<u><u>(\$10,738)</u></u>

City of Canal Fulton, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Equipment Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$90,000	\$90,000	\$84,278	(\$5,722)
Intergovernmental	6,150	6,150	3,237	(2,913)
<i>Total Revenues</i>	<u>96,150</u>	<u>96,150</u>	<u>87,515</u>	<u>(8,635)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Contractual Services	2,000	2,000	1,222	778
Capital Outlay	441,039	441,039	441,039	0
Total Security of Persons and Property	<u>443,039</u>	<u>443,039</u>	<u>442,261</u>	<u>778</u>
Debt Service:				
Principal Retirement	86,917	86,917	86,917	0
Interest and Fiscal Charges	10,409	10,409	10,409	0
Total Debt Service	<u>97,326</u>	<u>97,326</u>	<u>97,326</u>	<u>0</u>
<i>Total Expenditures</i>	<u>540,365</u>	<u>540,365</u>	<u>539,587</u>	<u>778</u>
<i>Excess of Revenues Under Expenditures</i>	(444,215)	(444,215)	(452,072)	(7,857)
Other Financing Sources				
Inception of Capital Lease	435,640	435,640	442,675	7,035
<i>Net Change in Fund Balance</i>	(8,575)	(8,575)	(9,397)	(822)
<i>Fund Deficit Beginning of Year</i>	(340,594)	(340,594)	(340,594)	0
Prior Year Encumbrances Appropriated	433,539	433,539	433,539	0
<i>Fund Balance End of Year</i>	<u><u>\$84,370</u></u>	<u><u>\$84,370</u></u>	<u><u>\$83,548</u></u>	<u><u>(\$822)</u></u>

Statistical Section

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Statistical Section

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

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

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

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

	2018	2017 (1)	2016 (2)	2015
Governmental Activities				
Net Investment in Capital Assets	\$10,876,002	\$9,814,140	\$9,442,004	\$9,570,228
Restricted:				
Capital Projects	432,538	1,128,667	1,334,524	425,433
Debt Service	20,276	0	12,121	17,928
Street Repair and Maintenance	425,479	440,477	447,347	396,260
Police Protection	214,246	288,092	230,585	259,268
Other Purposes	7,366	17,777	13,501	9,843
Unclaimed Monies	1,956	1,956	1,956	1,956
Unrestricted (Deficit)	<u>(1,552,624)</u>	<u>(1,808,732)</u>	<u>(268,626)</u>	<u>258,710</u>
<i>Total Governmental Activities Net Position</i>	<u>10,425,239</u>	<u>9,882,377</u>	<u>11,213,412</u>	<u>10,939,626</u>
Business-Type Activities				
Net Investment in Capital Assets	8,987,568	8,641,577	8,544,408	6,621,541
Unrestricted	<u>1,256,400</u>	<u>1,421,426</u>	<u>1,569,975</u>	<u>1,238,405</u>
<i>Total Business-Type Activities Net Position</i>	<u>10,243,968</u>	<u>10,063,003</u>	<u>10,114,383</u>	<u>7,859,946</u>
Primary Government				
Net Investment in Capital Assets	19,863,570	18,455,717	17,986,412	16,191,769
Restricted	1,101,861	1,876,969	2,040,034	1,110,688
Unrestricted	<u>(296,224)</u>	<u>(387,306)</u>	<u>1,301,349</u>	<u>1,497,115</u>
<i>Total Primary Government Net Position</i>	<u>\$20,669,207</u>	<u>\$19,945,380</u>	<u>\$21,327,795</u>	<u>\$18,799,572</u>

- (1) The City reported the impact of GASB Statement No. 75 on net position beginning in 2017.
- (2) Beginning in 2016, storm sewer capital assets and related debt were restated from governmental activities to business-type activities.
- (3) The City reported the impact of GASB Statement No. 68 on net position beginning in 2014.

2014 (3)	2013	2012	2011	2010	2009
\$9,686,893	\$9,286,839	\$8,417,409	\$8,522,496	\$7,596,631	\$9,423,905
229,167	141,739	203,907	277,209	454,281	471,700
0	0	0	0	24,664	55,191
476,418	445,553	448,063	390,788	311,691	282,808
193,117	194,407	204,411	27,444	52,068	61,410
10,104	14,168	11,386	21,524	172,576	114,031
2,825	2,825	2,825	2,731	0	0
264,745	1,994,711	1,876,011	1,403,426	632,023	547,985
10,863,269	12,080,242	11,164,012	10,645,618	9,243,934	10,957,030
6,542,902	6,523,767	6,484,989	6,527,679	6,588,454	6,140,494
1,125,947	1,220,427	1,022,573	754,749	766,240	1,003,937
7,668,849	7,744,194	7,507,562	7,282,428	7,354,694	7,144,431
16,229,795	15,810,606	14,902,398	15,050,175	14,185,085	15,564,399
911,631	798,692	870,592	719,696	1,015,280	985,140
1,390,692	3,215,138	2,898,584	2,158,175	1,398,263	1,551,922
\$18,532,118	\$19,824,436	\$18,671,574	\$17,928,046	\$16,598,628	\$18,101,461

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

	2018 (1)	2017	2016	2015 (2)
Program Revenues				
Governmental Activities:				
Charges for Services and Sales:				
General Government	\$41,894	\$38,739	\$43,865	\$16,811
Security of Persons and Property	146,856	136,847	118,968	131,280
Transportation	1,311	1,284	1,794	306
Leisure Time Activities	41,238	51,440	57,297	43,181
Community Environment	0	0	0	0
Subtotal - Charges for Services	<u>231,299</u>	<u>228,310</u>	<u>221,924</u>	<u>191,578</u>
Operating Grants and Contributions:				
General Government	0	0	0	9,285
Security of Persons and Property	439,612	41,002	4,065	8,622
Transportation	361,949	334,599	350,761	330,533
Leisure Time Activities	4,188	4,079	168	41
Subtotal - Operating Grants and Contributions	<u>805,749</u>	<u>379,680</u>	<u>354,994</u>	<u>348,481</u>
Capital Grants and Contributions:				
General Government	69,742	0	0	0
Security of Persons and Property	102,509	0	0	0
Transportation	92,414	196,221	2,416,960	20
Leisure Time Activities	7,485	2,326	2,751	5,180
Subtotal - Capital Grants and Contributions	<u>272,150</u>	<u>198,547</u>	<u>2,419,711</u>	<u>5,200</u>
<i>Total Governmental Activities Program Revenues</i>	<u>1,309,198</u>	<u>806,537</u>	<u>2,996,629</u>	<u>545,259</u>
Business-type Activities:				
Charges for Services:				
Water	948,232	931,320	922,925	886,090
Sewer	906,509	901,630	969,515	979,301
Storm Sewer	58,023	52,372	0	0
Capital Grants and Contributions				
Water	38,099	0	0	0
Sewer	45,040	0	0	0
Storm Sewer	112,314	352,701	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>2,108,217</u>	<u>2,238,023</u>	<u>1,892,440</u>	<u>1,865,391</u>
<i>Total Primary Government Program Revenues</i>	<u>3,417,415</u>	<u>3,044,560</u>	<u>4,889,069</u>	<u>2,410,650</u>
Expenses				
Governmental Activities:				
General Government	749,583	968,111	1,055,431	1,016,114
Security of Persons and Property	2,181,540	1,894,929	2,027,991	1,811,002
Transportation	813,188	557,060	205,825	507,694
Leisure Time Activities	143,612	112,419	120,034	123,410
Community Environment	0	0	0	0
Interest and Fiscal Charges	92,628	67,326	57,890	56,621
<i>Total Governmental Activities Expenses</i>	<u>3,980,551</u>	<u>3,599,845</u>	<u>3,467,171</u>	<u>3,514,841</u>
Business-Type Activities				
Water	916,730	873,302	762,036	680,771
Sewer	1,024,207	1,002,379	870,450	935,430
Storm Sewer	70,993	79,452	0	0
<i>Total Business-Type Activities Expenses</i>	<u>2,011,930</u>	<u>1,955,133</u>	<u>1,632,486</u>	<u>1,616,201</u>
<i>Total Primary Government Expenses</i>	<u>5,992,481</u>	<u>5,554,978</u>	<u>5,099,657</u>	<u>5,131,042</u>
Net (Expense)/Revenue				
Governmental Activities	(2,671,353)	(2,793,308)	(470,542)	(2,969,582)
Business-Type Activities	96,287	282,890	259,954	249,190
<i>Total Primary Government Net Expense</i>	<u>(2,575,066)</u>	<u>(2,510,418)</u>	<u>(210,588)</u>	<u>(2,720,392)</u>

2014	2013	2012	2011	2010	2009
\$23,265	\$12,625	\$65,015	\$39,013	\$26,864	\$32,559
126,494	124,829	132,350	106,513	148,066	141,191
451	274	1,461	2,711	563	736
43,346	40,977	43,426	41,009	38,695	38,212
0	0	0	0	3,300	0
193,556	178,705	242,252	189,246	217,488	212,698
17,832	1,323	2,172	825	770	20
46,069	5,293	7,717	32,812	13,472	14,230
351,170	322,892	314,221	315,034	312,045	315,141
63	439	243	21	0	0
415,134	329,947	324,353	348,692	326,287	329,391
0	0	0	0	0	0
0	0	0	0	0	0
375,769	765,074	0	459,472	358,120	228,900
11,989	250	75	0	14,500	0
387,758	765,324	75	459,472	372,620	228,900
996,448	1,273,976	566,680	997,410	916,395	770,989
855,225	834,882	791,011	655,213	670,823	670,236
860,934	838,437	747,401	736,079	730,132	746,411
0	0	0	0	0	0
82	0	0	0	0	0
10,204	0	0	32,654	188,705	0
0	0	0	0	0	0
1,726,445	1,673,319	1,538,412	1,423,946	1,589,660	1,416,647
2,722,893	2,947,295	2,105,092	2,421,356	2,506,055	2,187,636
897,594	763,165	690,025	699,287	653,963	673,710
1,743,433	1,592,712	1,401,939	1,544,127	1,407,459	1,449,525
562,997	481,443	439,701	391,491	510,360	452,405
136,787	124,813	140,071	123,679	105,905	77,588
0	0	0	0	5,293	0
51,445	54,716	57,128	58,840	36,376	65,877
3,392,256	3,016,849	2,728,864	2,817,424	2,719,356	2,719,105
680,780	648,508	608,981	700,984	655,865	742,334
786,729	861,574	767,769	856,600	842,909	821,204
0	0	0	0	0	0
1,467,509	1,510,082	1,376,750	1,557,584	1,498,774	1,563,538
4,859,765	4,526,931	4,105,614	4,375,008	4,218,130	4,282,643
(2,395,808)	(1,742,873)	(2,162,184)	(1,820,014)	(1,802,961)	(1,948,116)
258,936	163,237	161,662	(133,638)	90,886	(146,891)
(2,136,872)	(1,579,636)	(2,000,522)	(1,953,652)	(1,712,075)	(2,095,007)

(continued)

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

	2018	2017	2016	2015
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$215,404	\$207,001	\$209,304	\$188,988
Law Enforcement	0	0	0	0
Fire Protection	0	0	0	0
Debt Service	103,926	85,639	91,915	97,869
Capital Projects	85,410	89,069	0	0
Income Taxes levied for:				
General Purposes	2,162,932	2,305,909	2,037,563	2,327,106
Other Purposes	155,323	165,590	146,321	167,111
Law Enforcement	0	0	0	0
Grants and Entitlements not Restricted to				
Specific Programs	122,413	88,763	123,128	119,315
Gain on Sale of Capital Assets	168,058	0	0	15,000
Interest	97,077	27,022	2,897	4,875
Other	103,672	66,737	51,879	61,075
<i>Total Governmental Activities</i>	<u>3,214,215</u>	<u>3,035,730</u>	<u>2,663,007</u>	<u>2,981,339</u>
Business-Type Activities				
Other	84,678	62,210	75,804	6,507
<i>Total Primary Government</i>	<u>3,298,893</u>	<u>3,097,940</u>	<u>2,738,811</u>	<u>2,987,846</u>
Transfers				
Governmental Activities	0	0	0	64,600
Business-Type Activities	0	0	0	(64,600)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position				
Governmental Activities	542,862	242,422	2,192,465	76,357
Business-type Activities	180,965	345,100	335,758	191,097
	<u>\$723,827</u>	<u>\$587,522</u>	<u>\$2,528,223</u>	<u>\$267,454</u>

- (1) Expenses are first impacted by the implementation of GASB Statement No. 75 beginning in 2018.
(2) Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

2014	2013	2012	2011	2010	2009
\$184,963	\$184,194	\$232,614	\$194,529	\$209,245	\$219,122
0	0	0	0	0	13
0	0	0	0	0	13
118,647	95,904	0	0	0	0
0	0	111,663	93,374	100,437	103,965
2,139,654	2,099,510	2,051,620	1,999,600	1,716,864	1,846,588
153,652	150,770	147,229	0	0	0
0	0	0	136,525	155,569	129,101
113,121	145,860	133,897	307,238	374,840	219,672
0	0	0	0	0	0
2,178	1,232	80	102	1,653	4,960
64,497	41,633	63,475	75,290	24,713	154,421
2,776,712	2,719,103	2,740,578	2,806,658	2,583,321	2,677,855
34,289	13,395	3,472	1,372	4,377	10,914
2,811,001	2,732,498	2,744,050	2,808,030	2,587,698	2,688,769
(55,000)	(60,000)	(60,000)	(60,000)	(115,000)	(220,000)
55,000	60,000	60,000	60,000	115,000	220,000
0	0	0	0	0	0
325,904	916,230	518,394	926,644	665,360	509,739
348,225	236,632	225,134	(72,266)	210,263	84,023
\$674,129	\$1,152,862	\$743,528	\$854,378	\$875,623	\$593,762

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

	2018	2017	2016	2015
General Fund				
Nonspendable	\$1,956	\$1,956	\$1,956	\$1,956
Assigned	84,712	36,113	64,161	154,679
Unassigned	919,076	984,782	890,246	931,960
Reserved	N/A	N/A	N/A	N/A
Unreserved (Deficit)	N/A	N/A	N/A	N/A
Total General Fund	1,005,744	1,022,851	956,363	1,088,595
All Other Governmental Funds				
Nonspendable	32,212	27,024	26,722	25,867
Restricted	1,297,131	1,506,928	1,803,102	1,441,228
Committed	409,891	305,908	246,618	250,382
Assigned	1,644	1,644	1,644	1,855
Unassigned (Deficit)	0	(996,274)	0	0
Reserved	N/A	N/A	N/A	N/A
Unreserved, Undesignated, Reported in:				
Special Revenue funds	N/A	N/A	N/A	N/A
Debt Service funds	N/A	N/A	N/A	N/A
Capital Projects funds (Deficit)	N/A	N/A	N/A	N/A
Total All Other Governmental Funds	1,740,878	845,230	2,078,086	1,719,332
Total Governmental Funds	\$2,746,622	\$1,868,081	\$3,034,449	\$2,807,927

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

2014	2013	2012	2011	2010	2009
\$2,825	\$2,825	\$2,825	\$2,731	N/A	N/A
93,874	3,436	2,509	1,943	N/A	N/A
1,167,137	1,360,605	1,206,894	722,384	N/A	N/A
N/A	N/A	N/A	N/A	\$34,758	\$31,342
N/A	N/A	N/A	N/A	287,679	200,450
1,263,836	1,366,866	1,212,228	727,058	322,437	231,792
25,386	17,868	25,942	20,566	N/A	N/A
741,365	687,320	747,026	593,271	N/A	N/A
170,026	210,813	249,540	240,565	N/A	N/A
33,596	16,071	21,041	40,050	N/A	N/A
(87,303)	0	0	0	N/A	N/A
N/A	N/A	N/A	N/A	64,583	28,306
N/A	N/A	N/A	N/A	387,719	323,377
N/A	N/A	N/A	N/A	39,642	71,335
N/A	N/A	N/A	N/A	422,097	455,275
883,070	932,072	1,043,549	894,452	914,041	878,293
\$2,146,906	\$2,298,938	\$2,255,777	\$1,621,510	\$1,236,478	\$1,110,085

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

	2018	2017	2016	2015
Revenues				
Property Taxes	\$399,281	\$383,734	\$299,717	\$286,690
Income Taxes	2,320,096	2,350,351	2,440,861	2,432,858
Charges for Services	187,995	190,094	171,885	177,251
Fines, Licenses and Permits	43,304	38,216	50,039	14,327
Intergovernmental	818,827	717,700	2,890,064	518,265
Interest	97,077	27,022	3,185	4,875
Contributions and Donations	17,499	10,255	3,684	3,579
Other	103,672	66,737	51,879	61,075
<i>Total Revenues</i>	<u>3,987,751</u>	<u>3,784,109</u>	<u>5,911,314</u>	<u>3,498,920</u>
Expenditures				
Current:				
General Government	691,533	897,086	1,026,444	970,280
Security of Persons and Property:	1,947,734	1,756,630	1,827,881	1,706,800
Transportation	415,029	586,499	496,842	554,821
Community Environment	0	0	0	0
Leisure Time Activities	109,666	106,870	96,704	98,481
Capital Outlay	803,384	409,955	2,031,999	577,517
Debt Service:				
Principal Retirement	220,849	1,105,799	1,123,953	95,818
Interest and Fiscal Charges	89,990	87,638	60,371	48,700
Issuance Costs	0	0	6,400	7,460
<i>Total Expenditures</i>	<u>4,278,185</u>	<u>4,950,477</u>	<u>6,670,594</u>	<u>4,059,877</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(290,434)</u>	<u>(1,166,368)</u>	<u>(759,280)</u>	<u>(560,957)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	415,577	0	0	0
OPWC Loan Issued	0	0	0	0
Sale of Capital Assets	173,058	0	0	15,000
Inception of Capital Lease	580,340	0	0	134,918
Notes Issued	0	0	1,000,000	1,000,000
Premium on Note Issuance	0	0	6,400	7,460
Transfers In	2,999,248	1,791,200	1,776,600	1,828,940
Transfers Out	(2,999,248)	(1,791,200)	(1,776,600)	(1,764,340)
<i>Total Other Financing Sources (Uses)</i>	<u>1,168,975</u>	<u>0</u>	<u>1,006,400</u>	<u>1,221,978</u>
<i>Net Change in Fund Balances</i>	<u>\$878,541</u>	<u>(\$1,166,368)</u>	<u>\$247,120</u>	<u>\$661,021</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	9.1%	28.5%	29.4%	4.5%

(1) The large increases in 2016 and 2017 were due to the retirement of long-term notes with short-term note proceeds.

2014	2013	2012	2011	2010	2009
\$303,213	\$281,651	\$340,925	\$305,926	\$308,099	\$314,453
2,266,371	2,240,289	2,209,364	2,033,742	1,913,171	1,962,738
171,066	176,795	170,362	166,131	148,915	147,041
22,490	11,531	70,872	38,422	56,108	54,780
853,520	1,228,594	479,962	1,088,614	1,037,209	825,647
2,178	1,232	80	102	1,653	4,960
4,572	6,624	4,698	3,118	770	1,248
64,497	41,633	63,475	75,290	24,713	154,421
<u>3,687,907</u>	<u>3,988,349</u>	<u>3,339,738</u>	<u>3,711,345</u>	<u>3,490,638</u>	<u>3,465,288</u>
806,201	697,133	619,642	623,832	599,550	628,755
1,627,886	1,497,832	1,303,885	1,390,094	1,298,905	1,262,835
335,527	341,090	292,365	304,019	706,411	350,123
0	0	0	0	5,293	0
110,282	99,009	115,295	83,551	92,181	77,588
901,987	1,116,792	281,740	678,578	384,551	377,826
88,241	77,576	68,546	125,882	124,812	113,787
52,542	55,756	57,045	60,357	37,542	66,478
0	0	0	0	0	0
<u>3,922,666</u>	<u>3,885,188</u>	<u>2,738,518</u>	<u>3,266,313</u>	<u>3,249,245</u>	<u>2,877,392</u>
<u>(234,759)</u>	<u>103,161</u>	<u>601,220</u>	<u>445,032</u>	<u>241,393</u>	<u>587,896</u>
0	0	0	0	0	0
137,727	0	0	0	0	0
0	0	0	0	0	0
0	0	93,047	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,627,000	1,463,000	1,290,000	1,328,376	1,436,536	1,269,207
<u>(1,682,000)</u>	<u>(1,523,000)</u>	<u>(1,350,000)</u>	<u>(1,388,376)</u>	<u>(1,551,536)</u>	<u>(1,489,207)</u>
<u>82,727</u>	<u>(60,000)</u>	<u>33,047</u>	<u>(60,000)</u>	<u>(115,000)</u>	<u>(220,000)</u>
<u>(\$152,032)</u>	<u>\$43,161</u>	<u>\$634,267</u>	<u>\$385,032</u>	<u>\$126,393</u>	<u>\$367,896</u>
4.5%	4.8%	5.1%	7.2%	5.7%	7.2%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2018	\$71,388,160	\$23,213,080	\$270,289,257	\$1,936,070	\$7,744,280
2017	70,381,950	22,898,350	266,515,143	1,805,160	7,220,640
2016	69,985,570	22,700,260	264,816,657	1,656,380	6,625,520
2015	62,658,180	21,382,750	240,116,943	1,560,960	6,243,840
2014	61,875,110	21,604,180	238,512,257	1,432,390	5,729,560
2013	61,758,210	21,178,040	236,960,714	1,308,760	5,235,040
2012	71,120,910	23,447,950	270,196,744	1,193,020	4,772,080
2011	70,632,540	23,481,600	268,897,543	1,139,010	4,556,040
2010	70,219,520	23,924,300	268,982,343	1,096,830	4,387,320
2009	73,036,350	23,533,790	275,914,686	1,040,280	4,161,120

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

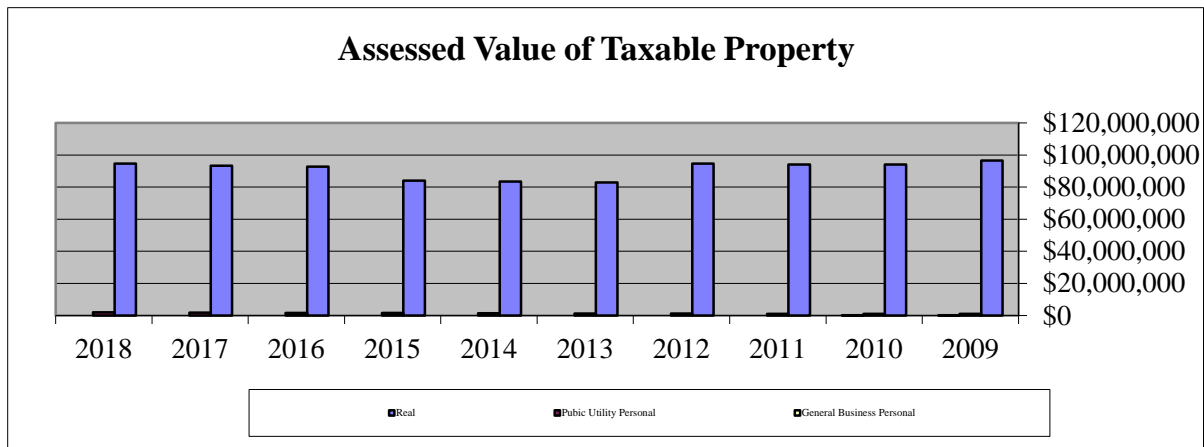
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General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

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

Source: Stark County Auditor

Tangible Personal Property

General Business		Total			Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$0	\$0	\$96,537,310	\$278,033,537	34.72%	\$4.60
0	0	95,085,460	273,735,783	34.74	4.70
0	0	94,342,210	271,442,177	34.76	4.60
0	0	85,601,890	246,360,783	34.75	3.80
0	0	84,911,680	244,241,817	34.77	4.10
0	0	84,245,010	242,195,754	34.78	3.80
0	0	95,761,880	274,968,823	34.83	3.70
0	0	95,253,150	273,453,583	34.83	3.70
51,550	206,200	95,292,200	273,575,863	34.83	3.70
103,180	412,720	97,713,600	280,488,527	34.84	3.70



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

	2018	2017	2016	2015	2014
Unvoted Millage					
Operating	\$2.5000	\$2.5000	\$2.5000	\$2.5000	\$2.5000
Debt	1.1000	1.2000	2.1000	1.3000	1.6000
Capital Projects	1.0000	1.0000	0.0000	0.0000	0.0000
Total Unvoted Millage	\$4.6000	\$4.7000	\$4.6000	\$3.8000	\$4.1000
Overlapping Rates by Taxing District					
Northwest Local School District					
Residential/Agricultural Real	\$31.6000	\$32.6561	\$33.2000	\$35.8668	\$35.8785
Commercial/Industrial and Public Utility Real	31.7305	35.0735	35.0700	36.6052	36.5338
General Business and Public Utility Personal	54.4000	55.0000	55.1000	56.0000	56.0000
Stark County JVSD					
Residential/Agricultural Real	2.0000	2.0000	2.0000	2.0000	2.0000
Commercial/Industrial and Public Utility Real	2.0000	2.0000	2.0000	2.0000	2.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000	2.0000
Stark County					
Residential/Agricultural Real	8.0803	8.6770	8.7200	9.2924	9.3007
Commercial/Industrial and Public Utility Real	8.7898	9.6374	9.6100	10.0762	10.0757
General Business and Public Utility Personal	11.5000	11.5000	11.5000	11.5000	11.5000
Canal Fulton Library					
Residential/Agricultural Real	0.8004	0.8846	0.9100	1.9977	1.9971
Commercial/Industrial and Public Utility Real	0.8366	0.9737	0.9700	2.0000	1.9986
General Business and Public Utility Personal	1.0000	1.0000	1.0000	2.0000	2.0000
Stark County Parks					
Residential/Agricultural Real	0.8267	0.9106	0.9200	0.9971	0.9986
Commercial/Industrial and Public Utility Real	0.8367	0.9443	0.9400	1.0000	1.0000
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000

Source: Ohio Department of Taxation

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

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

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

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

2013	2012	2011	2010	2009
\$2.5000	\$2.5000	\$2.5000	\$2.5000	\$2.5000
1.3000	1.2000	1.2000	1.2000	1.2000
0.0000	0.0000	0.0000	0.0000	0.0000
\$3.8000	\$3.7000	\$3.7000	\$3.7000	\$3.7000

\$36.0069	\$32.4480	\$32.2261	\$32.7000	\$31.7457
36.5711	32.5809	32.4888	32.7000	32.2651
56.1000	55.0000	55.0000	55.5000	58.5000

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

9.3131	8.9180	8.9134	8.9129	6.9852
10.0727	9.5921	9.5212	9.4556	7.8365
11.5000	11.5000	11.5000	11.5000	10.1000

0.9955	0.9668	0.9542	0.9527	0.9230
1.0000	0.8522	0.8452	0.8332	0.8556
1.0000	1.0000	1.0000	1.0000	1.0000

1.0000	0.5000	0.5000	0.5000	0.5000
1.0000	0.5000	0.5000	0.5000	0.5000
1.0000	0.5000	0.5000	0.5000	0.5000

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

Year	Total Tax Levy	Current Tax Collections (1)	Percentage of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections
2018	\$453,161	\$436,658	96.36 %	\$9,419	\$446,077
2017	437,470	422,071	96.48	7,262	\$429,333
2016	339,632	335,105	98.67	6,460	\$341,565
2015	325,287	320,379	98.49	7,339	327,718
2014	348,138	341,300	98.04	7,846	349,146
2013	320,428	315,135	98.35	7,804	322,939
2012	354,319	348,580	98.38	36,380	384,960
2011	352,391	337,894	95.89	12,027	349,921
2010	361,136	342,177	94.75	7,865	350,042
2009	357,752	348,115	97.31	9,776	357,891

Source: Stark County Fiscal Officer

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

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

<u>Percentage of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
98.44 %	\$16,653	3.67 %
98.14	14,731	3.37
100.57	12,554	3.70
100.75	10,843	3.33
100.29	10,675	3.07
100.78	10,278	3.21
108.65	11,080	3.13
99.30	8,469	2.40
96.93	0	0.00
100.04	0	0.00

City of Canal Fulton, Ohio
Principal Real Estate Property Taxpayers
 2018 and 2010 (1)

<i>2018</i>		
Taxpayer	Real Property Assessed Valuation (2)	Percentage of Total Real Property Assessed Valuation
Schalmo Properties, Incorporated	\$5,244,540	5.54 %
United Church Homes, Incorporated	1,803,470	1.91
G & B Properties, Incorporated	1,135,480	1.20
Avalon Food Service, Incorporated	1,098,300	1.16
Centennial Apartments, LTD	647,350	0.68
Vandenberg E.K.	631,190	0.67
KHELP Properties, LTD	588,490	0.62
Willison Realty, LLC	503,150	0.53
CFO Realty Accociates	489,550	0.52
Oakes Galen SR Trustee	427,920	0.45
Total	\$12,569,440	13.29 %
Total Real Property Assessed Valuation	\$94,601,240	

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

Source: Stark County Auditor

(1) Information prior to 2010 is unavailable.

(2) The amounts presented represent the assessed values upon which 2018 and 2010 collections were based.

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

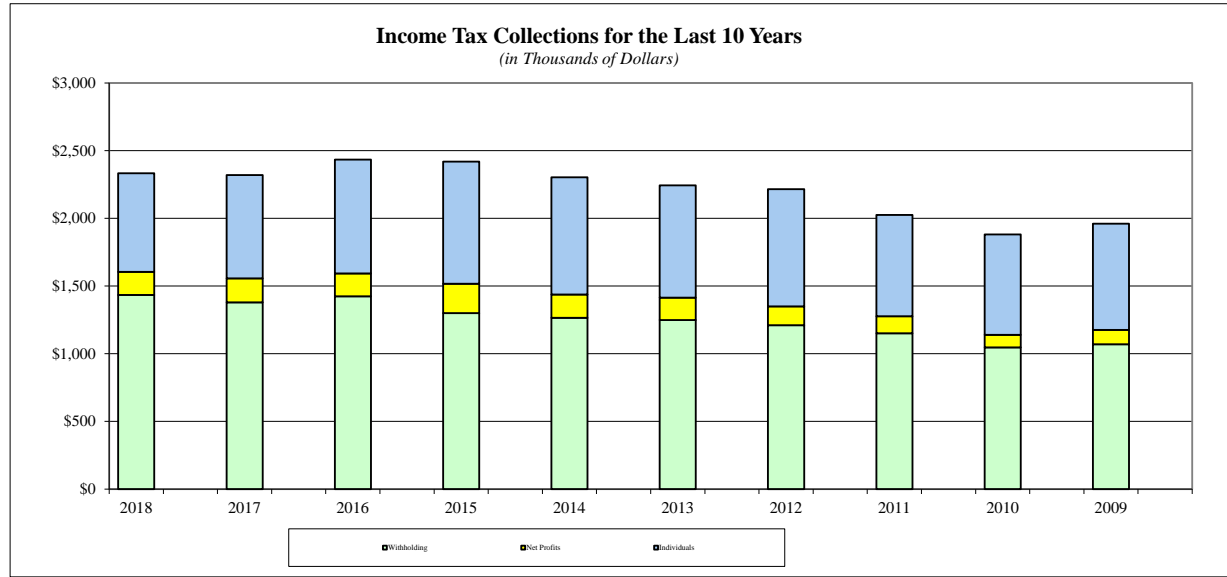
Tax Year	Tax Rate (1)	Total Tax Collected (2)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2018	1.50%	\$2,333,274	\$1,434,264	61.47%	\$170,562	7.31%	\$728,448	31.22%
2017	1.50	2,320,166	1,380,269	59.49	176,184	7.59	763,713	32.92
2016	1.50	2,434,787	1,424,034	58.49	168,704	6.93	842,049	34.58
2015	1.50	2,418,629	1,300,300	53.76	216,211	8.94	902,118	37.30
2014	1.50	2,303,383	1,265,245	54.93	171,789	7.46	866,349	37.61
2013	1.50	2,243,532	1,248,925	55.67	166,361	7.42	828,246	36.92
2012	1.50	2,215,042	1,211,004	54.67	138,164	6.24	865,874	39.09
2011	1.50	2,025,752	1,151,156	56.83	125,807	6.21	748,789	36.96
2010	1.50	1,881,233	1,046,661	55.64	93,444	4.97	741,128	39.40
2009	1.50	1,960,101	1,070,354	54.61	105,066	5.36	784,682	40.03

Source: City Income Tax Department

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

(2) Gross Collections - Cash Basis of Accounting

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



City of Canal Fulton, Ohio
Legal Debt Margin
Last Ten Years

	2018	2017	2016	2015	2014
Total Assessed Property Value	<u>\$96,537,310</u>	<u>\$95,085,460</u>	<u>\$94,342,210</u>	<u>\$85,601,890</u>	<u>\$84,911,680</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>\$10,136,418</u>	<u>\$9,983,973</u>	<u>\$9,905,932</u>	<u>\$8,988,198</u>	<u>\$8,915,726</u>
Debt Outstanding:					
Various Purpose General Obligation Bonds	1,490,000	745,000	815,000	885,000	955,000
Water Improvement Enterprise Bonds	325,000	365,000	400,000	435,000	470,000
Various Purpose Notes	0	1,730,000	1,000,000	1,000,000	0
OPWC Loans	<u>1,548,602</u>	<u>1,697,558</u>	<u>1,821,273</u>	<u>1,084,526</u>	<u>1,141,090</u>
Total Gross Indebtedness	3,363,602	4,537,558	4,036,273	3,404,526	2,566,090
Less:					
OPWC Loans	(1,548,602)	(1,697,558)	(1,821,273)	(1,084,526)	(1,141,090)
Various Purpose Notes	0	(1,730,000)	(1,000,000)	(1,000,000)	0
Amount Available in Debt Service	<u>(21,722)</u>	<u>(22,649)</u>	<u>(26,085)</u>	<u>(28,080)</u>	<u>(33,598)</u>
Total Net Debt Applicable to Debt Limit	<u>1,793,278</u>	<u>1,087,351</u>	<u>1,188,915</u>	<u>1,291,920</u>	<u>1,391,402</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$8,343,140</u>	<u>\$8,896,622</u>	<u>\$8,717,017</u>	<u>\$7,696,278</u>	<u>\$7,524,324</u>
Legal Debt Margin as a Percentage of the Debt Limit	82.31%	89.11%	88.00%	85.63%	84.39%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$5,309,552</u>	<u>\$5,229,700</u>	<u>\$5,188,822</u>	<u>\$4,708,104</u>	<u>\$4,670,142</u>
Total Gross Indebtedness	3,363,602	4,537,558	4,036,273	3,404,526	2,566,090
Less:					
Total Debt Outside Limitations	(1,548,602)	(1,697,558)	(1,821,273)	(1,084,526)	(1,141,090)
Amount Available in Debt Service	<u>(21,722)</u>	<u>(22,649)</u>	<u>(26,085)</u>	<u>(28,080)</u>	<u>(33,598)</u>
Net Debt Within 5 ½ % Limitations	<u>1,793,278</u>	<u>2,817,351</u>	<u>2,188,915</u>	<u>2,291,920</u>	<u>1,391,402</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$3,516,274</u>	<u>\$2,412,349</u>	<u>\$2,999,907</u>	<u>\$2,416,184</u>	<u>\$3,278,740</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	66.23%	46.13%	57.81%	51.32%	70.21%

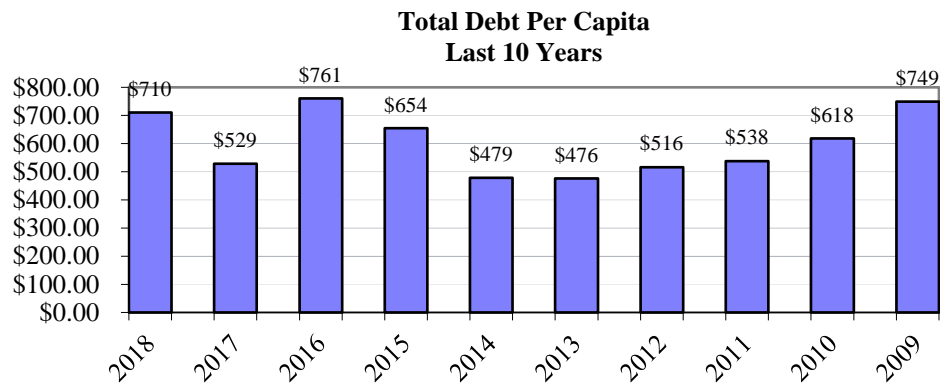
Source: City Financial Records

2013	2012	2011	2010	2009
<u>\$84,245,010</u>	<u>\$95,761,880</u>	<u>\$95,253,150</u>	<u>\$95,292,200</u>	<u>\$97,713,600</u>
<u>\$8,845,726</u>	<u>\$10,054,997</u>	<u>\$10,001,581</u>	<u>\$10,005,681</u>	<u>\$10,259,928</u>
1,025,000	1,085,000	1,145,000	1,244,917	1,344,833
505,000	535,000	565,000	735,083	905,167
0	0	0	0	0
<u>1,000,932</u>	<u>1,113,368</u>	<u>1,225,805</u>	<u>1,367,875</u>	<u>1,476,433</u>
2,530,932	2,733,368	2,935,805	3,347,875	3,726,433
(1,000,932)	(1,113,368)	(1,225,805)	(1,367,875)	(1,422,154)
0	0	0	0	0
<u>(16,072)</u>	<u>(21,041)</u>	<u>(40,050)</u>	<u>(31,712)</u>	<u>(63,405)</u>
<u>1,513,928</u>	<u>1,598,959</u>	<u>1,669,950</u>	<u>1,948,288</u>	<u>2,240,874</u>
<u>\$7,331,798</u>	<u>\$8,456,038</u>	<u>\$8,331,631</u>	<u>\$8,057,393</u>	<u>\$8,019,054</u>
82.89%	84.10%	83.30%	80.53%	78.16%
<u>\$4,633,476</u>	<u>\$5,266,903</u>	<u>\$5,238,923</u>	<u>\$5,241,071</u>	<u>\$5,374,248</u>
2,530,932	2,733,368	2,935,805	3,347,875	3,726,433
(1,000,932)	(1,113,368)	(1,225,805)	(1,367,875)	(1,422,154)
<u>(16,072)</u>	<u>(21,041)</u>	<u>(40,050)</u>	<u>(31,712)</u>	<u>(63,405)</u>
<u>1,513,928</u>	<u>1,598,959</u>	<u>1,669,950</u>	<u>1,948,288</u>	<u>2,240,874</u>
<u>\$3,119,548</u>	<u>\$3,667,944</u>	<u>\$3,568,973</u>	<u>\$3,292,783</u>	<u>\$3,133,374</u>
67.33%	69.64%	68.12%	62.83%	58.30%

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

Governmental Activities				
Year	General Obligation Bonds	Bond Anticipation Notes	OPWC Loans	Capital Leases
2018	\$1,085,035	\$0	\$0	\$521,296
2017	750,095	0	0	81,805
2016	820,731	1,006,400	123,954	117,604
2015	891,368	1,007,460	130,841	164,670
2014	962,005	0	137,727	48,684
2013	1,032,642	0	0	66,925
2012	1,093,279	0	0	84,501
2011	1,153,916	0	0	0
2010	1,254,470	0	0	25,965
2009	1,355,023	0	0	50,861

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



Business-Type Activities

Water Utility Bonds	General Obligation Bonds	OPWC Loans	Total Debt	Percentage of Personal Income	Per Capita
\$326,531	\$409,423	\$1,548,602	\$3,890,887	3.24 %	\$710.15
366,787	0	1,697,558	2,896,245	2.41	528.61
402,043	0	1,697,319	4,168,051	3.47	760.73
437,298	0	953,685	3,585,322	2.98	654.38
472,554	0	1,003,363	2,624,333	2.18	478.98
507,809	0	1,000,932	2,608,308	2.17	476.06
538,064	0	1,113,368	2,829,212	2.35	516.37
568,320	0	1,225,805	2,948,041	2.45	538.06
738,658	0	1,367,875	3,386,968	2.82	618.17
908,997	0	1,476,433	3,791,314	3.52	749.12

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

Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Bonded Debt (3)	Ratio of Bonded Debt to Estimated Actual Value of Taxable Property	Bonded Debt Per Capita
2018	5,479	\$278,033,537	\$1,820,989	0.65 %	\$332
2017	5,479	273,735,783	1,116,882	0.41	204
2016	5,479	271,442,177	1,222,774	0.45	223
2015	5,479	246,360,783	1,328,666	0.54	243
2014	5,479	244,241,817	1,434,559	0.59	262
2013	5,479	242,195,754	1,540,451	0.64	281
2012	5,479	274,968,823	1,631,343	0.59	298
2011	5,479	273,453,583	1,722,236	0.63	314
2010	5,479	273,575,863	1,993,128	0.73	364
2009	5,061	280,488,527	2,264,020	0.81	447

(1) U. S. Bureau of Census, Census of Population.
 2009 from 2000 Federal Census; 2010-2018 from 2010 Federal Census

(2) Stark County Auditor

(3) Includes all general obligation bonded debt.

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

City of Canal Fulton, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2018

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City
Direct - City of Canal Fulton			
General Obligation Bonds	\$1,085,035	100 %	\$1,085,035
Capital Leases	521,296	100	521,296
<i>Total Direct Debt</i>	<u>1,606,331</u>		<u>1,606,331</u>
Overlapping			
Northwest Local School District			
General Obligation Bonds	1,475,000	35.30	520,675
Stark County			
General Obligation Bonds	2,369,646	1.31	31,042
Wayne Public Library District			
General Obligation Bonds	<u>2,805,000</u>	3.08	<u>86,394</u>
<i>Total Overlapping Debt</i>	<u>6,649,646</u>		<u>638,111</u>
Total	<u><u>\$8,255,977</u></u>		<u><u>\$2,244,442</u></u>

Source: Stark County Auditor

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

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

Year	Water Operating Revenues (1)	Water Operating Expenses (2)	Net Available Revenues	Debt Service (3)	
				Principal	Coverage
2018	\$989,301	\$711,472	\$277,829	\$89,991	3.09
2017	971,931	688,252	283,679	89,991	3.15
2016	957,241	618,596	338,645	46,612	7.27
2015	886,553	535,285	351,268	57,750	6.08
2014	886,075	536,165	349,910	68,892	5.08
2013	840,874	506,507	334,367	68,893	4.85
2012	792,812	449,424	343,388	68,893	4.98
2011	656,285	500,083	156,202	103,339	1.51
2010	674,350	492,320	182,030	68,893	2.64
2009	677,870	565,692	112,178	34,447	3.26

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

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

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

Source: City financial records

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

Year	Sewer Operating Revenues (1)	Sewer Operating Expenses (2)	Net Available Revenues	Debt Service (3)	
				Principal	Coverage
2018	\$950,118	\$822,236	\$127,882	\$52,080	2.46
2017	923,229	807,406	115,823	52,081	2.22
2016	1,011,003	686,562	324,441	52,080	6.23
2015	985,345	767,950	217,395	47,812	4.55
2014	864,373	634,295	230,078	43,543	5.28
2013	845,840	711,765	134,075	43,543	3.08
2012	749,072	616,552	132,520	43,544	3.04
2011	736,379	626,129	110,250	61,436	1.79
2010	919,687	692,288	227,399	39,665	5.73
2009	749,691	671,907	77,784	19,832	3.92

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

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

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

Source: City financial records

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

Year	Storm Sewer Operating Revenues (1)	Storm Sewer Operating Expenses (2)	Net Available Revenues	<u>Debt Service (3)</u>	
				Principal	Coverage
2018	\$58,023	\$27,669	\$30,354	\$6,885	4.41
2017	52,372	26,291	26,081	6,887	3.79
2016	0	0	0	0	0.00
2015	0	0	0	0	0.00
2014	0	0	0	0	0.00
2013	0	0	0	0	0.00
2012	0	0	0	0	0.00
2011	0	0	0	0	0.00
2010	0	0	0	0	0.00
2009	0	0	0	0	0.00

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

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

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

Source: City financial records

City of Canal Fulton, Ohio
Principal Employers
 2018 and 2009

2018	
Employer	Employees
Northwest Local School District	387
United Church Homes, Incorporated	246
Echoing Hills Village, Incorporated	172
Skipco Financial Adjusters, Incorporated	130
City of Canal Fulton	124
Communication Exhibits, Incorporated	92
Avalon Foodservice, Incorporated	86
Avalon Transportation	47
ZVN Properties, Incorporated	42
BJAAM Environmental, Incorporated	39
Total	<u>1,365</u>
Total Employment within the City	<u>N/A</u>

2009	
Employer	Employees
Northwest Local School District	479
United Church Homes, Incorporated	272
Echoing Hills Village, Incorporated	249
City of Canal Fulton	141
Avalon Foodservice, Incorporated	104
Hydrochem Industrial Services, Incorporated	102
Communication Exhibits, Incorporated	84
R&B Management, LLC	70
BJAAM Environmental, Incorporated	54
Avalon Transportation	47
Total	<u>1,602</u>
Total Employment within the City	<u>N/A</u>

Source: City Records
 N/A - Information not available

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2018	5,479	\$120,214,739	\$21,941	\$50,332	40.3
2017	5,479	120,214,739	21,941	50,332	40.3
2016	5,479	120,214,739	21,941	50,332	40.3
2015	5,479	120,214,739	21,941	50,332	40.3
2014	5,479	120,214,739	21,941	50,332	40.3
2013	5,479	120,214,739	21,941	50,332	40.3
2012	5,479	120,214,739	21,941	50,332	40.3
2011	5,479	120,214,739	21,941	50,332	40.3
2010	5,479	120,214,739	21,941	50,332	40.3
2009	5,061	107,627,226	21,266	45,359	33.9

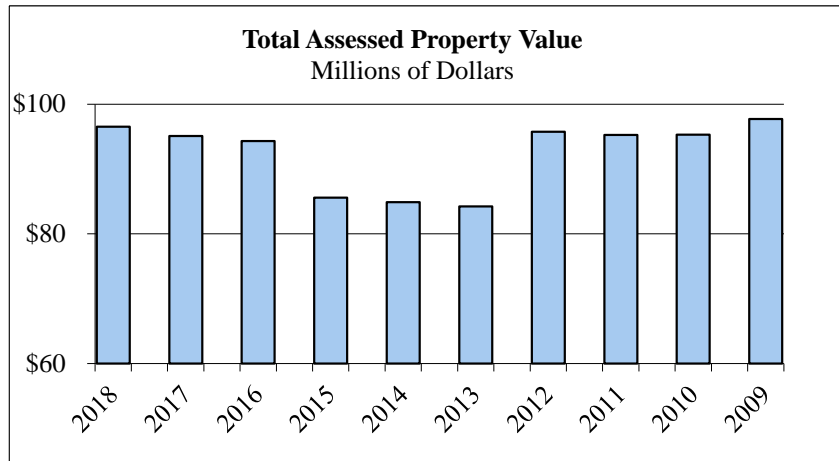
(1) Source: U. S. Census - 2008-2009 from 2000 Federal Census;
2010-2017 from 2010 Federal Census

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

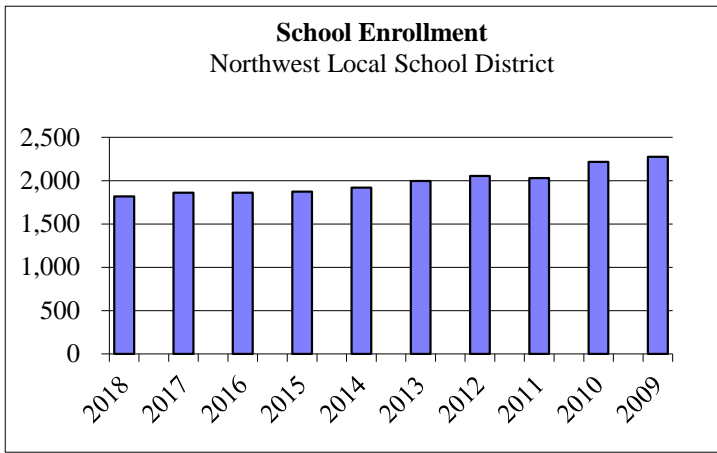
(3) Source: Ohio Department of Job and Family Services & Stark County CAFR

(4) Source: Stark County Auditor's Office

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



Educational Attainment: Bachelor's Degree or Higher (1)	Public School Enrollment (2)	Stark County Unemployment Rate (3)	Total Assessed Property Value (4)
20.5 %	1,817	5.2 %	\$96,537,310
20.5	1,862	5.0	95,085,460
20.5	1,860	5.2	94,342,210
20.5	1,872	5.3	85,601,890
20.5	1,919	4.8	84,911,680
20.5	1,996	6.8	84,245,010
20.5	2,053	7.3	95,761,880
20.5	2,028	9.2	95,253,150
20.5	2,215	11.3	95,292,200
17.2	2,276	11.2	97,713,600



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

Function/Program	2018	2017	2016	2015	2014
General Government					
Council	3.00	3.00	3.00	3.00	3.00
Administration	3.00	3.00	3.00	3.00	4.00
Finance	3.50	3.50	3.50	3.50	3.50
Law	0.50	0.50	0.50	0.50	0.50
Community Service	0.50	0.50	0.50	0.50	0.50
Other	2.70	0.90	1.50	1.80	1.80
Security of Persons and Property					
Police	13.00	12.00	12.50	12.50	12.50
Fire	27.00	23.50	23.00	21.00	20.50
Leisure Time Activities					
Recreation and Parks	1.10	1.30	1.40	1.40	1.40
Canal Boat	3.00	3.30	2.70	3.30	3.60
Transportation					
Streets	4.00	4.00	4.00	4.00	4.00
Utilities					
Water	3.50	3.50	3.75	3.75	3.75
Sewer	3.50	3.50	3.75	3.75	3.75
Totals:	<u>68.30</u>	<u>62.50</u>	<u>63.10</u>	<u>62.00</u>	<u>62.80</u>

Source: City Payroll Department W2 Listing

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

2013	2012	2011	2010	2009
3.00	3.00	3.00	3.00	3.00
4.00	4.00	4.00	4.00	4.00
4.00	3.50	3.00	3.00	3.00
0.50	0.50	0.50	0.50	0.50
0.50	0.50	0.50	0.50	0.50
1.80	0.00	3.60	3.90	3.90
13.50	13.50	11.50	10.50	12.50
21.00	14.50	17.50	17.50	19.50
1.40	2.30	2.00	2.30	2.30
3.30	2.40	2.10	2.10	2.10
4.00	5.50	6.50	5.10	4.30
3.50	3.50	3.50	3.50	3.50
3.50	3.50	3.50	3.50	3.50
64.00	56.70	61.20	59.40	62.60

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

Function/Program	2018	2017	2016
General Government			
<i>Council and Clerk</i>			
Number of ordinances proposed	53	39	36
Number of resolutions proposed	32	35	29
<i>Finance Department</i>			
Value of payments issued (1)	\$10,204,363	\$7,305,062	\$9,069,803
General fund interest earnings for fiscal year (cash basis)	\$92,764	\$25,727	\$4,640
Number of receipt transactions processed (1)	1,808	1,752	1,727
General fund receipts (cash basis in thousands)	\$2,676	\$2,565	\$2,649
General fund expenditures/net financing (cash basis in thousands)	\$2,972	\$2,578	\$2,647
Ending general fund balance (cash basis in thousands)	\$541	\$778	\$770
<i>Income Tax Department</i>			
Number of annual withholding forms processed	5,065	6,471	5,756
Number of business net profit forms processed	386	399	438
Number of individual returns processed	2,887	3,195	3,041
Amount of penalties and interest collected	\$67,675	\$62,649	\$56,291
Annual number of balance due/estimated payment forms processed	2,700	2,588	2,385
Annual number of reconciliations of withholdings processed	710	712	676
Security of Persons and Property			
<i>Police</i>			
Number of traffic stops	2,104	1,575	1,041
Number of arrests	133	140	106
DUI arrests	23	17	19
Motor vehicle accidents	114	116	115
<i>Fire</i>			
EMS calls for service	617	596	602
Fire calls for service	239	269	270
Fire safety inspections	120	165	206
Number of times mutual aid given	32	28	16
Number of times mutual aid received	63	58	18
Leisure Time Activities			
<i>Recreation</i>			
Canal boat visitors (1)	4,101	5,484	5,551
Canal boat receipts (1)	\$44,713	\$47,588	\$49,601
Transportation			
Street resurfacing (miles)	2.40	2.63	2.56
Tons of salt used	882	392	384

2015	2014	2013	2012	2011	2010	2009
35	31	32	44	42	16	47
41	32	33	31	34	39	45
\$5,785,401	\$5,562,203	\$5,489,015	\$4,082,749	\$4,839,123	\$4,945,444	\$5,063,198
\$4,302	\$1,022	\$764	\$72	\$94	\$1,637	\$4,909
1,695	1,647	1,533	1,552	1,250	1,074	1,217
\$2,591	\$2,498	\$2,439	\$2,552	\$2,460	\$2,277	\$2,449
\$2,382	\$2,571	\$2,729	\$2,007	\$2,180	\$2,195	\$2,785
\$768	\$559	\$632	\$923	\$377	\$97	\$15
4,230	3,807	3,767	3,342	3,142	3,006	3,193
494	442	441	427	430	419	426
3,353	3,384	3,213	3,123	3,177	3,138	3,108
\$63,374	\$54,432	\$62,453	\$48,691	\$43,918	\$52,515	\$43,496
1,726	1,861	1,956	1,919	1,922	2,099	2,252
699	652	639	597	591	543	581
1,237	1,596	1,636	1,417	1,003	1,072	1,227
119	133	159	208	215	269	319
29	22	34	42	40	32	33
120	97	113	108	117	124	125
859	795	804	713	656	570	582
379	402	358	315	284	309	173
154	147	155	130	128	146	131
29	27	20	16	24	24	32
54	60	31	18	23	33	15
5,214	5,086	N/A	N/A	N/A	N/A	N/A
\$42,179	\$42,084	\$40,791	\$36,312	\$40,033	\$36,446	\$33,579
3.81	3.00	3.63	3.76	0.00	1.52	2.52
877	563	392	636	441	775	467

(continued)

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

Function/Program	2018	2017	2016
Utilities			
<i>Water</i>			
Minimum water rate	\$19.97	\$19.66	\$19.50
Rate per thousand gallons used	\$2.38	\$2.34	\$2.32
Number of water accounts (1)	2,109	2,158	2,075
Total water collections (2)	\$948,741	\$929,492	\$916,961
<i>Sewer</i>			
Minimum sewer rate	\$19.49	\$19.18	\$19.03
Rate per thousand gallons used	\$2.89	\$2.84	\$2.82
Number of sewer accounts (1)	1,990	2,023	1,957
Total sewer collections (2)	\$814,079	\$797,063	\$790,189

Source: City Records (unless otherwise noted)

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

2015	2014	2013	2012	2011	2010	2009
\$18.75	\$17.50	\$16.25	\$15.00	\$12.03	\$11.76	\$11.76
\$2.32	\$2.32	\$2.32	\$2.32	\$2.32	\$2.27	\$2.27
2,122	2,105	2,040	2,188	2,058	2,064	N/A
\$879,656	\$856,655	\$807,497	\$781,055	\$650,179	\$651,059	\$654,620
\$18.03	\$16.53	\$15.33	\$13.83	\$13.43	\$13.13	\$13.13
\$2.82	\$2.82	\$2.82	\$2.82	\$2.74	\$2.68	\$2.68
1,963	2,019	1,912	2,052	2,182	2,165	N/A
\$758,970	\$739,134	\$692,142	\$665,795	\$631,222	\$637,454	\$642,386

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

Function/Program	2018	2017	2016	2015
General Government				
Buildings	3	4	4	4
Vehicles	2	2	2	2
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	14	12	11	10
Fire				
Stations	2	2	2	2
Vehicles	9	8	8	8
Leisure Time Activities				
Recreation				
Buildings	7	7	7	7
Vehicles	0	0	0	0
Transportation				
Service				
Buildings	3.3	3	3	3
Vehicles	9	8	7	6
Utilities				
Water				
Buildings	1.3	1	1	1
Vehicles	7.5	7	7	9
Sewer				
Buildings	10.3	10	10	10
Vehicles	7.5	7	7	9

Source: City Records

(1) Information prior to 2010 is unavailable

2014	2013	2012	2011	2010
4 2	4 2	4 2	4 2	4 6
1 11	1 11	1 9	1 11	1 12
2 8	2 8	2 8	2 8	2 10
7 0	7 0	7 0	7 0	7 0
3 6	3 6	3 6	3 7	3 7
1 8	1 7	1 7	1 7	1 6
10 7	10 6	10 6	10 6	10 6

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

Independent Auditors' Report on
Internal Controls and Compliance

For Year Ended December 31, 2018

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Canal Fulton, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2019, wherein we noted the City adopted the provisions of GASB Statement No. 75 for the year ended December 31, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings and responses as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

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

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of audit findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2019

Finding 2018-001: Audit Adjustments

Management is responsible for designing and implementing internal controls over financial reporting which provides reasonable assurance of the integrity of the financial reporting process, the safeguarding of assets and compliance with applicable laws, regulations and contracts.

The audit of the City's 2018 basic financial statement resulted in an audit adjustment necessary to correct amounts reported within the Capital Improvements Fund, a major governmental fund. The City originally recorded a year-end receivable amount within the fund with a corresponding amount to unavailable revenue within the deferred inflows of resources on the governmental funds balance sheet. The receivable amount in question was actually received within the City's available period of 60 days after the end of the year and therefore should have been included as intergovernmental revenue within the fund. The adjustment represented 29 percent of fund's ending fund balance after adjustment.

Other insignificant audit adjustments were noted, but not posted to the financial statements. The City should review the procedures and controls in place to prepare its annual financial statements to ensure the internal control environment is sufficient to identify potential misstatements during the preparation of the annual financial statements.

Management's Response: The City concurred with the adjustment proposed and posted it to the 2018 financial statements. The other proposed adjustments represented immaterial reclassification of financial amounts from one-line item to another within the financial statements and had no overall impact on ending fund balance of any fund.



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF CANAL FULTON

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 22, 2019**