



PRAYERS FROM  
**Maria**

Children's Glioma Cancer Foundation

MICHAEL BREITUNG  
PHOTOGRAPHY

# Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2016, for the City of Avon, Ohio





# Dave Yost • Auditor of State

Members of City Council  
City of Avon  
36080 Chester Road  
Avon, Ohio 44011-1099

We have reviewed the *Independent Auditor's Report* of the City of Avon, Lorain County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

July 10, 2018

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Bryan K. Jensen  
MAYOR



## Council



L- R: Bob Butkowski - Ward 1, Mary Berges - Ward 3, Brian Fischer - Council at Large, Craig Witherspoon - Council President, Scott Radcliffe - Ward 4, Dennis McBride - Ward 2, Tammy Holtzmeier - Council at Large

## Finance Dept.



Front Row, L – R: Natalie Cifranic, Tania Gray, Janel Smith, Aaron Jenkins  
Back Row, L – R: Bill Logan, Monica Argenti, Gina Irvin, Diane Szlempa, Beth Raicevich, Tami Reynolds, Megan Zeck, Randi Simkovich

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**City of Avon, Ohio**

*Comprehensive Annual Financial Report*

For The Year Ended December 31, 2016

Prepared by:

Office of the Director of Finance

William D. Logan  
Director of Finance

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**City of Avon, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2016*  
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# CITY OF AVON

36080 CHESTER ROAD • AVON, OHIO 44011-1099 • (440) 937-7800 • FAX (440) 937-7824 • www.cityofavon.com

June 29, 2017

Members of City Council and  
Citizens of Avon  
Avon, Ohio 44011-1588

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016.

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38, which requires the cities reporting on a GAAP basis to file unaudited basic financial statements with the Auditor of State within 150 days of the fiscal year end. This report is submitted to satisfy that requirement for the year ended December 31, 2016.

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

Under Ohio law, regular audits are required to be performed on all financial related operations of the City. These audits may be done by either the State Auditor's Office or, if the State Auditor permits, an independent public accounting firm. For the year 2016, the City of Avon was audited by Ciuni & Panichi, Incorporated.

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

## **Profile of the Government**

The City of Avon was founded in 1814, incorporated as a village in 1917, and achieved city status in 1961. The City of Avon is located in Lorain County in northeast Ohio, 22 miles west of downtown Cleveland. The City is bounded on the north by the City of Avon Lake, on the east by the City of Westlake, on the west by the Village of Sheffield, and on the south by the City of North Ridgeville. The City covers 20.5 square miles, or a total of 16,000 acres. Avon is between 625 and 700 feet above sea level. The French Creek waterway runs throughout the City's relatively flat topography. The 2010 U.S. Census Bureau reports the City's population at 21,193, up 87 percent from 11,353 in 2000; however, the current estimated population of the City is 22,302.

Avon is a Charter Municipal Corporation established and operated under the laws of the State of Ohio. A charter was first adopted by the electorate on May 2, 1961. The charter provides for a Mayor-Council form of government. The elected officials consist of a Mayor and seven council members.

The Mayor is the City's chief executive officer and is elected to a four-year term. The Mayor supervises the administration of all departments and appoints department heads and public members of administrative boards, upon confirmation by Council. As the chief conservator of the peace, he oversees the enforcement of all laws and ordinances. He also executes all contracts, conveyances, and evidences of indebtedness of the City. A magistrate presides over the mayor's court and reports to the Mayor.

Legislative authority is vested in a seven-member council with four members elected from wards and three elected at large. All of the Council members choose an at large member to serve as Council President. Council enacts ordinances and resolutions relating to tax levies, appropriations, borrowing money, and accepting bids for materials and services and other municipal purposes. During the 2012 General Election, City of Avon voters changed the terms of Council from two years to four years. To enact this change, the four Ward representatives were elected to serve four-year terms in 2013, effective in 2014 and going forward. The three At-Large representatives were elected to serve four-year terms in 2015, effective in 2016 and going forward.

The City's Service Department responds to the needs of our residents, providing street maintenance, snow removal and maintenance of City facilities, ditch and creek clean-up, leaf pick-up in the fall, and other services.

Security is foremost on the minds of our full-time Police and Fire Departments. Avon takes pride in its low crime rate and rapid response by both police and fire units.

The City provides a full range of other municipal services, including a Mayor's Court, parks and recreation, facility rentals, water and sewer utility, planning, zoning, and building departments, a Senior Center and general administrative services.

A number of major state and county roads traverse the City of Avon, including Interstate 90, Ohio State Routes 83, 254 and 611. The Ohio Turnpike is approximately ten miles south of the City. The City of Avon is serviced by two airports, Cleveland Hopkins International Airport, 16 miles southeast, and Lorain County Regional Airport, 15 miles southwest.

Shopping centers in the City of Avon include Avon Commons, Avon Crossings, Chester Road Square, French Creek Square, 2100 Place, City Centre and Market Place at Avon. Several large shopping centers are located within close proximity of the City including the Promenade and Crocker Park in Westlake, Great Northern Mall in North Olmsted, and South Park Mall in Strongsville. Both the City of Avon and the nearby shopping centers have many fine restaurants. Banks with branches in the City include Fifth Third Bank, The First Federal Savings and Loan of Lorain, First National Bank, PNC Bank, Dollar Bank, Lorain National Bank, Key Bank, Third Federal Savings and Loan, Huntington National Bank and First Federal of Lakewood.

The Board of Education of the Avon Local School District is a separate political subdivision of the State, although its territorial boundaries are coterminous with those of the City. The Board of Education provides public education for kindergarten through 12th grade. Within commuting distance are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include Baldwin-Wallace University, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Lakeland Community College, Lorain County Community College, Kent State University, Notre Dame College, Oberlin College, Southeastern Business College, Ursuline College, the Cleveland Institute of Music and the Cleveland Institute of Art.

## **Economic Conditions and Outlook**

### *Residential*

The City of Avon continues to be an attractive location for residential development as single family home construction remains stable despite weakness in the overall State and national economy. Avon is appealing to new residents because of their excellent schools and City services. The median family income in Avon, \$75,951 is 165 percent of the State average and 151 percent of the national average. The median age for Avon residents is 41. The approximate average length of time a home in Avon is for sale is 91 days. The number of new single-family home permits issued for the year 2016 was 114 with an approximate valuation of \$46,582,762 compared to 120 single-family home permits issued the previous year with a valuation of \$48,349,451.



New and existing residential developments continue and expand in various stages including but not limited to: Amberwood, Arlington Place, Augusta Woods, Arbor Acres, Avenbury Lakes, Avondale, Bentley Park, Camelot West, Concord Village, Cottage Gate, Centennial Village, Greenview Estates, Halsted Village, Hawkesbury Lane, Highland Park, Kenwyn Village, McIntosh Farms, Napa Estates, Norton Place, Orchard Trail, Palmer Village, Red Tail, Stonebridge, Stonebridge Estates, Stonewheel Estates, Village at Creekside, Vineyard Estates and Willow Creek.

### *Commercial & Industrial*

Commercial permits for new construction issued in 2016 had an approximate valuation of \$16,688,348, compared to \$28,525,858 in 2015. In addition, new permits for multi-housing units totaled \$11,925,180 in 2016. New commercial facilities that opened in 2016 include The Cleveland Clinic Hospital, University Hospitals Rehabilitation Hospital, Select Medical Rehabilitation Hospital, The Residence Inn, Emerald Event Center, Get Go (the 2<sup>nd</sup> store to be located in Avon), Rose Senior Living, Cabela's, Levin Furniture and Panda Express. Planned commercial development includes Bendix Commercial Vehicle Systems, T3 Performance, Menard's, Dunkin Donuts, Duluth Trading Company, Christian Brothers Automotive, Journey Community Church and Taco Bell.

### *Assessed Valuations*

The assessed valuation for tax year 2016 for the City of Avon is \$831,524,760 per the Lorain County Auditor's Office. Property taxes will be collected on this valuation in 2017. This is \$15,570,930 more than tax year 2015 valuation. The City's assessed value equates to almost \$2.3 billion at full market value. See the history of assessed valuations in the Statistical Section of this report.

Because the City has thirteen Tax Increment Financing (TIF) agreements in place for much of the commercial property north of I-90, these values are considered exempt and therefore not included in the County Auditor's total taxable assessed valuations. The City and the Avon Local School District both collect Tax Increment Financing revenues as if they were property taxes. Presently, the City is collecting TIF revenues on an estimated commercial assessed valuation of about \$56,088,000.

### **Relevant Financial Policies**

The budget must be structurally balanced so that revenues support expenditures. Budgetary appropriations may not exceed estimated resources, with a balanced budget maintained in each fund.

The budget is controlled at the object level within each fund. Council action is not necessary for the transfers of appropriations within an object. The budget may be amended or supplemented at any time during the year upon formal action of Council. Transfers of cash between funds require City Council authorization.

### **Avon Aquatic Facility**

In July 2015, the City opened an Aquatic Facility in the center of town, adjacent to the Fire and Police Stations. The 2.5 acre facility includes a 50 meter competitive pool, a splash zone, a recreational pool, two giant slides and a pavilion. The pools contain 752,000 gallons of water which takes up to three days to fill. The Aquatic Facility construction cost was \$5,670,000, and the short-term notes will be repaid with Recreation Income Tax revenues. In 2016, there were 1,756 season packages sold and overall attendance at the facility was over 65,000 people.

### **Avon Recreation Complex**

In November 2007, the voters of the City passed a 0.25 percent income tax for the purpose of building a recreation complex on the western side of the City at the intersection of I-90, State Route 611 and Miller Road. The first phase of the complex was completed in 2010 and consists of a recreation center, French Creek Family YMCA, and a baseball stadium, All-Pro Freight Stadium. All-Pro Freight Stadium opened in the spring of 2009, and is the home of the Lake Erie Crushers in the Frontier League. The Frontier League is a professional baseball

league made up of 12 teams in Ohio and neighboring states. The stadium has 3,500 traditional seats and 1,500 lawn seats, along with loges, concessions and playground areas for children. The stadium also has plenty of standing room on the concourse. In addition to the 48 Frontier League home games, the stadium has hosted concerts and other events each year since it has opened. The stadium is used by the Avon High School Varsity Baseball team along with certain other schools and colleges who play many games here. The stadium has hosted the Mid-American Conference Tournament the last three years and will do so again in 2017. The stadium is owned by the City of Avon; however, the Frontier League team entered into a 15 year lease with the City for the use of the ball park and is responsible for the maintenance of the stadium. The 15 year lease has provisions for extension beyond its original term, which expires in 2023.

The French Creek Family YMCA was built by the City in conjunction with the Greater Cleveland YMCA (the "YMCA"), but is owned solely by the City. The YMCA contributed approximately \$5,600,000 towards construction costs. The YMCA pays all operating costs and manages all programming offered to the public at this facility. The amenities of the YMCA include a competitive swimming pool, basketball courts, workout areas for cardio and strength training, childcare services for members and other programming typically provided by the YMCA. Membership to the YMCA is open to the public. Residents of the City benefit from a discounted membership fee. Currently, the YMCA has 18,321 members, of which 6,715 are Avon residents.

### **Avon Healthcare Facilities**

The Cleveland Clinic Richard E. Jacobs Health Center opened their Avon out-patient and surgery center in December, 2011. In September 2012, the Clinic opened a 24 hour Emergency Room at this location. In November, 2016, the Clinic opened a 126 bed hospital adjacent to the existing facility. The Cleveland Clinic is one of the nation's top two hospitals as ranked by U.S. News and World Report.

The Cleveland Clinic in affiliation with Select Medical, Avon opened a 60 bed rehabilitation hospital in January, 2016, near the Cleveland Clinic campus in Avon. This hospital specializes in brain health, spine health, neurology and other specific conditions.

University Hospitals opened the UH Avon Rehabilitation Hospital in January, 2016. This facility offers comprehensive in-patient rehab services for patients recovering from illness or injury.

Also located in Avon is the 91,000 square-foot University Hospitals Campus. This facility was built in 1999 and includes a 24 hour emergency room, outpatient testing services, medical offices and a health-fitness center. This is one of northeast Ohio's premier medically-based fitness centers.

The City is home to various other medical offices including but not limited to Avon Health and Wellness, Dermatology Partners, Kaiser-Permanente, Mercy Health, Westshore Primary Care, North Ohio Heart Center, Tri-Tech Medical and Orthopedic Associates.

The City houses the following senior living and nursing home facilities; St. Mary's of the Woods, Avon Oaks, Avon Place, The Woods of Avon Nursing Home (opened June, 2015) and Rose Senior Living (opened November, 2016).

### **City Services**

The Avon Fire Department is full-time with 35 firefighter paramedics that offer much more than fire protection and emergency services. The fire department is very service oriented. We offer many specialties such as CPR and First Aid training, a senior lock box program, the File of Life program, child safety seat inspections and installations, fire safety inspections for home and businesses, and fire extinguisher training with a propane powered simulator. This training is offered to businesses as well as Avon residents.

The Avon Fire Department responded to 2,736 calls in 2016. Of those calls, 2,097 were emergency medical calls and 639 were fire related calls, which included service and specialty rescue calls. Specialty rescue includes water and ice rescue, confined space rescue, rope rescue, and structural collapse rescue. In 2016, we took delivery of a 2017 Excellence Rescue Squad to better serve the citizens of the City of Avon.

In 2016, the Avon Police Department handled 21,425 calls for service which resulted in 872 incident reports taken and 1,246 traffic crashes handled. The police department made 364 criminal arrests along with 1,368 traffic charges filed. The police department also conducted approximately 8,000 physical checks of homes for residents who were away on vacation and an additional 3,000 physical premise checks were completed on residential and commercial properties.

During 2016, the police department transitioned to a new computer aided dispatch and records management company (CAD/RMS). This same system is being utilized now by 13 of Lorain County's 15 law enforcement agencies. As this system continues to grow and we become more familiar with its capabilities it will enhance data sharing throughout the County.

In 2016, the police department participated in the Annual Safety Fair, held an open house, Coffee with a Cop events at a few different locations and conducted our second Citizens' Police Academy. Members of our first Citizens' Police Academy started an Alumni Association. Members of this association donated several hundreds of hours last year doing volunteer work within the police department and helping the City with updating records and various other tasks.

The Avon Senior Center provides programs and activities for anyone 55 and over. The Senior Center provides numerous services for the approximately 6,400 senior adults in Avon.

The Senior Center has social events, movies, cards, health and educational seminars, bus trips, lunches, durable medical equipment, exercise classes, and an adult health clinic just to name a few. The craft room allows seniors to participate in classes such as painting, knitting/crocheting, and other crafts. Additionally, the Center has a computer lab where seniors can check email, surf the net, and print articles. The Senior Center also provides transportation that allows seniors and persons with disabilities to maintain their independence by providing rides to medical appointments, shopping and other necessary transports. The Senior Center has day trips that go to many interesting locations such as casinos, Amish Country, wineries, national parks, and Playhouse Square to name a few.

The City of Avon has eight parks totaling over 315 acres. The Parks and Recreation Department offers various adult and youth programs, in addition to working with organizations such as Avon Little League, the Avon Soccer League Association and the Avon Local School District. In 2013, the City purchased 19-acres adjacent to Veterans Memorial Park. We are presently working on adding second entrances into both Schwartz Road Park and Veteran's Memorial Park. The City is continually looking for new park land that may be used for various recreational activities.

### **Long-Term Financial Planning**

On January 24, 2017 the City rolled over \$7,000,000 in general obligation bond anticipation notes for the purpose of making improvements and the widening of Chester Road between SR 83 and Jaycox Road. These notes represent what the City estimates to be the special assessment portion of this project. These notes have a maturity date of September 21, 2017.

On January 24, 2017, the City rolled over \$5,075,000 in general obligation bond anticipation various purpose (City portion) notes for the purpose of making improvements and the widening of Chester Road between SR 83 and Jaycox Road. These notes have a maturity date of January 24, 2018.

On February 1, 2017, the City rolled over \$9,250,000 in water revenue notes for the purpose of constructing a 3,000,000-gallon elevated water storage tank and 16 inch water transmission line along Mills Road, and for the purpose of the installation of new water meters and related meter reading software. These notes have a maturity date of February 1, 2018.

As part of the City's long-term planning, thirteen Tax Increment Financing (TIF) Agreements have been implemented for much of the remaining undeveloped commercial and industrial property. The expected future payments in lieu of taxes will contribute to infrastructure improvements such as the interchange and to debt service on existing bonds that were used to finance qualified infrastructure related projects. Presently, we are collecting TIF revenues on 207 commercially zoned parcels.

The City's financial operations will remain strong due to its historically steady rate of income tax growth, expected future expansion of commercial and industrial employers, a healthy Aa1 Credit Rating (Moody's) and a demonstrated track record of sound budgeting and financial management.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes an easily readable and efficiently organized Comprehensive Annual Financial Report which conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City of Avon has received the Certificate of Achievement for its Comprehensive Annual Financial Report each year dating back a number of years. A Certificate of Achievement is valid for a period of one year.

The City of Avon believes the current report continues to conform to the requirements and standards of the Certificate of Achievement Program and has submitted it to the GFOA to determine its eligibility for another Certificate of Achievement.

For 2009, the City received the Auditor of State's "Making Your Tax Dollars Count" Award, and for years 2010, 2011 and 2013, the City was presented with the "Auditor of State Award with Distinction."

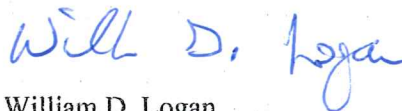
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the supervisors of the other City departments. The preparation of the Comprehensive Annual Financial Report requires a major effort, and we would like to express our appreciation to everyone who assisted and contributed to the presentation of this year's report. Special acknowledgment is extended to the Local Government Services Section of the Office of the Auditor of State for their continued guidance in the preparation of this report.

We are happy to report that the City's financial policies and management, combined with a strong local economy, have enabled Avon to continue to improve its already sound financial condition. In addition, the prospects for continuing this trend are encouraging. Each year we renew our commitment to implement responsible and progressive changes in order to improve our responsiveness to the citizenry and to insure the financial stability of the community. We extend our appreciation to City Council for its continued support and commitment to responsible fiscal reporting.

Respectfully submitted,



Bryan K. Jensen  
Mayor



William D. Logan  
Director of Finance

**City of Avon, Ohio**  
*Principal Officials*  
*December 31, 2016*

***Elected Officials:***

Mayor..... Bryan K. Jensen  
President of Council ..... Craig Witherspoon  
Councilman at Large..... Brian Fischer  
Councilman at Large..... Tammy Holtzmeier  
Councilman – Ward I..... Bob Butkowski  
Councilman – Ward II ..... Dennis McBride  
Councilman – Ward III..... Mary Berges  
Councilman – Ward IV..... Scott Radcliffe

***Directors:***

Director of Law..... John A. Gasior  
Director of Finance ..... William D. Logan  
Director of Public Service ..... Mike Farmer  
Director of Parks and Recreation..... Diane Corrao

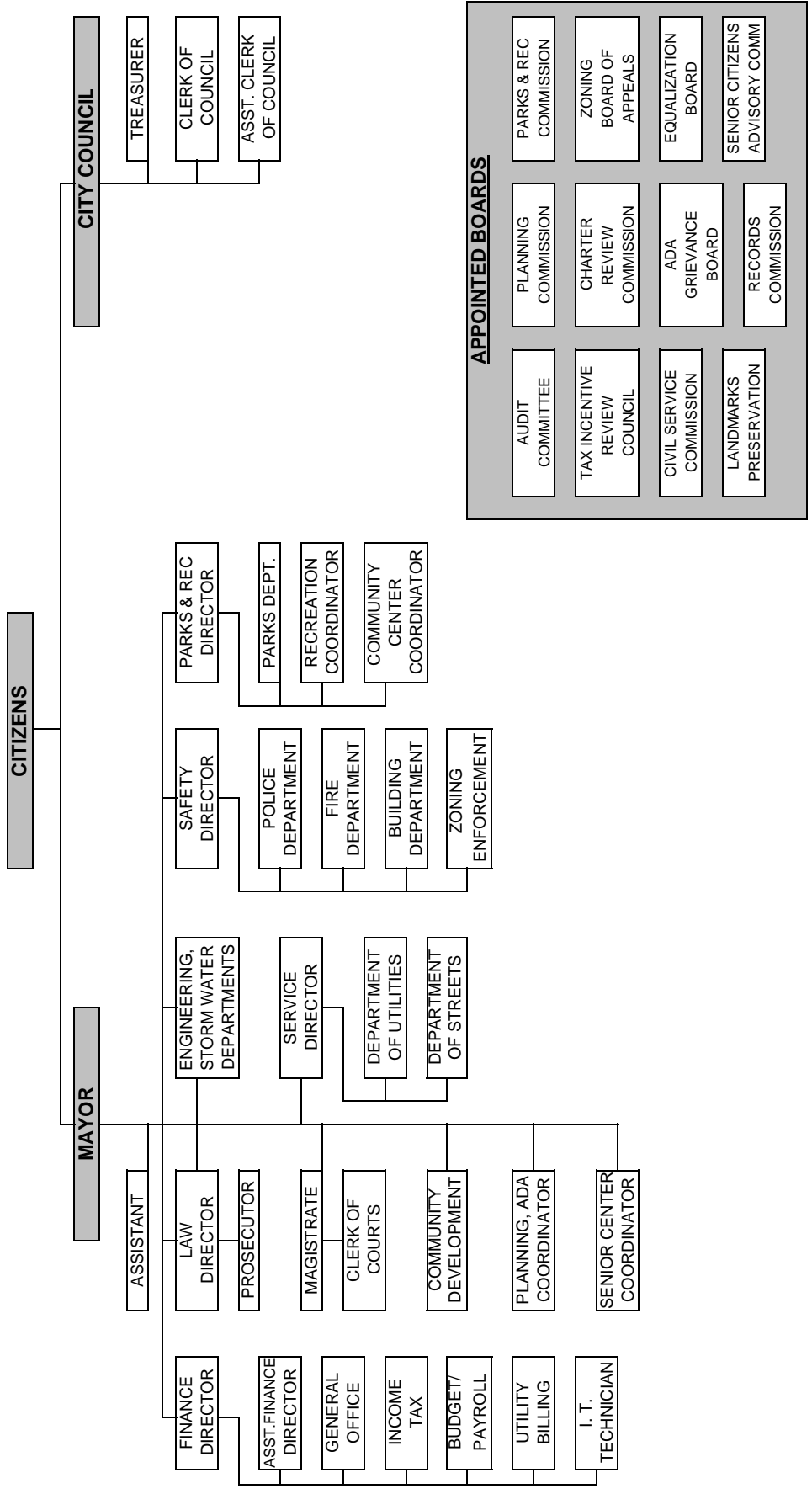
***Chairmen, Boards and Commissions:***

Board of Zoning and Building Appeals..... Randy Fratianne  
Planning Commission..... Carolyn Witherspoon  
Civil Service Commission ..... Peter G. Kratt  
Park and Recreation Commission..... Thomas Mitchell

***Other Staff Members:***

Treasurer..... Megan Zeck  
City Consulting Engineer ..... Ryan Cummins, Chagrin Valley Engineering  
Superintendent of Utilities..... Tony Lorenzo  
Secretary to the Mayor..... Rose Seighman  
Clerk of Council ..... Barbara J. Brooks  
Clerk of Court..... Monica Argenti  
Assistant Director of Finance ..... Beth A. Raicevich  
Planning Coordinator..... Pam Fechter  
Clerk Secretary of Planning Commission and Zoning Board of Appeals ..... Jill K. Clements  
Zoning Enforcement Officer..... Richard A. Schneider  
Prosecutor ..... Richard Kray  
City Magistrate ..... Daniel P. Stringer  
Chief of Police..... Richard A. Bosley  
Police Captain..... Lawrence M. Fischbach III  
Chief of Fire..... Frank Root, III  
Assistant Chief of Fire ..... Michael J. Emling  
Chief Building Inspector..... Robert A. Schumacher

**CITY OF AVON ORGANIZATIONAL CHART**







Government Finance Officers Association

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

Presented to

**City of Avon  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

Executive Director/CEO

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The City has seen tremendous growth at the northeast quadrant of the I-90 and Nagel Road Interchange, much of it in the healthcare industry, anchored by the new Cleveland Clinic Roseann Park Family Tower Hospital. With an estimated value exceeding \$180,000,000, there remains over 90 acres yet to be developed here.

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## **Independent Auditor's Report**

Members of the City Council  
City of Avon, Ohio

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon, Ohio (the "City"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Fire Department, Street Construction, Maintenance and Repair, and Police Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 16 and the schedules of the City's proportionate share of the net pension liability and schedules of the City's contributions on pages 84 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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



Members of the City Council  
Avon, Ohio

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

*Ciuni + Panichi, Inc.*

Cleveland, Ohio  
June 22, 2018

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**City of Avon, Ohio**  
*Management's Discussion and Analysis*  
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The discussion and analysis of the City of Avon's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Key financial highlights for 2016 are:

- The City issued \$27,045,000 in general obligation refunding bonds, replacing the Series 2008 and Series 2009B bonds. This refunding will generate \$2,762,898 of savings over the remaining life of the bonds.
- The City re-issued \$3,000,000 in water revenue notes for a water meter change-out project. This project installed new meter reading software and new water meters in every household and business throughout the City. As of December 31, 2016, this project was substantially completed.
- The City re-issued \$7,950,000 in water revenue notes for the construction of a 3,000,000-gallon elevated water storage tank and a 16-inch water transmission line. Both of these assets were substantially complete and in service as of December 31, 2016.
- The City re-issued \$8,000,000 in general obligation notes for the construction of an aquatic facility and supporting infrastructure, including the construction of entrances for the Schwartz Road Park and Veterans Memorial Park. The aquatic facility opened in July of 2015.
- The City issued \$10,255,000 in general obligation notes for the widening and other improvements to Chester Road between State Route 83 and Jaycox Road. It is anticipated that approximately \$6,700,000 of this amount will be repaid through voluntary assessments to property owners.
- The City issued \$2,000,000 in general obligation notes for the purchase of 56 acres of parkland. This property was subsequently sold in 2016 to the Lorain County Metroparks. The City will receive \$850,000 for this property.
- Income tax collections increased on a cash basis by 12 percent over 2015. This is a result of increased employment and new commercial/industrial development in the City.
- Tax Increment Financing revenues increased on a cash basis by 76.7 percent over 2015. This is a result of commercial/industrial development in the City, and as a result of "refunds" that were deducted from the gross distribution in 2015.

### **Using This Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Avon as a financial whole or an entire operating entity. The statements here proceed to provide an increasingly detailed look at our specific financial conditions.

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The statement of net position and statement of activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major 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 non-major funds presented in total in one column.

## **Reporting the City of Avon as a Whole**

### **Statement of Net Position and Statement of Activities**

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in that position. The changes in net position are important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City capital assets will also need to be evaluated.

The statement of net position and the statement of activities are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position (Assets and Deferred Outflows of Resources minus Liabilities and Deferred Inflows of Resources)
- Program Revenue and Expenses
- General Revenues
- Net Position Beginning of Year and Year's End

## **Reporting the City of Avon's Most Significant Funds**

### ***Fund Financial Statements***

The discussion of the City's funds begins on page 12. Fund financial statements provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds which account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Avon, the major funds are the general, fire department, street construction, maintenance and repair, police, general obligation bond retirement, special assessment bond retirement, municipal swimming pool, road and bridges, water and sewer.

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***Governmental Funds***

Most of the City's activities are reported in the governmental funds that focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Governmental funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

***Proprietary Funds***

Proprietary funds (the water and sewer funds) have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the City as a whole.

**The City of Avon as a Whole**

The statement of net position looks at the City as a whole. Table 1 provides a summary of the City's net position at December 31, 2016 compared to December 31, 2015.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current and Other Assets	\$34,318,042	\$30,339,609	\$10,495,223	\$12,616,805	\$44,813,265	\$42,956,414
Capital Assets, Net	122,315,255	112,695,063	43,101,089	38,512,428	165,416,344	151,207,491
<i>Total Assets</i>	<u>156,633,297</u>	<u>143,034,672</u>	<u>53,596,312</u>	<u>51,129,233</u>	<u>210,229,609</u>	<u>194,163,905</u>
<b>Deferred Outflows of Resources</b>						
Deferred Charge on Refunding	2,690,710	218,473	0	0	2,690,710	218,473
Pension	6,328,946	2,474,435	570,678	124,320	6,899,624	2,598,755
<i>Total Deferred Outflows of Resources</i>	<u>9,019,656</u>	<u>2,692,908</u>	<u>570,678</u>	<u>124,320</u>	<u>9,590,334</u>	<u>2,817,228</u>
<b>Liabilities</b>						
Current and Other Liabilities	17,748,871	11,430,320	3,365,116	2,462,235	21,113,987	13,892,555
Long-Term Liabilities:						
Due Within One Year	2,747,618	2,734,566	145,829	125,956	2,893,447	2,860,522
Due In More Than One Year:						
Net Pension Liability	23,106,063	17,918,865	1,218,666	692,730	24,324,729	18,611,595
Other Amounts	76,043,757	70,817,124	14,460,362	16,271,597	90,504,119	87,088,721
<i>Total Liabilities</i>	<u>\$119,646,309</u>	<u>\$102,900,875</u>	<u>\$19,189,973</u>	<u>\$19,552,518</u>	<u>\$138,836,282</u>	<u>\$122,453,393</u>

(continued)

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**Table 1**  
**Net Position (continued)**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Deferred Inflows of Resources</b>						
Property Taxes	\$4,501,608	\$4,226,074	\$0	\$0	\$4,501,608	\$4,226,074
Payments in Lieu of Taxes	1,303,686	1,107,652	0	0	1,303,686	1,107,652
Pension	195,965	68,963	23,547	12,170	219,512	81,133
<i>Total Deferred Inflows of Resources</i>	<u>6,001,259</u>	<u>5,402,689</u>	<u>23,547</u>	<u>12,170</u>	<u>6,024,806</u>	<u>5,414,859</u>
<b>Net Position</b>						
Net Investment in Capital Assets	36,167,606	35,118,979	27,325,569	25,107,622	63,493,175	60,226,601
Restricted:						
Debt Service	6,845,284	6,970,159	0	0	6,845,284	6,970,159
Other Purposes	4,005,565	3,288,320	0	0	4,005,565	3,288,320
Unrestricted (Deficit)	(7,013,070)	(7,953,442)	7,627,901	6,581,243	614,831	(1,372,199)
<i>Total Net Position</i>	<u>\$40,005,385</u>	<u>\$37,424,016</u>	<u>\$34,953,470</u>	<u>\$31,688,865</u>	<u>\$74,958,855</u>	<u>\$69,112,881</u>

The net pension liability (NPL) is one of the largest liabilities reported by the City at December 31, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension 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 obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the



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pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

Total assets increased during 2016 by \$16.1 million. The increase was primarily due to increases in capital assets during the year. Total net position increased during 2016 by \$5.8 million primarily as a result of increases in capital assets related to developer contributions and deferred outflows, offset by increased deferred inflows and net pension liability. Total liabilities increased by \$16.4 million during 2016. The increase in liabilities is due to increased intergovernmental payables and notes payable related to construction projects within the City, as well as an increase in the net pension liability over the prior year. The net pension liability increase represents the City's proportionate share of the unfunded benefits of the OPERS traditional plan and Ohio Police and Fire plan. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

Table 2 shows the changes in net position for the year ended December 31, 2016.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Operating Assessments	\$4,635,666	\$4,711,814	\$8,881,992	\$7,150,178	\$13,517,658	\$11,861,992
Operating Grants and Contributions	1,422,078	1,382,185	0	0	1,422,078	1,382,185
Capital Grants and Contributions	4,660,038	5,224,039	590,677	2,003,839	5,250,715	7,227,878
Total Program Revenues	10,717,782	11,318,038	9,472,669	9,154,017	20,190,451	20,472,055
General Revenues:						
Property Taxes	4,382,766	4,177,536	0	0	4,382,766	4,177,536
Municipal Income Taxes	17,823,599	15,166,934	0	0	17,823,599	15,166,934
Grants and Entitlements	907,160	803,671	0	0	907,160	803,671
Unrestricted Contributions	3,521	225	0	0	3,521	225
Investment Earnings	135,853	70,407	9,974	11,791	145,827	82,198
Payments in Lieu of Taxes	1,149,003	647,795	0	0	1,149,003	647,795
Miscellaneous	166,277	556,817	171,617	56,791	337,894	613,608
Total General Revenues	24,568,179	21,423,385	181,591	68,582	24,749,770	21,491,967
Total Revenues	\$35,285,961	\$32,741,423	\$9,654,260	\$9,222,599	\$44,940,221	\$41,964,022

(continued)

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**Table 2**  
**Changes in Net Position (continued)**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Program Expenses</b>						
General Government	\$4,636,325	\$4,340,391	\$0	\$0	\$4,636,325	\$4,340,391
Security of Persons and Property	11,981,568	10,611,997	0	0	11,981,568	10,611,997
Transportation	6,807,753	5,453,943	0	0	6,807,753	5,453,943
Community Environment	4,075,125	2,147,727	0	0	4,075,125	2,147,727
Basic Utility Services	994,748	814,317	0	0	994,748	814,317
Leisure Time Activities	1,643,351	1,377,791	0	0	1,643,351	1,377,791
Interest and Fiscal Charges	2,565,722	3,032,601	0	0	2,565,722	3,032,601
Water	0	0	2,999,014	4,509,372	2,999,014	4,509,372
Sewer	0	0	3,390,641	3,466,945	3,390,641	3,466,945
Total Expenses	<u>32,704,592</u>	<u>27,778,767</u>	<u>6,389,655</u>	<u>7,976,317</u>	<u>39,094,247</u>	<u>35,755,084</u>
Changes in Net Position	2,581,369	4,962,656	3,264,605	1,246,282	5,845,974	6,208,938
Net Position, January 1	<u>37,424,016</u>	<u>32,461,360</u>	<u>31,688,865</u>	<u>30,442,583</u>	<u>69,112,881</u>	<u>62,903,943</u>
Net Position, December 31	<u>\$40,005,385</u>	<u>\$37,424,016</u>	<u>\$34,953,470</u>	<u>\$31,688,865</u>	<u>\$74,958,855</u>	<u>\$69,112,881</u>

Governmental program revenues decreased primarily from decreased capital grants and contributions. The significant change comes from fewer ODOT grant proceeds and developer donated assets related to traffic signals and waterlines. While program revenues provide considerable assistance in the provision of governmental services, the burden of governmental support is met by general revenues such as property taxes, municipal income taxes, and unrestricted grants and entitlements. General revenues increased from the prior year due to increased property taxes, municipal income taxes, grants and entitlements, investment earnings, and payments in lieu of taxes.

The two largest governmental activities expenses are related to security of persons and property and transportation. Both of these expenses saw an increase in 2016, due to increased personal services expense and expenses related to the net pension liability for security of persons and property and increased depreciation expense for transportation.

Program revenues make up a significant portion of the total revenues for business-type activities. Capital grants and contributions decreased significantly from the prior year due to decreased donated assets from developers.

**GOVERNMENTAL ACTIVITIES**

Several revenue sources fund the City's governmental activities with City income tax being the largest contribution. The general income tax rate of 1 percent was established by City Ordinance No. 371-68, passed February 28, 1968. The Income Tax Ordinance was amended on November 2, 1993 requiring proposed tax rate changes be submitted to the electors of the City for approval or rejection. On November 6, 2002 the electors approved an increase in the income tax rate to 1-1/2 percent from 1 percent and a change in the tax credit for residents having income taxable in another community. In November 2007, the electors approved an increase in the income tax rate to 1-3/4 percent and a change in the tax credit. In 2016, the revenue from municipal income taxes increased by 17.5 percent over the prior year.

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The City of Avon is very aggressive in collecting delinquent income tax. The City utilizes the Regional Income Tax Agency for income tax collections. Their collection efforts including subpoena programs and small claims court are very effective and cost justified. The City's strong and diversified commercial and industrial tax base provide the City with a predictable revenue stream. There's an estimated 19,095 people working in Avon.

Charges for services represents receipts from the Mayor's Court, cable television, building permits, park development and improvement fees, recreation program fees, emergency rescue fees, contractor registration, community center rental fees, and storm water detention fees.

Within the category of security of persons and property expense are the Police Department and the Fire Department.

The Police Department is very efficient and continues to operate within its budget each year. The Police Department is partially funded by a continuous 2 mill levy, a portion of the 0.50 income tax revenue and through general fund transfers of revenues. The department has a 5 year, 0.50 mill equipment levy that is utilized for capital asset purchases, including vehicles.

The Fire Department is also very efficient and operates well within its annual budget. The department is fully funded through a .50 percent income tax that was passed by Avon voters in 2002, along with emergency rescue services revenue. Like the Police Department, the Fire Department also has a 5 year, 0.50 mill equipment levy that is utilized for capital asset purchases, including vehicles and equipment for both the Fire Department and rescue squad. The department continues to upgrade emergency fire and rescue equipment to better serve the community.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services shown below identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General Government	\$4,636,325	\$4,340,391	(\$2,531,956)	(\$1,977,398)
Security of Persons and Property	11,981,568	10,611,997	(11,342,198)	(10,024,348)
Transportation	6,807,753	5,453,943	(2,795,401)	(553,715)
Community Environment	4,075,125	2,147,727	(2,480,696)	(643,878)
Basic Utility Services	994,748	814,317	775,334	746,631
Leisure Time Activities	1,643,351	1,377,791	(1,046,171)	(975,420)
Interest and Fiscal Charges	2,565,722	3,032,601	(2,565,722)	(3,032,601)
<b>Total Cost of Services</b>	<b>\$32,704,592</b>	<b>\$27,778,767</b>	<b>(\$21,986,810)</b>	<b>(\$16,460,729)</b>

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***BUSINESS-TYPE ACTIVITIES***

The increase in charges for services in the water and sewer funds is due to a 7 percent increase in water usage rates and a 5 percent increase in sanitary sewer rates.

**The City's Funds**

Information about the City's governmental funds begins on page 20. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of \$32,000,265 and expenditures of \$41,814,852. The most significant fund is the general fund with a year-end fund balance of \$6,273,572, which included an unassigned fund balance of \$5,970,523, compared to annual expenditures of \$5,779,213. While revenues exceeded expenditures by \$7,808,290, \$7,210,262 was transferred to other funds, leaving general fund with a net change of \$1,255,563 with other financing sources included. These transferred funds enabled the City to fund street improvements, police operations, and service long-term and short-term debt and fund capital improvements. The net change in fund balance was an increase of \$1,255,563.

The Fire Department has completed ten years as a full-time department in its building that was constructed in 2003. Revenues in the fire department fund exceeded expenditures by \$326,968. The fire department fund balance increased due to increased municipal income taxes collected by the fund. The street construction maintenance and repair fund had expenditures that exceeded revenues and other financing sources by \$83,538. This decrease in fund balance was due to an increase in transportation expenditures. The police fund balance increased by \$550,419, mainly due to increases in municipal income tax collected by the fund. The general obligation bond retirement fund balance increased by \$29,912 due to increases in charges for services. The special assessment bond retirement fund balance increased by \$53,987 due to revenues outpacing debt service. The municipal swimming pool fund had an increase in fund balance, but ended the year with a fund deficit due to the fund having a \$4,600,000 liability related to the note proceeds it received during the year. The road and bridges fund had a significant decrease in fund balance due to proceeds of short-term notes issued in the amount of \$7,000,000.

**General Fund Budgeting Highlights**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. At the direction of Council, all capital projects and requests for capital type purchases must be reviewed and approved individually by Council. Recommendations and requests for budget changes are referred to the Finance Committee of City Council for review, after which they are sent to Council work session for presentation before going to the formal Council meeting for ordinance enactment on the change. Budgets for projects are set based on public bidding and engineers' estimates. The City strives to hold down project costs and control contractor expenditures. The result is that most contract/project work is completed under budget. The City takes great pride in project management successes. The legal level of budgetary control has been established by Council at the fund department, object level for all funds.

The general fund supports many major activities such as the Building and Planning Departments as well as the legislative and most executive activities. Some capital projects are funded with general fund dollars. By ordinance, these funds are transferred from the general fund to capital project funds where the revenue and expenditures for the capital improvement are tracked and monitored.

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*Management's Discussion and Analysis*  
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*Unaudited*

The most significant budgeted fund is the general fund. During the course of 2016, the City amended its general fund budget for a total increase in certified revenues in the amount of \$2,021,605. For the general fund, the original budgeted revenues were \$11,026,256, and the final budgeted amount was \$13,047,861. Of this difference, most was due to increased municipal income and property taxes and licenses and permits. The actual revenues of \$12,953,649 received by the City were \$94,212 less than the final budgeted amount.

Original appropriations of \$5,344,475 were increased during the year by \$1,299,508 to establish final appropriations of \$6,643,983 for the year. These increases were due primarily to conservative budgeting at the beginning of the year. The actual expenditures of \$5,686,267 were \$957,716 less than the final budgeted amount. Final expenditures often are less than budget.

The City continued to maintain a respectable level of liquidity in the general fund by maintaining a fund balance at year-end of 19.4 percent of total actual revenues received during the year.

**Capital Assets and Debt Administration**

*Capital Assets*

Total capital assets (net of depreciation) for the governmental activities are \$122,315,255, which is a significant increase from the prior year. The increase is primarily due to additions to streets, traffic signals, and water lines. Total capital assets (net of depreciation) for the business activities increased due to construction in progress related to the water tower project. Also, in addition to the capital outlay made by the sewer enterprise fund, it also received donated sewer lines from developers in the amount of \$590,677.

**Table 4**  
**Capital Assets**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$5,951,955	\$5,951,955	\$7,580	\$7,580	\$5,959,535	\$5,959,535
Construction in Progress	0	0	9,464,760	5,648,734	9,464,760	5,648,734
Land Improvements	493,165	366,040	22,725	25,755	515,890	391,795
Buildings and Improvements	42,458,846	43,223,512	851,919	889,313	43,310,765	44,112,825
Machinery and Equipment	2,201,331	2,031,848	273,015	206,481	2,474,346	2,238,329
Vehicles	2,295,506	1,960,996	381,497	438,705	2,677,003	2,399,701
Waterline Rights	0	0	1,209,570	1,250,586	1,209,570	1,250,586
Infrastructure:						
Park Improvements	621,350	659,974	0	0	621,350	659,974
Streets	36,067,578	29,164,815	0	0	36,067,578	29,164,815
Bridges and Culverts	2,359,497	2,368,584	0	0	2,359,497	2,368,584
Traffic Signals	4,191,897	3,160,803	0	0	4,191,897	3,160,803
Storm Sewer	20,364,392	19,526,591	0	0	20,364,392	19,526,591
Water Lines	5,309,738	4,279,945	12,478,199	12,183,943	17,787,937	16,463,888
Sewer Lines	0	0	18,411,824	17,861,331	18,411,824	17,861,331
Total Capital Assets	<u>\$122,315,255</u>	<u>\$112,695,063</u>	<u>\$43,101,089</u>	<u>\$38,512,428</u>	<u>\$165,416,344</u>	<u>\$151,207,491</u>

See Note 13 of the Notes to the Basic Financial Statements for additional information on the City's capital assets.

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**Debt Administration**

On December 31, 2016, the City of Avon had a total of \$91,504,985 in outstanding long-term debt obligations, with \$2,794,991 due within one year. Table 5 summarizes bonds, loans and contractual commitments outstanding.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$63,550,401	\$63,273,427	\$3,585,719	\$3,601,868	\$67,136,120	\$66,875,295
Special Assessment Bonds	7,835,346	8,205,732	1,150,532	1,157,669	8,985,878	9,363,401
Notes Payable	5,168,692	0	9,250,000	10,950,000	14,418,692	10,950,000
OPWC Loans	377,768	345,137	0	0	377,768	345,137
Capital Lease	94,495	0	156,080	202,848	250,575	202,848
Intergovernmental Payable	0	0	335,952	361,012	335,952	361,012
<b>Total</b>	<b>\$77,026,702</b>	<b>\$71,824,296</b>	<b>\$14,478,283</b>	<b>\$16,273,397</b>	<b>\$91,504,985</b>	<b>\$88,097,693</b>

General obligation bonds for governmental activities include Schneider Court Improvements, YMCA/Recreation Center and related recreation complex infrastructure improvements, Nagel road interchange improvements, and various refunding bonds. Governmental activities also include refunding bonds for the 1996 Detroit Road Park, Northgate Sewer Improvement and the 1997 New City Hall. These bond obligations are paid from monies transferred from the general fund into the debt service funds. The business-type activities general obligation bonds are in refunding bonds, payable from the water and sewer funds' charges for services.

The special assessment bonds consist of the voluntary assessment a developer has agreed to for their portion of the interchange and related infrastructure improvements, Route 83 Sewer Improvements, Schneider Court Improvements, a various purpose sanitary sewer project and refunding bonds. Principal and interest for these bonds are paid from the collection of special assessments by the Lorain County Auditor.

The Ohio Public Works Commission loans represent interest free loans obtained to finance portions of the Center Road Extension, Jaycox Road/Chester Improvements, the Detroit Road Improvement, Phases I and II, the Reigelsberger-Jaycox Bridge project, and the Chester Road relocation project. These OPWC loans are paid from the bond retirement fund.

During 2009, the City of Avon entered into contractual agreements with the City of Avon Lake for the construction and future maintenance of a water trunk line that service the City of Avon. The project was financed mainly by general obligation bonds which were issued by the City of Avon Lake. All proceeds were received by the City of Avon Lake and the City of Avon Lake is responsible for the debt retirement and maintenance. The line will be a capital asset of the City of Avon Lake. The total amount owed to the City of Avon Lake as of December 31, 2016, is \$335,952. This amount has been recorded on Avon's financial statements as a long-term liability in the water enterprise fund.

During 2016, the City issued \$4,000,000 in general obligation bond anticipation notes for the purpose of acquiring parkland and for property acquisition and utilities re-location associated with the widening of Chester Road.

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During 2016, the City rolled over \$7,950,000 in water revenue notes for the purpose of constructing a 3,000,000-gallon elevated water storage tank and 16-inch water transmission line.

During 2016, the City issued \$27,045,000 in advance refunding general obligation bonds for the Series 2008 and Series 2009B various purpose bonds.

During 2016, the City issued \$2,025,000 in general obligation bond anticipation notes for the purpose of widening a portion of Chester Road.

During 2016, the City issued \$6,230,000 in general obligation bond anticipation notes for the purpose of widening a portion of Chester Road.

During 2016, the City rolled over \$3,000,000 in water revenue notes for the purpose of the installation of new water meters and related meter reading software.

During 2014, the City entered into a capital lease with Key Government Finance, Incorporated for a sewer camera truck, which will end in 2019.

During 2016, the City entered into a capital lease with Key Government Finance, Incorporated for an aerial truck, which will end in 2020.

See Notes 14, 15, and 19 of the Notes to the Basic Financial Statements for additional information on the City's outstanding debt obligations.

**Current Financial Related Activities**

Over the past ten years the City has enjoyed strong growth in revenues as a result of new commercial and industrial development. The City, with the support of the school system, currently has five tax abatement agreements in effect with local companies. Each of these five companies has expanded in Avon from their original facility and employment base. Although property taxes have been partially deferred as a result of these abatements, the deferral has been more than offset by the significant increase in income tax collections as a result of the employment in these companies.

The City has aggressively pursued the use of Tax Increment Financing (TIF) as an economic development tool. The City currently has 13 areas designated as TIF districts. The revenues derived from these districts are used for infrastructure related projects and the associated debt service.

The City is ideally situated on Interstate 90, approximately twenty minutes from Cleveland, Ohio and Cleveland Hopkins International Airport. Interstate 90 divides the City providing an ideal separation for commercial and industrial development north of Interstate 90 and commercial and residential development south of Interstate 90. With development of the industrial sites on the north side, the City's financial condition has been significantly strengthened. Moody's Investor Services has assigned an Aa1 bond rating to the City of Avon, and the City Administration works hard to maintain or improve this rating.

The City takes advantage of grants wherever possible. In 2016, the City received over \$900,000 of grant revenue from various grants.

**City of Avon, Ohio**  
*Management's Discussion and Analysis*  
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Some recent examples of grant funded capital projects include:

- Chester Road at State Route 611 improvements – Federal Highway/Ohio Department of Transportation, total grant awarded \$3,500,000
- State Route 83 Re-surfacing Project, in collaboration with the City of Avon Lake – Ohio Department of Transportation, total grant awarded \$671,000
- Chester Road widening project – Lorain County Transportation Improvement District, total grant awarded \$250,000
- Chester Road widening project – Ohio Department of Transportation Jobs & Commerce, total grant awarded \$150,000
- State Route 83 Round-a-bout Project, in collaboration with the City of North Ridgeville – Ohio Public Works Commission, total grant awarded, \$693,000
- Capital Budget Grants awarded and received in 2016 include \$50,000 for improvements at All-Pro Freight Stadium and \$82,000 for improvements at the Avon Isle

In addition to these capital improvement grants, the City receives various grant funding for issues such as Drug Use Prevention, Re-cycling, Safety/Workers Compensation and other items.

From a commercial/industrial standpoint, the City of Avon is growing rapidly. Many businesses in Avon are expanding. Hospitals and other health care related organizations are opening in Avon. Companies, hotels, stores and restaurants are finding Avon a very attractive destination, particularly along the I-90 corridor. At the same time, the City's population continues to grow with new home construction averaging over 100 houses annually.

The Finance Director, Mayor, and City Council work extremely hard at managing debt. Finances are planned so that we can pay cash for many of the municipal projects, facility improvements and acquisitions, and continue to pay cash for all equipment and other major purchases necessary to maintain a decent level of services. Over the past five years the City has paid cash in excess of \$10,000,000 toward capital projects and land acquisitions. The annual budget is monitored efficiently and consistently throughout the year. Department Heads review their budgets monthly and spend only for necessary expenses. Over the last ten years the City has expanded their services but has strived to keep the size of its work force at practical levels.

The City of Avon has committed itself to financial excellence. The City has received the Government Finance Officers Award Certificate of Achievement for Excellence every year since 1991, the year of our first Comprehensive Annual Financial Report. The City of Avon was one of the first in Ohio to report using the Government Accounting Standards Board (GASB) 34 requirements and early implemented GASB Statement 54 in the 2010 CAFR. The City of Avon received the Auditor of State "*Making Your Tax Dollars Count*" award for the 2009 audit and the "*Auditor of State Award with Distinction*" for the 2010, 2011 and 2013 audits. Our commitment to the residents of Avon has been one of full disclosure of the financial position of the City, and will continue to be.

#### **Contacting the City's Finance Department**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show the City's accountability for all money it receives, spends or invests. If you have any questions about this report or need additional information, contact the Finance Department, City of Avon, 36080 Chester Road, Avon, Ohio 44011, telephone 440-937-7806, or at the website at [www.cityofavon.com](http://www.cityofavon.com).



**City of Avon, Ohio**  
*Statement of Net Position*  
*December 31, 2016*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$12,015,744	\$8,350,011	\$20,365,755
Accrued Interest Receivable	56,603	82,684	139,287
Materials and Supplies Inventory	288,294	397,839	686,133
Accounts Receivable	40,434	646,395	686,829
Internal Balances	144,000	(144,000)	0
Intergovernmental Receivable	2,281,731	0	2,281,731
Prepaid Items	101,629	9,000	110,629
Municipal Income Taxes Receivable	5,250,661	0	5,250,661
Property Taxes Receivable	4,618,747	0	4,618,747
Payments in Lieu of Taxes Receivable	1,323,953	0	1,323,953
Special Assessments Receivable	7,696,246	1,153,294	8,849,540
Loan Receivable	500,000	0	500,000
Capital Assets, Non-Depreciable	5,951,955	9,472,340	15,424,295
Capital Assets, Depreciable, Net	116,363,300	33,628,749	149,992,049
<i>Total Assets</i>	<u>156,633,297</u>	<u>53,596,312</u>	<u>210,229,609</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding Pension	2,690,710	0	2,690,710
	6,328,946	570,678	6,899,624
<i>Total Deferred Outflows of Resources</i>	<u>9,019,656</u>	<u>570,678</u>	<u>9,590,334</u>
<b>Liabilities</b>			
Accounts Payable	458,843	31,456	490,299
Contracts Payable	1,098,965	269,869	1,368,834
Accrued Wages and Benefits	368,628	33,257	401,885
Intergovernmental Payable	280,833	683,192	964,025
Retainage Payable	0	450,529	450,529
Accrued Interest Payable	361,602	196,813	558,415
Notes Payable	15,180,000	1,700,000	16,880,000
Long-Term Liabilities:			
Due Within One Year	2,747,618	145,829	2,893,447
Due In More Than One Year:			
Net Pension Liability (See Note 21)	23,106,063	1,218,666	24,324,729
Other Amounts Due in More Than One Year	76,043,757	14,460,362	90,504,119
<i>Total Liabilities</i>	<u>119,646,309</u>	<u>19,189,973</u>	<u>138,836,282</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	4,501,608	0	4,501,608
Payments in Lieu of Taxes	1,303,686	0	1,303,686
Pension	195,965	23,547	219,512
<i>Total Deferred Inflows of Resources</i>	<u>6,001,259</u>	<u>23,547</u>	<u>6,024,806</u>
<b>Net Position</b>			
Net Investment in Capital Assets	36,167,606	27,325,569	63,493,175
Restricted for:			
Debt Service	6,845,284	0	6,845,284
Fire Department	1,819,386	0	1,819,386
Street Construction, Maintenance and Repair	797,185	0	797,185
Other Purposes	1,388,994	0	1,388,994
Unrestricted (Deficit)	(7,013,070)	7,627,901	614,831
<i>Total Net Position</i>	<u>\$40,005,385</u>	<u>\$34,953,470</u>	<u>\$74,958,855</u>

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2016

	Expenses	Program Revenues		
		Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$4,636,325	\$2,030,361	\$0	\$74,008
Security of Persons and Property	11,981,568	546,672	92,698	0
Transportation	6,807,753	0	1,265,019	2,747,333
Community Environment	4,075,125	1,332,972	0	261,457
Basic Utility Services	994,748	226,175	0	1,543,907
Leisure Time Activities	1,643,351	499,486	64,361	33,333
Interest and Fiscal Charges	2,565,722	0	0	0
<i>Total Governmental Activities</i>	<u>32,704,592</u>	<u>4,635,666</u>	<u>1,422,078</u>	<u>4,660,038</u>
<b>Business-Type Activities</b>				
Water	2,999,014	4,721,224	0	0
Sewer	3,390,641	4,160,768	0	590,677
<i>Total Business-Type Activities</i>	<u>6,389,655</u>	<u>8,881,992</u>	<u>0</u>	<u>590,677</u>
<i>Total</i>	<u>\$39,094,247</u>	<u>\$13,517,658</u>	<u>\$1,422,078</u>	<u>\$5,250,715</u>

**General Revenues**

Property Taxes Levied for:

- General Purposes
- Streets
- Police
- Park Operating
- Equipment

Municipal Income Taxes Levied for:

- General Purposes
- Fire Department
- Police
- Park Operating
- Recreation Complex

Grants and Entitlements not Restricted to Specific Programs

- Unrestricted Contributions
- Investment Earnings
- Payments in Lieu of Taxes
- Miscellaneous

*Total General Revenues*

Change in Net Position

*Net Position Beginning of Year*

*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
(\$2,531,956)	\$0	(\$2,531,956)
(11,342,198)	0	(11,342,198)
(2,795,401)	0	(2,795,401)
(2,480,696)	0	(2,480,696)
775,334	0	775,334
(1,046,171)	0	(1,046,171)
(2,565,722)	0	(2,565,722)
(21,986,810)	0	(21,986,810)
0	1,722,210	1,722,210
0	1,360,804	1,360,804
0	3,083,014	3,083,014
(21,986,810)	3,083,014	(18,903,796)
1,661,026	0	1,661,026
1,212,333	0	1,212,333
650,063	0	650,063
287,132	0	287,132
572,212	0	572,212
9,135,298	0	9,135,298
4,415,368	0	4,415,368
1,806,394	0	1,806,394
796,208	0	796,208
1,670,331	0	1,670,331
907,160	0	907,160
3,521	0	3,521
135,853	9,974	145,827
1,149,003	0	1,149,003
166,277	171,617	337,894
24,568,179	181,591	24,749,770
2,581,369	3,264,605	5,845,974
37,424,016	31,688,865	69,112,881
<u>\$40,005,385</u>	<u>\$34,953,470</u>	<u>\$74,958,855</u>

**City of Avon, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2016*

	General	Fire Department	Street Construction, Maintenance and Repair	Police
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,390,935	\$1,058,069	\$433,810	\$805,895
Materials and Supplies Inventory	0	1,349	125,066	161,879
Accounts Receivable	40,434	0	0	0
Interfund Receivable	1,702,100	0	0	0
Intergovernmental Receivable	422,664	0	526,958	37,339
Accrued Interest Receivable	47,676	0	420	0
Prepaid Items	44,129	20,000	7,000	25,000
Municipal Income Taxes Receivable	2,696,574	1,321,772	0	514,023
Property Taxes Receivable	1,754,078	0	1,275,064	686,379
Payments in Lieu of Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Loan Receivable	500,000	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	11,832	0	0	0
<i>Total Assets</i>	<u>\$9,610,422</u>	<u>\$2,401,190</u>	<u>\$2,368,318</u>	<u>\$2,230,515</u>
<b>Liabilities</b>				
Accounts Payable	\$133,689	\$11,306	\$73,532	\$24,674
Contracts Payable	70,401	0	411	0
Accrued Wages and Benefits	74,020	111,269	38,197	130,609
Interfund Payable	0	0	0	0
Intergovernmental Payable	70,872	94,576	21,619	85,099
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>348,982</u>	<u>217,151</u>	<u>133,759</u>	<u>240,382</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	1,707,434	0	1,244,225	668,001
Payments in Lieu of Taxes	0	0	0	0
Unavailable Revenue	1,280,434	600,328	407,642	289,178
<i>Total Deferred Inflows of Resources</i>	<u>2,987,868</u>	<u>600,328</u>	<u>1,651,867</u>	<u>957,179</u>
<b>Fund Balances</b>				
Nonspendable	190,961	21,349	132,066	186,879
Restricted	0	1,562,362	424,437	846,075
Committed	0	0	0	0
Assigned	112,088	0	26,189	0
Unassigned (Deficit)	5,970,523	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>6,273,572</u>	<u>1,583,711</u>	<u>582,692</u>	<u>1,032,954</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$9,610,422</u>	<u>\$2,401,190</u>	<u>\$2,368,318</u>	<u>\$2,230,515</u>

See accompanying notes to the basic financial statements

General Obligation Bond Retirement	Special Assessment Bond Retirement	Municipal Swimming Pool	Road and Bridges	Other Governmental Funds	Total Governmental Funds
\$182,973	\$394,293	\$17,949	\$3,059,297	\$3,660,691	\$12,003,912
0	0	0	0	0	288,294
0	0	0	0	0	40,434
0	0	0	0	279,180	1,981,280
0	0	0	940,379	354,391	2,281,731
0	0	0	7,203	1,304	56,603
0	0	0	0	5,500	101,629
0	0	0	0	718,292	5,250,661
0	0	0	0	903,226	4,618,747
0	0	0	0	1,323,953	1,323,953
0	7,696,246	0	0	0	7,696,246
0	0	0	0	0	500,000
0	0	0	0	0	11,832
<u>\$182,973</u>	<u>\$8,090,539</u>	<u>\$17,949</u>	<u>\$4,006,879</u>	<u>\$7,246,537</u>	<u>\$36,155,322</u>
\$0	\$0	\$0	\$115,635	\$100,007	\$458,843
0	0	0	889,628	138,525	1,098,965
0	0	0	0	14,533	368,628
0	0	279,180	885,600	672,500	1,837,280
0	0	0	0	8,667	280,833
0	0	29,389	57,142	23,836	110,367
0	0	4,600,000	7,000,000	3,580,000	15,180,000
0	0	4,908,569	8,948,005	4,538,068	19,334,916
0	0	0	0	881,948	4,501,608
0	0	0	0	1,303,686	1,303,686
0	7,687,106	0	930,379	487,826	11,682,893
0	7,687,106	0	930,379	2,673,460	17,488,187
0	0	0	0	5,500	536,755
182,973	403,433	0	0	1,584,244	5,003,524
0	0	0	0	914,525	914,525
0	0	0	0	604,164	742,441
0	0	(4,890,620)	(5,871,505)	(3,073,424)	(7,865,026)
182,973	403,433	(4,890,620)	(5,871,505)	35,009	(667,781)
<u>\$182,973</u>	<u>\$8,090,539</u>	<u>\$17,949</u>	<u>\$4,006,879</u>	<u>\$7,246,537</u>	<u>\$36,155,322</u>

**City of Avon, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2016*

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**Total Governmental Fund Balance** (\$667,781)

*Amounts reported for governmental activities in  
 the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources  
 and therefore are not reported in the funds. 122,315,255

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

Delinquent Property Taxes	\$117,139	
Delinquent Payments in Lieu of Taxes	20,267	
Municipal Income Taxes	2,191,700	
Intergovernmental	1,666,681	
Special Assessments	7,687,106	
Total	11,682,893	11,682,893

In the statement of activities, interest is accrued on outstanding bonds  
 whereas in governmental funds, an interest expenditure is reported when due. (251,235)

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

General Obligation Bonds	(63,550,401)	
Special Assessment Bonds	(7,835,346)	
General Obligation Notes	(5,168,692)	
OPWC Loans	(377,768)	
Capital Lease	(94,495)	
Deferred Charge on Refunding	2,690,710	
Compensated Absences	(1,764,673)	
Total	(76,100,665)	(76,100,665)

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

Deferred Outflows - Pension	6,328,946	
Net Pension Liability	(23,106,063)	
Deferred Inflows - Pension	(195,965)	
Total	(16,973,082)	(16,973,082)

*Net Position of Governmental Activities* \$40,005,385

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	Fire Department	Street Construction, Maintenance and Repair	Police	General Obligation Bond Retirement
<b>Revenues</b>					
Property Taxes	\$1,672,015	\$0	\$1,220,311	\$655,232	\$0
Payments in Lieu of Taxes	0	0	0	0	0
Municipal Income Taxes	9,176,500	4,475,792	0	1,740,586	0
Charges for Services	376,851	545,186	0	0	518,421
Licenses and Permits	1,131,954	0	0	546	0
Fines and Forfeitures	140,086	0	0	940	0
Intergovernmental	934,732	2,625	1,059,391	87,860	0
Special Assessments	0	0	0	0	0
Interest	107,032	0	2,340	0	0
Contributions and Donations	3,521	0	0	500	0
Rentals	10,750	0	0	0	0
Miscellaneous	34,062	3,344	3,541	29,046	0
<i>Total Revenues</i>	<u>13,587,503</u>	<u>5,026,947</u>	<u>2,285,583</u>	<u>2,514,710</u>	<u>518,421</u>
<b>Expenditures</b>					
Current:					
General Government	3,715,192	0	0	0	20,000
Security of Persons and Property	0	4,699,979	0	5,314,291	0
Transportation	0	0	2,513,746	0	0
Community Environment	2,019,036	0	0	0	0
Leisure Time Activities	19,407	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	23,040	0	140,000	0	948,397
Interest and Fiscal Charges	2,538	0	40,375	0	1,071,421
Bond Issuance Costs	0	0	0	0	295,316
<i>Total Expenditures</i>	<u>5,779,213</u>	<u>4,699,979</u>	<u>2,694,121</u>	<u>5,314,291</u>	<u>2,335,134</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,808,290</u>	<u>326,968</u>	<u>(408,538)</u>	<u>(2,799,581)</u>	<u>(1,816,713)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	540,000	0	0	0	0
Refunding Bonds Issued	0	0	0	0	26,834,600
Premium on Refunding Bonds Issued	0	0	0	0	1,575,047
General Obligation Notes Issued	0	0	0	0	0
Premium on General Obligation Notes Issued	0	0	0	0	93,692
OPWC Loans Issued	0	0	0	0	0
Inception of Capital Lease	117,535	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	(28,106,714)
Transfers In	0	0	325,000	3,350,000	1,450,000
Transfers Out	(7,210,262)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(6,552,727)</u>	<u>0</u>	<u>325,000</u>	<u>3,350,000</u>	<u>1,846,625</u>
<i>Net Change in Fund Balances</i>	1,255,563	326,968	(83,538)	550,419	29,912
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>5,018,009</u>	<u>1,256,743</u>	<u>666,230</u>	<u>482,535</u>	<u>153,061</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$6,273,572</u>	<u>\$1,583,711</u>	<u>\$582,692</u>	<u>\$1,032,954</u>	<u>\$182,973</u>

(continued)

**City of Avon, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds (continued)*  
*For the Year Ended December 31, 2016*

	Special Assessment Bond Retirement	Municipal Swimming Pool	Road and Bridges	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$0	\$865,004	\$4,412,562
Payments in Lieu of Taxes	0	0	0	1,156,913	1,156,913
Municipal Income Taxes	0	0	0	2,455,932	17,848,810
Charges for Services	0	0	0	728,208	2,168,666
Licenses and Permits	0	0	0	301,548	1,434,048
Fines and Forfeitures	0	0	0	4,224	145,250
Intergovernmental	0	0	611,850	551,033	3,247,491
Special Assessments	798,590	0	0	0	798,590
Interest	0	0	23,236	3,245	135,853
Contributions and Donations	0	0	0	32,829	36,850
Rentals	0	0	0	438,205	448,955
Miscellaneous	0	0	37,954	58,330	166,277
<i>Total Revenues</i>	<u>798,590</u>	<u>0</u>	<u>673,040</u>	<u>6,595,471</u>	<u>32,000,265</u>
<b>Expenditures</b>					
Current:					
General Government	45,174	0	0	0	3,780,366
Security of Persons and Property	0	0	0	1,704	10,015,974
Transportation	0	0	0	446,317	2,960,063
Community Environment	0	0	0	136,932	2,155,968
Leisure Time Activities	0	0	0	1,283,129	1,302,536
Capital Outlay	0	83,783	11,544,693	4,210,309	15,838,785
Debt Service:					
Principal Retirement	359,843	0	0	1,440,861	2,912,141
Interest and Fiscal Charges	339,586	99,089	57,142	943,552	2,553,703
Bond Issuance Costs	0	0	0	0	295,316
<i>Total Expenditures</i>	<u>744,603</u>	<u>182,872</u>	<u>11,601,835</u>	<u>8,462,804</u>	<u>41,814,852</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>53,987</u>	<u>(182,872)</u>	<u>(10,928,795)</u>	<u>(1,867,333)</u>	<u>(9,814,587)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	0	0	0	295,925	835,925
Refunding Bonds Issued	0	0	0	0	26,834,600
Premium on Refunding Bonds Issued	0	0	0	0	1,575,047
General Obligation Notes Issued	0	0	3,255,000	1,820,000	5,075,000
Premium on General Obligation Notes Issued	0	0	0	0	93,692
OPWC Loans Issued	0	0	57,414	0	57,414
Inception of Capital Lease	0	0	0	0	117,535
Payment to Refunded Bond Escrow Agent	0	0	0	0	(28,106,714)
Transfers In	0	602,000	1,740,262	770,000	8,237,262
Transfers Out	0	0	(60,000)	(967,000)	(8,237,262)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>602,000</u>	<u>4,992,676</u>	<u>1,918,925</u>	<u>6,482,499</u>
<i>Net Change in Fund Balances</i>	53,987	419,128	(5,936,119)	51,592	(3,332,088)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>349,446</u>	<u>(5,309,748)</u>	<u>64,614</u>	<u>(16,583)</u>	<u>2,664,307</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$403,433</u>	<u>(\$4,890,620)</u>	<u>(\$5,871,505)</u>	<u>\$35,009</u>	<u>(\$667,781)</u>

See accompanying notes to the basic financial statements



**City of Avon, 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, 2016*

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**Net Change in Fund Balances - Total Governmental Funds** (\$3,332,088)

*Amounts reported for governmental activities in the statements of activities are different because*

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

Capital Asset Additions:			
Capital Outlays	\$14,844,731		
Capital Contributions	2,749,011		
Current Year Depreciation	<u>(5,605,163)</u>		
Total			11,988,579

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. (2,368,387)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	(29,796)		
Delinquent Payments in Lieu of Taxes	(7,910)		
Municipal Income Taxes	(25,211)		
Intergovernmental	959,445		
Special Assessments	<u>(359,843)</u>		
Total			536,685

Other financing sources in the governmental funds increase long-term liabilities in the statement of net position:

Refunding Bonds Issued	(26,834,600)		
Premium on Refunding Bonds Issued	(1,575,047)		
General Obligation Notes Issued	(5,075,000)		
Premium on General Obligation Notes Issued	(93,692)		
OPWC Loans Issued	(57,414)		
Inception of Capital Lease	<u>(117,535)</u>		
Total			(33,753,288)

Repayment of bond, note and loan principal and payment to refunded bond escrow agent are expenditures in the governmental funds, but the repayments reduce the long-term liabilities in the statement of net position:

Bond, Note and Loan Principal	2,912,141		
Payment to Refunded Bond Escrow Agent	<u>28,106,714</u>		
Total			31,018,855

In the statement of activities, interest is accrued on outstanding bonds and deferred charges and bond premiums are amortized over the term of the bonds, whereas in governmental funds, an expenditure is reported when bonds are issued:

Accrued Interest	(16,283)		
Amortization of Loss on Refunding	(146,363)		
Amortization of Bond Premium	<u>150,627</u>		
Total			(12,019)

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, such as compensated absences. (37,279)

Contractually required contributions are reported as expenditures in governmental fund however, the statement of net position reports these amounts as deferred outflows. 1,725,370

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (3,185,059)

*Change in Net Position of Governmental Activities* \$2,581,369

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Property Taxes	\$1,412,186	\$1,672,015	\$1,672,015	\$0
Municipal Income Taxes	7,435,655	8,803,743	8,803,743	0
Charges for Services	318,289	376,851	376,851	0
Licenses and Permits	911,538	1,079,252	1,131,954	52,702
Fines and Forfeitures	144,216	170,750	140,086	(30,664)
Intergovernmental	698,978	827,583	710,824	(116,759)
Interest	77,275	91,493	91,493	0
Contributions and Donations	4,155	3,521	3,521	0
Rentals	12,379	10,490	10,750	260
Miscellaneous	11,585	12,163	12,412	249
<i>Total Revenues</i>	11,026,256	13,047,861	12,953,649	(94,212)
<b>Expenditures</b>				
Current:				
General Government	3,414,875	4,295,733	3,637,096	658,637
Community Environment	1,904,118	2,321,976	2,029,800	292,176
Leisure Time Activities	25,482	26,274	19,371	6,903
<i>Total Expenditures</i>	5,344,475	6,643,983	5,686,267	957,716
<i>Excess of Revenues Over Expenditures</i>	5,681,781	6,403,878	7,267,382	863,504
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	40,000	40,000	40,000	0
Transfers In	9,856,650	9,856,650	9,246,650	(610,000)
Transfers Out	(17,345,262)	(17,345,262)	(16,435,262)	910,000
<i>Total Other Financing Sources (Uses)</i>	(7,448,612)	(7,448,612)	(7,148,612)	300,000
<i>Net Change in Fund Balance</i>	(1,766,831)	(1,044,734)	118,770	1,163,504
<i>Fund Balance Beginning of Year</i>	2,326,963	2,326,963	2,326,963	0
Prior Year Encumbrances Appropriated	62,360	62,360	62,360	0
<i>Fund Balance End of Year</i>	\$622,492	\$1,344,589	\$2,508,093	\$1,163,504

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Department Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Municipal Income Taxes	\$3,986,748	\$4,315,305	\$4,315,305	\$0
Charges for Services	504,154	545,703	545,703	0
Intergovernmental	2,425	2,625	2,625	0
Miscellaneous	2,947	3,190	3,344	154
<i>Total Revenues</i>	4,496,274	4,866,823	4,866,977	154
<b>Expenditures</b>				
Current:				
Security of Persons and Property	5,110,822	5,107,266	4,768,454	338,812
<i>Net Change in Fund Balance</i>	(614,548)	(240,443)	98,523	338,966
<i>Fund Balance Beginning of Year</i>	842,722	842,722	842,722	0
Prior Year Encumbrances Appropriated	38,371	38,371	38,371	0
<i>Fund Balance End of Year</i>	<u>\$266,545</u>	<u>\$640,650</u>	<u>\$979,616</u>	<u>\$338,966</u>

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Property Taxes	\$1,167,398	\$1,220,311	\$1,220,311	\$0
Intergovernmental	973,845	1,017,985	1,051,571	33,586
Interest	1,875	1,960	1,960	0
Miscellaneous	3,387	3,541	3,541	0
<i>Total Revenues</i>	<u>2,146,505</u>	<u>2,243,797</u>	<u>2,277,383</u>	<u>33,586</u>
<b>Expenditures</b>				
Current:				
Transportation	2,972,563	3,084,670	2,770,069	314,601
Debt Service:				
Principal Retirement	140,000	140,000	140,000	0
Interest and Fiscal Charges	40,379	40,379	40,375	4
<i>Total Expenditures</i>	<u>3,152,942</u>	<u>3,265,049</u>	<u>2,950,444</u>	<u>314,605</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,006,437)</u>	<u>(1,021,252)</u>	<u>(673,061)</u>	<u>348,191</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	675,000	675,000	350,000	(325,000)
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>650,000</u>	<u>650,000</u>	<u>325,000</u>	<u>(325,000)</u>
<i>Net Change in Fund Balance</i>	<u>(356,437)</u>	<u>(371,252)</u>	<u>(348,061)</u>	<u>23,191</u>
<i>Fund Balance Beginning of Year</i>	404,422	404,422	404,422	0
Prior Year Encumbrances Appropriated	94,547	94,547	94,547	0
<i>Fund Balance End of Year</i>	<u>\$142,532</u>	<u>\$127,717</u>	<u>\$150,908</u>	<u>\$23,191</u>

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues</b>				
Property Taxes	\$634,328	\$655,232	\$655,232	\$0
Municipal Income Taxes	1,624,636	1,678,174	1,678,174	0
Licenses and Permits	529	546	546	0
Fines and Forfeitures	910	940	940	0
Intergovernmental	85,057	87,860	87,860	0
Contributions and Donations	484	500	500	0
Miscellaneous	21,433	22,139	29,046	6,907
<i>Total Revenues</i>	2,367,377	2,445,391	2,452,298	6,907
<b>Expenditures</b>				
Current:				
Security of Persons and Property	6,236,752	6,236,752	5,549,325	687,427
<i>Excess of Revenues Under Expenditures</i>	(3,869,375)	(3,791,361)	(3,097,027)	694,334
<b>Other Financing Sources</b>				
Transfers In	3,850,000	3,850,000	3,350,000	(500,000)
<i>Net Change in Fund Balance</i>	(19,375)	58,639	252,973	194,334
<i>Fund Balance Beginning of Year</i>	401,406	401,406	401,406	0
Prior Year Encumbrances Appropriated	55,142	55,142	55,142	0
<i>Fund Balance End of Year</i>	<u>\$437,173</u>	<u>\$515,187</u>	<u>\$709,521</u>	<u>\$194,334</u>

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2016*

	Business-Type Activities		
	Water	Sewer	Total
<b>Assets</b>			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$4,842,262	\$3,507,749	\$8,350,011
Accrued Interest Receivable	4,901	77,783	82,684
Materials and Supplies Inventory	353,762	44,077	397,839
Accounts Receivable	277,153	369,242	646,395
Prepaid Items	4,500	4,500	9,000
Special Assessments Receivable	294,762	858,532	1,153,294
<i>Total Current Assets</i>	<u>5,777,340</u>	<u>4,861,883</u>	<u>10,639,223</u>
<i>Noncurrent Assets</i>			
Non-Depreciable Capital Assets	7,774,383	1,697,957	9,472,340
Depreciable Capital Assets, Net	13,369,577	20,259,172	33,628,749
<i>Total Noncurrent Assets</i>	<u>21,143,960</u>	<u>21,957,129</u>	<u>43,101,089</u>
<i>Total Assets</i>	<u>26,921,300</u>	<u>26,819,012</u>	<u>53,740,312</u>
<b>Deferred Outflows of Resources</b>			
Pension	228,243	342,435	570,678
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Accounts Payable	21,915	9,541	31,456
Contracts Payable	144,663	125,206	269,869
Accrued Wages and Benefits	17,458	15,799	33,257
Intergovernmental Payable	8,769	674,423	683,192
Retainage Payable	365,915	84,614	450,529
Interfund Payable	144,000	0	144,000
Compensated Absences Payable	3,706	3,706	7,412
Accrued Interest Payable	104,746	92,067	196,813
Avon Lake Intergovernmental Payable	26,481	0	26,481
Notes Payable	1,700,000	0	1,700,000
Capital Lease Payable	0	48,101	48,101
Bonds Payable	16,067	47,768	63,835
<i>Total Current Liabilities</i>	<u>2,553,720</u>	<u>1,101,225</u>	<u>3,654,945</u>
<i>Long-Term Liabilities (net of current portion)</i>			
Compensated Absences Payable	60,248	60,248	120,496
Avon Lake Intergovernmental Payable	309,471	0	309,471
Notes Payable	7,750,000	1,500,000	9,250,000
Capital Lease Payable	0	107,979	107,979
Bonds Payable	1,548,759	3,123,657	4,672,416
Net Pension Liability	541,629	677,037	1,218,666
<i>Total Long-Term Liabilities</i>	<u>10,210,107</u>	<u>5,468,921</u>	<u>15,679,028</u>
<i>Total Liabilities</i>	<u>12,763,827</u>	<u>6,570,146</u>	<u>19,333,973</u>
<b>Deferred Inflows of Resources</b>			
Pension	10,466	13,081	23,547
<b>Net Position</b>			
Net Investment in Capital Assets	10,333,172	16,992,397	27,325,569
Unrestricted	4,042,078	3,585,823	7,627,901
<i>Total Net Position</i>	<u>\$14,375,250</u>	<u>\$20,578,220</u>	<u>\$34,953,470</u>

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Revenues, Expenses  
and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2016*

	Business-Type Activities		
	Water	Sewer	Total
<b>Operating Revenues</b>			
Charges for Services	\$4,721,224	\$4,160,768	\$8,881,992
Other	90,328	81,289	171,617
<i>Total Operating Revenues</i>	<u>4,811,552</u>	<u>4,242,057</u>	<u>9,053,609</u>
<b>Operating Expenses</b>			
Personal Services	597,622	599,486	1,197,108
Materials and Supplies	1,293,864	1,004,396	2,298,260
Contractual Services	187,294	791,019	978,313
Other	17,682	13,412	31,094
Depreciation and Amortization	700,663	879,328	1,579,991
<i>Total Operating Expenses</i>	<u>2,797,125</u>	<u>3,287,641</u>	<u>6,084,766</u>
<i>Operating Income</i>	<u>2,014,427</u>	<u>954,416</u>	<u>2,968,843</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest	9,974	0	9,974
Interest and Fiscal Charges	(180,981)	(95,496)	(276,477)
Bond Issuance Costs	(20,400)	(6,996)	(27,396)
Loss on Disposal of Capital Assets	(508)	(508)	(1,016)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(191,915)</u>	<u>(103,000)</u>	<u>(294,915)</u>
<i>Income Before Contributions</i>	1,822,512	851,416	2,673,928
Capital Contributions	0	590,677	590,677
<i>Change in Net Position</i>	1,822,512	1,442,093	3,264,605
<i>Net Position Beginning of Year</i>	<u>12,552,738</u>	<u>19,136,127</u>	<u>31,688,865</u>
<i>Net Position End of Year</i>	<u>\$14,375,250</u>	<u>\$20,578,220</u>	<u>\$34,953,470</u>

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
*For the Year Ended December 31, 2016*

	Business-Type Activities		
	Water	Sewer	Totals
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$4,733,769	\$4,113,582	\$8,847,351
Other Operating Revenues	90,328	81,289	171,617
Cash Payments for Employee Services and Benefits	(561,838)	(540,475)	(1,102,313)
Cash Payments to Suppliers for Materials and Supplies	(1,349,381)	(1,026,559)	(2,375,940)
Cash Payments for Contractual Services	(320,875)	(216,100)	(536,975)
Other Operating Expenses	(17,682)	(13,412)	(31,094)
<i>Net Cash Provided by Operating Activities</i>	<u>2,574,321</u>	<u>2,398,325</u>	<u>4,972,646</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In	0	270,900	270,900
Transfers Out	0	(270,900)	(270,900)
<i>Net Cash from Noncapital Financing Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	(3,029,603)	(2,415,695)	(5,445,298)
Bond Anticipation Notes Issued	9,450,000	1,500,000	10,950,000
Principal Paid on General Obligation Bonds	(10,725)	(32,820)	(43,545)
Principal Paid on Special Assessment Bonds	(1,811)	(5,326)	(7,137)
Principal Paid on Intangible Asset	(25,060)	0	(25,060)
Principal Paid on Notes	(10,800,000)	(1,500,000)	(12,300,000)
Principal Paid on Capital Lease	0	(46,768)	(46,768)
Interest Paid on General Obligation Bonds	(39,920)	(50,270)	(90,190)
Interest Paid on Special Assessment Bonds	(9,663)	(28,418)	(38,081)
Interest Paid on Intangible Asset	(20,528)	0	(20,528)
Interest Paid on Notes	(107,659)	(14,917)	(122,576)
Interest Paid on Capital Lease	0	(5,781)	(5,781)
Payment on Manuscript Bonds	(9,000)	0	(9,000)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(4,603,969)</u>	<u>(2,599,995)</u>	<u>(7,203,964)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	5,073	0	5,073
Net Decrease in Cash and Cash Equivalents	(2,024,575)	(201,670)	(2,226,245)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>6,866,837</u>	<u>3,709,419</u>	<u>10,576,256</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,842,262</u>	<u>\$3,507,749</u>	<u>\$8,350,011</u>

See accompanying notes to the basic financial statements

(continued)



**City of Avon, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2016

	Business-Type Activities		
	Water	Sewer	Totals
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$2,014,427	\$954,416	\$2,968,843
<i>Adjustments:</i>			
Depreciation and Amortization	700,663	879,328	1,579,991
(Increase) Decrease in Assets:			
Materials and Supplies Inventory	(49,432)	(3,776)	(53,208)
Accounts Receivable	12,545	(47,186)	(34,641)
Prepaid Items	(1,250)	(1,663)	(2,913)
Decrease in Deferred Outflows - Pension	45,380	72,166	117,546
Increase (Decrease) in Liabilities:			
Accounts Payable	(10,092)	(17,675)	(27,767)
Contracts Payable	(128,038)	27,462	(100,576)
Accrued Wages and Benefits	4,637	3,047	7,684
Intergovernmental Payable	(4,577)	545,104	540,527
Compensated Absences Payable	1,876	1,876	3,752
Net Pension Liability	(5,580)	(6,974)	(12,554)
Decrease in Deferred Inflows - Pension	(6,238)	(7,800)	(14,038)
<i>Total Adjustments</i>	559,894	1,443,909	2,003,803
<i>Net Cash Provided by Operating Activities</i>	<u>\$2,574,321</u>	<u>\$2,398,325</u>	<u>\$4,972,646</u>

**Noncash Capital Financing Activities**

During 2016, the sewer enterprise fund received sewer lines from developers valued at \$590,677.

At December 31, 2015, the City had contracts payable and retainage payable related to the acquisition of capital assets of \$167,514 and \$281,301, respectively, in the water fund.

At December 31, 2016, the City had accounts payable, contracts payable and retainage payable related to the acquisition of capital assets of \$6,140, \$73,226, and \$365,915, respectively, in the water fund.

At December 31, 2016, the City had accounts payable, contracts payable and retainage payable related to the acquisition of capital assets of \$6,024, \$46,589, and \$84,614, respectively, in the sewer fund.

During 2016, the sewer enterprise fund refunded a portion of the 2008 Various Purpose Bonds. The \$183,400 proceeds were deposited immediately into an irrevocable trust for the defeasance of \$183,400 of outstanding principal.

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2016*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,191,053</u>
<b>Liabilities</b>	
Deposits Held and Due to Others	<u>\$3,191,053</u>

See accompanying notes to the basic financial statements

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Description of City and Reporting Entity**

The City of Avon (the “City”) is a municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws. Avon was incorporated as a village in 1917 and made a city in May 1961. The City operates under its own charter and is governed by the mayor-council form of government.

The Mayor is the City's chief executive officer and is elected to a four-year term. The Mayor supervises the administration of all departments and appoints department heads and public members of administrative boards, upon confirmation by Council. The chief conservator of the peace, he/she oversees the enforcement of all laws and ordinances and presides over the Mayor's Court. He/She also executes all contracts, conveyances, and evidences of indebtedness of the City.

Legislative authority is vested in a seven-member council with four members elected from wards and three elected at large. The four ward council members select an at-large council member to serve as Council President. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes. During the 2012 General Election, City of Avon voters changed the terms of Council from two years to four years. To enact this change, the four Ward representatives were elected to serve four year terms in 2013, effective in 2014 and going forward. The three At-Large representatives were elected to serve four year terms in 2015, effective in 2016 and going forward.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police protection, firefighting and prevention, street maintenance and repairs, building inspection, parks and recreation, water and sewer.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that 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. The City has no component units.

The City is associated with the Lorain County General Health District and the Northeast Ohio Public Energy Council, both jointly governed organizations, as presented in Note 16.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 – Summary of Significant Accounting Policies**

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting 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 activities.

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

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

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

**Fire Department Fund** This fund is used to account for and report income taxes restricted for the cost of operating the City's fire department and Emergency Medical Services revenue.

**Street Construction, Maintenance and Repair Fund** This fund is used to account for and report property tax revenue and 92.5 percent of the State gasoline tax and motor vehicle registration fees restricted for street construction, maintenance and repair of dedicated streets within the City.

**Police Fund** This fund is used to account for and report restricted income taxes and property taxes levied to pay for the cost of operating the City's police department.

**General Obligation Bond Retirement Fund** This fund accounts for and reports transfers in and debt proceeds that are restricted for the repayment of general obligation debt.

**Special Assessment Bond Retirement Fund** This fund is used to account for and report the accumulation of restricted special assessments to pay principal and interest on special assessment debt.

**Municipal Swimming Pool Fund** This fund accounts for and reports restricted monies transfers and note proceeds for the design and architectural services for the construction of a municipal swimming pool.

**Road and Bridges Fund** This fund accounts for and reports assigned monies received from transfers in for the road and bridge improvements made during the year that include activities such as resurfacing and blacktop upgrades.

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. 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** This fund is used to account for revenues generated from charges for distribution of water to the residential and commercial users of the City and for the maintenance and construction of waterlines.

**Sewer Fund** This fund is used to account for revenues generated from charges for sanitary sewer services provided to the residential and commercial users of the City and for the maintenance and construction of sewer lines.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for contractor's deposits, taxes distributed to the Lorain Public Library, subdivision deposits, Avon Lake sanitary sewer trunk fees, monies due to other organizations/entities and Mayor's Court.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are presented using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities 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 present 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.

***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 recordings of deferred inflows/outflows 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 8). 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, fees and rentals.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, 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 include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 21.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue and pension. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance year 2017 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 delinquent property taxes, delinquent payments in lieu of taxes, municipal income taxes, intergovernmental grants, and special assessments. 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 Balance to Net Position of Governmental Activities found on page 22. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 21).

***Pensions***

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

***Expenditures/Expenses*** 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.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The 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 fund, department, object level for all funds.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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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 when final appropriations were passed by Council.

The appropriation resolution 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.

***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 the City's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

During 2016, investments were made in federal national mortgage association bonds, federal home loan bank bonds, federal home loan mortgage corporation bonds, and municipal securities. Investments are reported at fair value, which is based on quoted market prices.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2016 amounted to \$107,032, which includes \$92,158 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 materials and supplies held for consumption.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2016 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

***Restricted Assets***

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

***Capital Assets***

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



**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 years
Building and Improvements	50 years
Machinery and Equipment	3 - 20 years
Vehicles	5 - 15 years
Infrastructure	10 - 50 years
Waterline Rights	50 years

The City's infrastructure consists of park improvements (roads, paths, bridges, culverts, water and sewer lines within the park system), streets, bridges and culverts, traffic signals, storm sewers, and water and sewer lines and includes infrastructure acquired prior to December 31, 1980.

***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, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

***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.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Accrued Liabilities and Long-Term Obligations***

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

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

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance 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. It also includes the long-term amount of interfund loans.

***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 or enabling legislation (City ordinances).

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) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance or by State statute. City Council also assigned fund balance for City administration, engineering and traffic signalization.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit 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 the elements in a 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include recycling, highway maintenance, law enforcement, parks, recreation and community activities.

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

***Contributions of Capital***

Contributions of capital in the governmental activities and proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

***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.

***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 and other operating revenue for the water and sewer fund. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

***Bond Premium***

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 bonds payable. On governmental fund statements, bond premiums are receipted 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.

**Note 3 – Changes in Accounting Principles**

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 77, “Tax Abatement Disclosures,” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the City’s financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the City’s financial statements.

**City of Avon, Ohio**  
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*For the Year Ended December 31, 2016*

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GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

#### **Note 4 – Accountability and Compliance**

##### ***Accountability***

At December 31, 2016, the municipal swimming pool, road and bridges, recreation, park development and improvement, land purchases, municipal buildings, I-90 interchange, and stadium marquee funds had deficits of \$4,890,620, \$5,871,505, \$4,105, \$350,597, \$180,645, \$2,508,435, and \$29,142, respectively. The municipal swimming pool, park development and improvement, land purchases and municipal buildings fund deficits are due to the issuance of short-term Bond Anticipation Notes which are used to finance the projects until Bonds are issued. Once the Notes are retired or Bonds are issued, the deficit will be eliminated. The recreation fund deficit is due to accrued wages and intergovernmental payables. The deficit in the I-90 interchange fund is due to an interfund payable. The stadium marquee fund deficit is due to accounts payable. The general fund is liable for any deficits in these funds and provides transfers when cash is required, rather than when accruals occur.

##### ***Compliance***

Contrary to Ohio Revised Code Section 5705.39, the municipal swimming pool capital projects fund had final appropriations in excess of certified available resources of \$10,439.

Contrary to Ohio Revised Code Section 5705.41(B), the road and bridges capital projects fund had expenditures plus encumbrances in excess of final appropriations of \$499,797.

Contrary to Ohio Revised Code Section 5705.39, the recycling special revenue fund had original appropriations in excess of certified available resources of \$186.

Contrary to Ohio Revised Code Section 5705.39, the donations special revenue fund had original appropriations in excess of certified available resources of \$337.

Although the budgetary violations were not corrected by year end, management has indicated that these will be closely monitored to ensure no future violations.

#### **Note 5 – Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general and the major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
3. Investments are reported at cost (budget) rather than fair value (GAAP).
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
5. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

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

	Net Change in Fund Balance			
	General	Fire Department	Street Construction, Maintenance and Repair	Police
GAAP Basis	\$1,255,563	\$326,968	(\$83,538)	\$550,419
Net Adjustment for Revenue Accruals	7,963,723	(159,970)	16,800	(62,412)
Unrecorded Cash Beginning of Year	10,050	0	0	0
Unrecorded Cash End of Year	(8,650)	0	0	0
Beginning Fair Value Adjustment for Investments	(32,664)	0	0	0
Ending Fair Value Adjustment for Investments	62,802	0	0	0
Net Adjustment for Expenditure Accruals	(8,998,794)	(37,174)	1,506	(138,660)
Encumbrances	(133,260)	(31,301)	(282,829)	(96,374)
Budget Basis	<u>\$118,770</u>	<u>\$98,523</u>	<u>(\$348,061)</u>	<u>\$252,973</u>

**Note 6 – Deposits and Investments**

The City is a charter City and has adopted an investment policy through City Ordinance. The City 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 necessary to meet current demands on the City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

Interim monies held by the City can be deposited or invested in the following securities:

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

The City may also invest 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.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Deposits**

**Custodial credit risk** is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of City funds shall be required to pledge security for repayment of all public monies. The City has no investment policy dealing with deposit custodial risk beyond the requirement in State statute that requires securities purchased pursuant to this division shall be delivered into the custody of the Finance Director or an agent designated by the Finance Director.

At year-end, the carrying amount of the City's deposits was \$13,887,570 and the bank balance was \$14,239,975. Of the uninsured bank balance of \$12,431,983, all was collateralized with securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

Investments are reported at fair value. As of December 31, 2016, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level 2 Inputs:				
Federal National Mortgage Association Bonds	\$1,981,340	Less than five years	AA+	20.49 %
Federal Home Loan Bank Bonds	984,450	Less than five years	AA+	10.18
Federal Home Loan Mortgage Corporation Bonds	999,290	Less than one year	AA+	10.34
Municipal Securities	<u>5,704,158</u>	Less than one year	N/A	<u>58.99</u>
Total Investments	<u>\$9,669,238</u>			<u>100.00 %</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the City's recurring fair value measurements as of December 31, 2016. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** Federal National Mortgage Association Bonds, Federal Home Loan Bank Bonds, and Federal Home Loan Mortgage Corporation Bonds all carry a rating of AA+ by Standard & Poor's. The municipal securities are unrated. The City has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** The City limits investments in agencies to one-third of the total assets within the investment portfolio.



**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 7 – 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	Fire Department	Street Construction, Maintenance and Repair	Police	General Obligation Bond Retirement
<u><b>Nonspendable:</b></u>					
Inventory	\$0	\$1,349	\$125,066	\$161,879	\$0
Prepays	44,129	20,000	7,000	25,000	0
Interfund Loans	135,000	0	0	0	0
Unclaimed Funds	11,832	0	0	0	0
<i>Total Nonspendable</i>	<u>190,961</u>	<u>21,349</u>	<u>132,066</u>	<u>186,879</u>	<u>0</u>
<u><b>Restricted for:</b></u>					
Fire Department	0	1,562,362	0	0	0
Street Maintenance	0	0	424,437	0	0
Police	0	0	0	846,075	0
Debt Retirement	0	0	0	0	182,973
Recycling	0	0	0	0	0
Mayor's Court	0	0	0	0	0
Park Operating	0	0	0	0	0
Equipment	0	0	0	0	0
<i>Total Restricted</i>	<u>0</u>	<u>1,562,362</u>	<u>424,437</u>	<u>846,075</u>	<u>182,973</u>
<u><b>Committed to:</b></u>					
Street Maintenance	0	0	0	0	0
Recreation	0	0	0	0	0
Stadium Marquee	0	0	0	0	0
K-9 and Memorial Programs	0	0	0	0	0
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u><b>Assigned to:</b></u>					
City Administration	70,778	0	0	0	0
Engineering	14,115	0	0	0	0
Traffic Signalization	27,195	0	0	0	0
Street Maintenance	0	0	26,189	0	0
Storm Water and Storm Sewer	0	0	0	0	0
Capital Improvements	0	0	0	0	0
French Creek Restoration	0	0	0	0	0
Sidewalk and Roads Programs	0	0	0	0	0
<i>Total Assigned</i>	<u>112,088</u>	<u>0</u>	<u>26,189</u>	<u>0</u>	<u>0</u>
Unassigned (Deficit)	<u>5,970,523</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Fund Balances (Deficit)</b>	<u><u>\$6,273,572</u></u>	<u><u>\$1,583,711</u></u>	<u><u>\$582,692</u></u>	<u><u>\$1,032,954</u></u>	<u><u>\$182,973</u></u>

(continued)

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
For the Year Ended December 31, 2016

Fund Balances	Special Assessment Bond Retirement	Municipal Swimming Pool	Roads and Bridges	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Inventory	\$0	\$0	\$0	\$0	\$288,294
Prepays	0	0	0	5,500	101,629
Interfund Loans	0	0	0	0	135,000
Unclaimed Funds	0	0	0	0	11,832
<i>Total Nonspendable</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,500</u>	<u>536,755</u>
<u>Restricted for:</u>					
Fire Department	0	0	0	0	1,562,362
Street Maintenance	0	0	0	165,170	589,607
Police	0	0	0	0	846,075
Debt Retirement	403,433	0	0	73,952	660,358
Recycling	0	0	0	9,028	9,028
Mayor's Court	0	0	0	80,056	80,056
Park Operating	0	0	0	424,038	424,038
Equipment	0	0	0	832,000	832,000
<i>Total Restricted</i>	<u>403,433</u>	<u>0</u>	<u>0</u>	<u>1,584,244</u>	<u>5,003,524</u>
<u>Committed to:</u>					
Street Maintenance	0	0	0	16	16
Recreation	0	0	0	892,525	892,525
Stadium Marquee	0	0	0	6,275	6,275
K-9 and Memorial Programs	0	0	0	15,709	15,709
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>914,525</u>	<u>914,525</u>
<u>Assigned to:</u>					
City Administration	0	0	0	0	70,778
Engineering	0	0	0	0	14,115
Traffic Signalization	0	0	0	0	27,195
Street Maintenance	0	0	0	0	26,189
Storm Water and Storm Sewer	0	0	0	390,453	390,453
Capital Improvements	0	0	0	195,374	195,374
French Creek Restoration	0	0	0	4,120	4,120
Sidewalk and Roads Programs	0	0	0	14,217	14,217
<i>Total Assigned</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>604,164</u>	<u>742,441</u>
Unassigned (Deficit)	<u>0</u>	<u>(4,890,620)</u>	<u>(5,871,505)</u>	<u>(3,073,424)</u>	<u>(7,865,026)</u>
<b>Total Fund Balances (Deficit)</b>	<u><u>\$403,433</u></u>	<u><u>(\$4,890,620)</u></u>	<u><u>(\$5,871,505)</u></u>	<u><u>\$35,009</u></u>	<u><u>(\$667,781)</u></u>

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 8 – Receivables**

Receivables at December 31, 2016, consisted primarily of municipal income taxes, property taxes, payments in lieu of taxes, special assessments, intergovernmental receivables arising from entitlements and shared revenues and accounts (billings for user charged services and court fines).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except for special assessments and 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.

Special assessments expected to be collected in more than one year amount to \$7,411,532 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding at year-end is \$9,140.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$9.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

Real Property	Assessed Values
Residential/Agricultural	\$633,809,990
Commercial Industrial/Public Utility	168,060,590
Public Utility Property	14,083,250
Total Valuation	<u>\$815,953,830</u>

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources-property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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***Income Tax***

The City levies a municipal income tax of one-and-three-quarters percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as on incomes of residents earned outside of the City. In the latter case, the City allows a credit of one-and-one-half percent of the taxable income earned in or attributable to the municipality of employment or business activity. One percent is levied for general purposes, one half percent is restricted for safety forces operations, and one-quarter percent is used for parks and recreation, including the construction of a recreational complex in 2009 and 2010.

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

The Regional Income Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 2.7 percent. Income tax proceeds are received by the general fund, the fire department, the police, and the park operating special revenue funds, and the recreation complex capital projects fund.

***Payments in Lieu of Taxes Receivables***

According to State law, the City has established several tax incremental financing districts within the City under which the City has granted property tax exemptions and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if the property had not been declared exempt. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvements have been paid or the agreement expires, whichever occurs first. Future development by these owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners.

***Intergovernmental Receivables***

A summary of the governmental activities principal items of intergovernmental receivables follows:

Receivable	Amount
ODOT Highway Grant	\$930,379
Gasoline Tax	396,135
Homestead and Rollback	268,981
Lorain County Transportation Improvement Grant	250,000
ODOT Jobs and Commerce Grant	150,000
Local Government	97,262
Motor Vehicle Registration	90,854
Permissive Tax	60,898
Ohio Facilities Construction Commission Grant	37,222
Total	\$2,281,731

***Loan Receivable***

During 2016, the City purchased land for development, as it was later determined to be undevelopable and was sold to the Lorain County Metropolitan Park District. The City received \$335,925 in proceeds from the sale in 2016 and will receive an additional \$500,000 that will be paid off in \$50,000 increments over the next ten years by the Lorain County Metropolitan Park District.

**City of Avon, Ohio**  
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*For the Year Ended December 31, 2016*

**Note 9 – Tax Abatements**

The City negotiates tax abatement agreements on an individual basis. The City may grant tax abatements only in designated Enterprise Zones or Community Re-investment Act zones. To date, all of the tax abatement agreements the City has granted have been under the Enterprise Zone Authority. The City has tax abatement agreements with four entities as of December 31, 2016:

<u>Company</u>	<u>Purpose</u>	<u>Percentage Abated During the Year</u>	<u>Amount Abated During the Year</u>
Shurtech Brands	Plant Expansion	75 %	\$100,563
Flavorseal, LLC	Plant Expansion	70	97,615
L&W Engineering	Plant Expansion	75	49,054
Jenne Distributors	Plant Expansion	75	40,219
Custom Culinary, Incorporated	Plant Expansion	50	23,540
Total			<u><u>\$310,991</u></u>

Each agreement was negotiated under Ohio Revised Code Sections 5709.62 and 5709.63, allowing localities to abate property taxes for a variety of economic development purposes, including business relocation, retention and expansion. Each of the tax abatement agreements currently in place in the City requires the company to increase employment, both in terms of new jobs created and incremental payroll dollars. The agreements further require investment in both real and personal property by the company.

Abatements are obtained through application by the property owner, including proof that the improvements have been made. The percentage abated is identified above and is applied to the additional property tax resulting from the increase in assessed value as a result of the improvement. The amount of the abatement is deducted from the recipient's tax bill.

**Note 10 – Contingencies**

***Grants***

The City received financial assistance from the Ohio Department of Transportation and Ohio Public Works Commission in the form of grants. The disbursements of funds received under these programs generally require 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 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.

***Litigation***

The City is not currently a party to any legal proceedings which management estimates would have a material impact on the financial statements.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 11 – Risk Management**

***Property and Liability***

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 2016, the City negotiated with Custis Insurance Company for commercial insurance coverage relating to general liability, police professional, public officials, employment practices liability, property, fire, auto and employee bonds and public official bonds.

This coverage includes a \$1,000,000/\$3,000,000 general liability policy, a \$1,000,000/\$3,000,000 employee benefits liability coverage policy, a \$1,000,000 public officials liability coverage policy, a \$1,000,000 employment practices liability, a \$500,000 crime coverage policy, a \$500,000 EDP policy, a \$66,754,997 blanket building and contents policy, inland marine coverage of \$4,438,160 all with \$1,000 deductibles, a \$1,000,000 vehicle policy and a \$9,000,000 excess umbrella policy.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

***Workers' Compensation***

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

***Employee Insurance Benefits***

Prior to January 1, 2014, the City participated in the Lorain County Health Care Program, which is a shared risk pool that provided insurance benefits for the employees of the City. Effective January 1, 2016, the City was fully insured with Medical Mutual of Ohio for medical and prescription drugs and with Delta Dental and Anthem Vision. Employees who choose to enroll are enrolled in all three plans. Enrolled individuals pay monthly premiums of \$141.68 for single coverage and \$381.76 for family coverage.

**Note 12 – Compensated Absences**

The criteria for determining the vacation and sick leave liabilities are derived from negotiated agreements and City ordinances. Full-time employees earn 10 to 25 vacation days per year, depending upon length of service. All employees other than police and fire department employees may carry over 80 hours into the following year. Police employees may carry over 80 hours and fire department employees may carry over 120 hours or five tours. In addition, police employees may carry over a maximum of 90 hours of compensatory time, fire department employees may accumulate and/or use a maximum of 120 hours of compensatory time per year and unused time can be carried over or paid up to 50 hours per year in June or December. Accumulated, unused vacation, compensatory time, and holidays are paid upon termination of employment.

All full-time employees of the City, excluding full-time fire employees, earn sick leave at the rate of 10 hours per month. Sick leave accumulation is unlimited. Full-time fire employees earn 13 hours of sick leave per month. Sick leave accumulation for fire employees is 2,400 hours maximum. Upon retirement, payment is made for one-half of total sick leave accumulation up to a maximum of 960 hours for all full-time employees, excluding full-time fire employees, who have a cap of 1,200 hours. To be eligible for retirement, the employee shall have worked full-time for the City at least ten years and shall have attained normal retirement age under the pension system.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
For the Year Ended December 31, 2016

For all employees, excluding full-time fire employees, accumulated sick leave in excess of 90 days may be converted to vacation leave at the rate of one sick leave day for one vacation day to a maximum of five days for a calendar year. Full-time fire employees who have accumulated more than 2,400 hours may convert up to 104 hours of sick leave to cash at the rate of two hours sick leave to one hour of pay to a maximum of 52 hours of pay per calendar year.

**Note 13 – Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
<b>Governmental Activities:</b>				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$5,951,955	\$2,356,346	(\$2,356,346)	\$5,951,955
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	1,154,861	202,561	0	1,357,422
Buildings and Improvements	50,382,408	308,058	0	50,690,466
Machinery and Equipment	3,778,935	531,350	0	4,310,285
Vehicles	4,981,535	801,341	(59,660)	5,723,216
Infrastructure:				
Park Improvements	1,158,693	0	0	1,158,693
Streets	65,979,767	9,300,502	0	75,280,269
Bridges and Culverts	3,067,691	79,700	0	3,147,391
Traffic Signals	4,842,871	1,326,839	0	6,169,710
Storm Sewer	26,780,177	1,519,751	0	28,299,928
Water Lines	4,916,390	1,167,294	0	6,083,684
<i>Total Capital Assets, Being Depreciated</i>	<u>167,043,328</u>	<u>15,237,396</u>	<u>(59,660)</u>	<u>182,221,064</u>
Less Accumulated Depreciation:				
Land Improvements	(788,821)	(75,436)	0	(864,257)
Buildings and Improvements	(7,158,896)	(1,072,724)	0	(8,231,620)
Machinery and Equipment	(1,747,087)	(361,867)	0	(2,108,954)
Vehicles	(3,020,539)	(454,790)	47,619	(3,427,710)
Infrastructure:				
Park Improvements	(498,719)	(38,624)	0	(537,343)
Streets	(36,814,952)	(2,397,739)	0	(39,212,691)
Bridges and Culverts	(699,107)	(88,787)	0	(787,894)
Traffic Signals	(1,682,068)	(295,745)	0	(1,977,813)
Storm Sewer	(7,253,586)	(681,950)	0	(7,935,536)
Water Lines	(636,445)	(137,501)	0	(773,946)
<i>Total Accumulated Depreciation</i>	<u>(60,300,220)</u>	<u>(5,605,163)*</u>	<u>47,619</u>	<u>(65,857,764)</u>
Total Capital Assets, Being Depreciated, Net	<u>106,743,108</u>	<u>9,632,233</u>	<u>(12,041)</u>	<u>116,363,300</u>
Governmental Activities Capital Assets, Net	<u>\$112,695,063</u>	<u>\$11,988,579</u>	<u>(\$2,368,387)</u>	<u>\$122,315,255</u>

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
For the Year Ended December 31, 2016

\* Depreciation expense was charged to governmental functions as follows:

General Government	\$776,298
Security of Persons and Property	648,743
Transportation	3,052,050
Community Environment	17,805
Basic Utility Services	819,451
Leisure Time Activities	<u>290,816</u>
Total Depreciation Expense	<u><u>\$5,605,163</u></u>

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
<b>Business-Type Activities:</b>				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$7,580	\$0	\$0	\$7,580
Construction in Progress	5,648,734	3,816,026	0	9,464,760
<i>Total Capital Assets Not Being Depreciated</i>	<u>5,656,314</u>	<u>3,816,026</u>	<u>0</u>	<u>9,472,340</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	123,496	0	0	123,496
Buildings and Improvements	1,728,816	0	0	1,728,816
Machinery and Equipment	401,598	100,909	(8,550)	493,957
Vehicles	682,978	0	(9,330)	673,648
Waterline Rights	2,024,462	0	0	2,024,462
Infrastructure:				
Water Lines	21,004,783	893,158	0	21,897,941
Sewer Lines	27,064,572	1,359,575	0	28,424,147
<i>Total Capital Assets, Being Depreciated</i>	<u>53,030,705</u>	<u>2,353,642</u>	<u>(17,880)</u>	<u>55,366,467</u>
Less Accumulated Depreciation:				
Land Improvements	(97,741)	(3,030)	0	(100,771)
Buildings and Improvements	(839,503)	(37,394)	0	(876,897)
Machinery and Equipment	(195,117)	(34,375)	8,550	(220,942)
Vehicles	(244,273)	(56,192)	8,314	(292,151)
Waterline Rights	(773,876)	(41,016)	0	(814,892)
Infrastructure:				
Water Lines	(8,820,840)	(598,902)	0	(9,419,742)
Sewer Lines	(9,203,241)	(809,082)	0	(10,012,323)
<i>Total Accumulated Depreciation</i>	<u>(20,174,591)</u>	<u>(1,579,991)</u>	<u>16,864</u>	<u>(21,737,718)</u>
Total Capital Assets, Being Depreciated, Net	<u>32,856,114</u>	<u>773,651</u>	<u>(1,016)</u>	<u>33,628,749</u>
Business-Type Activities Capital Assets, Net	<u><u>\$38,512,428</u></u>	<u><u>\$4,589,677</u></u>	<u><u>(\$1,016)</u></u>	<u><u>\$43,101,089</u></u>



**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

During 2016, the City received street improvements valued at \$1,205,104, storm sewer improvements valued at \$866,045, and water hydrants valued at \$677,862 from developers in governmental activities. The sewer enterprise fund received sewer lines from developers valued at \$590,677.

During 1994, the City acquired an intangible asset due to the agreement with the City of Avon Lake. Per this agreement, the City had the right to use the City of Avon Lake Waterline #1, which was jointly constructed, but is owned by the City of Avon Lake. The construction of the waterline was completed in 1996. The entire asset value was capitalized as of December 31, 1996.

During 2009, the City acquired an intangible asset due to the agreement with the City of Avon Lake. Per this agreement, the City had the right to use the City of Avon Lake Waterline #2, which was jointly constructed, but is owned by the City of Avon Lake. The construction of the waterline was completed in 2002. The entire asset value was capitalized as of December 31, 2002.

**Note 14 – Note Debt**

A summary of note transactions for the year ended December 31, 2016 follows:

	Balance 12/31/15	Additions	Deletions	Balance 12/31/16
<b>Governmental Activities:</b>				
Municipal Swimming Pool Fund	\$5,100,000	\$4,600,000	\$5,100,000	\$4,600,000
Road and Bridges Fund	0	7,000,000	0	7,000,000
Park Development and Improvement Fund	750,000	750,000	750,000	750,000
Municipal Buildings Fund	2,650,000	2,650,000	2,650,000	2,650,000
Land Purchases Fund	0	180,000	0	180,000
<i>Total Governmental Funds</i>	<u>\$8,500,000</u>	<u>\$15,180,000</u>	<u>\$8,500,000</u>	<u>\$15,180,000</u>
<b>Business-Type Activities:</b>				
Water Fund	<u>\$1,350,000</u>	<u>\$1,700,000</u>	<u>\$1,350,000</u>	<u>\$1,700,000</u>

During 2016, the City renewed \$8,000,000 in general obligation bond anticipation notes issued for the purpose of financing the municipal swimming pool, park, and municipal buildings projects. The notes mature on September 7, 2017 and carry an interest rate of 2 percent.

The \$7,000,000 outstanding notes payable in the road and bridges fund represents \$770,000 of the 1.25 percent 2016-1 Chester Road bond anticipation note and the \$6,230,000, 1.5 percent 2016-3 Chester Road bond anticipation notes issued for road widening. These notes mature on January 26, 2017.

The \$180,000 outstanding notes payable in the land purchases fund represents the portion of the 2016-1 Chester Road bond anticipation notes that will be paid within one year. These notes were issued for the purpose of widening a portion of Chester Road. The notes mature on January 26, 2017, and carry an interest rate of 1.25 percent.

The \$1,700,000 outstanding notes payable in the water fund represents the portion of the 2016 water system improvement notes that will be paid within one year. These notes were issued to help finance water system improvements. These notes mature on February 2, 2017, and carry an interest rate of 1.25 percent.

All notes are backed by the full faith and credit of the City and mature within one year. The note liability is reflected in the fund which received the proceeds and will repay the debt. The notes are generally issued in anticipation of long-term bond financing and refinanced until such bonds are issued. At December 31, 2016, the City had unspent proceeds of \$1,852,449 for governmental activities related to the notes.

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 15 – Long-Term Obligations**

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>Governmental Activities:</b>			
<i>General Obligation Bonds:</i>			
2006 Detroit Road Park Refunding	3.45-4.25 %	\$163,000	December 1, 2016
2006 Northgate Sewer Improvement Refunding	3.45-4.25	271,000	December 1, 2016
2006 New City Hall Refunding Bonds	3.45-4.25	626,000	December 1, 2017
2006 Schneider Court Improvements Bonds	3.45-4.25	111,132	December 1, 2026
2008 Various Purpose Bonds	3.00-5.25	6,910,000	December 1, 2027
2009A Various Purpose Bonds	4.573-5.784	4,190,000	December 1, 2023
2009B Various Purpose Bonds	2.00-5.00	28,700,000	December 1, 2038
2011 YMCA Bonds	2.00-4.50	5,760,000	December 1, 2031
2011 Refunding Bonds	1.50-4.00	604,477	December 1, 2021
2012A Various Purpose Bonds	1.00-3.625	2,448,725	December 1, 2037
2012B Various Purpose Bonds	1.00-3.50	6,591,667	December 1, 2037
2012C Refunding Bonds	2.00-4.00	2,535,000	December 1, 2024
2013 Various Purpose Bonds	3.00-5.25	8,735,028	December 1, 2038
2014 Nagel Road Interchange Bonds	1.00-4.00	5,235,000	December 1, 2039
2016 Refunding Bonds	2.00-4.00	26,834,600	December 1, 2038
<i>Special Assessment Bonds:</i>			
2006 Schneider Court Improvements Bonds	3.45-4.25	903,868	December 1, 2026
2011 Refunding Bonds	1.50-4.00	2,015,523	December 1, 2021
2012A Various Purpose Bonds	1.00-3.625	1,606,275	December 1, 2037
2012B Various Purpose Bonds	1.00-3.50	2,128,333	December 1, 2037
2013 Various Purpose Bonds	3.00-5.25	3,084,972	December 1, 2038
<i>Long-Term Notes:</i>			
2016-1 Chester Road Bond Anticipation Notes	1.25	3,050,000	January 26, 2017
2016-2 Chester Road Bond Anticipation Notes	1.50	2,025,000	January 26, 2017
<i>Ohio Public Works Commission Loans:</i>			
Center Road Extension	0.00	92,152	July 1, 2017
Jaycox Road/Center Improvements	0.00	145,194	January 1, 2029
Detroit Road Improvement - Phase I	0.00	97,167	July 1, 2037
Detroit Road Improvement - Phase II	0.00	32,423	January 1, 2038
Reigelsberger-Jaycox Bridge	0.00	125,000	January 1, 2036
Chester Road Relocation	0.00	46,428	Not Finalized
<b>Business-Type Activities:</b>			
<i>General Obligation Bonds:</i>			
2008 Various Purpose Bonds - Sewer	3.00-5.25	330,000	December 1, 2027
2012A Various Purpose Bonds - Water	1.00-3.625	863,981	December 1, 2037
2012A Various Purpose Bonds - Sewer	1.00-3.625	2,141,257	December 1, 2037
2012B Various Purpose Bonds - Water	1.00-3.50	425,000	December 1, 2037
2016 Refunding Bonds - Water	2.00-4.00	20,400	December 1, 2038
2016 Refunding Bonds - Sewer	2.00-4.00	190,000	December 1, 2038
<i>Special Assessment Bonds:</i>			
2012A Various Purpose Bonds - Water	1.00-3.625	297,864	December 1, 2037
2012A Various Purpose Bonds - Sewer	1.00-3.625	876,898	December 1, 2037
<i>Long-Term Notes:</i>			
2016 Water System Improvements - Water	1.25	6,250,000	February 2, 2017
2016-2 Water System Improvements - Water	0.85	1,500,000	February 2, 2017
2016-2 Water System Improvements - Sewer	0.85	1,500,000	February 2, 2017

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
For the Year Ended December 31, 2016

Changes in bonds and other long-term obligations of the City during 2016 were as follows:

	Principal Outstanding 12/31/15	Additions	Deletions	Principal Outstanding 12/31/16	Due Within One Year
<b>Governmental Activities:</b>					
<i>General Obligation Bonds:</i>					
2006 Detroit Road Park Refunding Bonds	\$19,000	\$0	\$19,000	\$0	\$0
Unamortized Premium	26	0	26	0	0
2006 Northgate Sewer Improvement Refunding Bonds	29,000	0	29,000	0	0
Unamortized Premium	44	0	44	0	0
2006 New City Hall Refunding Bonds	137,000	0	67,000	70,000	70,000
2006 Schneider Court Improvements Bonds	72,262	0	6,022	66,240	5,474
Unamortized Premium	267	0	24	243	0
2008 Various Purpose Bonds	4,795,961	0	4,142,183	653,778	319,731
2009A Various Purpose Bonds	2,680,000	0	280,000	2,400,000	295,000
2009B Various Purpose Bonds	24,155,000	0	22,300,000	1,855,000	915,000
Unamortized Premium	288,786	0	263,674	25,112	0
2011 YMCA Bonds Series - Serial	2,470,000	0	230,000	2,240,000	235,000
2011 YMCA Bonds Series - Term	2,420,000	0	0	2,420,000	0
Unamortized Premium	57,157	0	3,572	53,585	0
2011 Refunding Bonds	221,850	0	81,939	139,911	57,704
Unamortized Premium	7,579	0	1,421	6,158	0
2012A Various Purpose Bonds	2,411,770	0	14,869	2,396,901	22,304
Unamortized Premium	183,354	0	8,334	175,020	0
2012B Various Purpose Bonds - Serial	5,939,348	0	82,891	5,856,457	82,891
2012B Various Purpose Bonds - Term	439,685	0	0	439,685	0
Unamortized Premium	135,188	0	6,145	129,043	0
2012C Refunding Bonds	2,160,000	0	230,000	1,930,000	235,000
Unamortized Premium	131,162	0	14,573	116,589	0
2013 Various Purpose Bonds - Serial	1,359,760	0	3,695	1,356,065	18,475
2013 Various Purpose Bonds - Term	7,367,878	0	0	7,367,878	0
Unamortized Premium	378,035	0	16,437	361,598	0
2014 Nagel Road Interchange Bonds - Serial	605,000	0	25,000	580,000	25,000
2014 Nagel Road Interchange Bonds - Term	4,605,000	0	0	4,605,000	0
Unamortized Premium	203,315	0	8,472	194,843	0
2016 Refunding Bonds	0	26,834,600	229,872	26,604,728	39,872
Unamortized Premium	0	1,575,047	68,480	1,506,567	0
<i>Total General Obligation Bonds</i>	<u>63,273,427</u>	<u>28,409,647</u>	<u>28,132,673</u>	<u>63,550,401</u>	<u>2,321,451</u>
<i>Special Assessment Bonds:</i>					
2006 Schneider Court Improvements Bonds	587,738	0	48,978	538,760	44,526
2011 Refunding Bonds	738,150	0	273,061	465,089	192,296
Unamortized Premium	25,269	0	4,738	20,531	0
2012A Various Purpose Bonds	1,579,022	0	9,735	1,569,287	14,603
2012B Various Purpose Bonds - Serial	1,917,711	0	26,764	1,890,947	26,764
2012B Various Purpose Bonds - Term	141,966	0	0	141,966	0
2013 Various Purpose Bonds - Serial	480,240	0	1,305	478,935	6,525
2013 Various Purpose Bonds - Term	2,602,122	0	0	2,602,122	0
Unamortized Premium	133,514	0	5,805	127,709	0
<i>Total Special Assessment Bonds</i>	<u>8,205,732</u>	<u>0</u>	<u>370,386</u>	<u>7,835,346</u>	<u>284,714</u>
<i>Long-Term Notes Payable:</i>					
2016-1 Chester Road Bond Anticipation Notes	0	3,050,000	0	3,050,000	0
2016-2 Chester Road Bond Anticipation Notes	0	2,025,000	0	2,025,000	0
Unamortized Premium	0	93,692	0	93,692	0
<i>Total Long-Term Notes Payable</i>	<u>\$0</u>	<u>\$5,168,692</u>	<u>\$0</u>	<u>\$5,168,692</u>	<u>\$0</u>

(continued)

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
For the Year Ended December 31, 2016

	Principal Outstanding 12/31/15	Additions	Deletions	Principal Outstanding 12/31/16	Due Within One Year
<b>Governmental Activities (continued):</b>					
<i>OPWC Loans:</i>					
Center Road Extension - 2007	\$18,430	\$0	\$9,215	\$9,215	\$9,215
Jaycox Road/Chester Improvements	98,005	0	7,259	90,746	7,259
Detroit Road Improvement - Phase I	85,507	0	3,887	81,620	3,887
Detroit Road Improvement - Phase II	29,181	0	1,297	27,884	1,297
Reigelsberger-Jaycox Bridge	114,014	10,986	3,125	121,875	6,250
Chester Road Relocation	0	46,428	0	46,428	0
<i>Total OPWC Loans</i>	<u>345,137</u>	<u>57,414</u>	<u>24,783</u>	<u>377,768</u>	<u>27,908</u>
<i>Other Long-Term Obligation:</i>					
Capital Lease	0	117,535	23,040	94,495	22,501
Compensated Absences	1,727,394	115,741	78,462	1,764,673	91,044
<i>Total Other Long-Term Obligations</i>	<u>1,727,394</u>	<u>233,276</u>	<u>101,502</u>	<u>1,859,168</u>	<u>113,545</u>
<i>Net Pension Liability:</i>					
OPERS	3,925,471	1,626,224	0	5,551,695	0
OPF	13,993,394	3,560,974	0	17,554,368	0
<i>Total Net Pension Liability</i>	<u>17,918,865</u>	<u>5,187,198</u>	<u>0</u>	<u>23,106,063</u>	<u>0</u>
<i>Total Governmental Activities</i>	<u>\$91,470,555</u>	<u>\$39,056,227</u>	<u>\$28,629,344</u>	<u>\$101,897,438</u>	<u>\$2,747,618</u>
<b>Business-Type Activities:</b>					
<i>General Obligation Bonds:</i>					
2008 Various Purpose Bonds - Sewer	\$229,039	\$0	\$197,817	\$31,222	\$15,269
2012A Various Purpose Bonds - Water	851,826	0	5,252	846,574	7,879
2012A Various Purpose Bonds - Sewer	2,109,713	0	13,007	2,096,706	19,510
2012B Various Purpose Bonds - Water - Serial	382,941	0	5,345	377,596	5,345
2012B Various Purpose Bonds - Water - Term	28,349	0	0	28,349	0
2016 Refunding Bonds - Water	0	20,400	128	20,272	128
2016 Refunding Bonds - Sewer	0	190,000	5,000	185,000	5,000
<i>Total General Obligation Bonds</i>	<u>3,601,868</u>	<u>210,400</u>	<u>226,549</u>	<u>3,585,719</u>	<u>53,131</u>
<i>Special Assessment Bonds:</i>					
2012A Water Various Purpose Bonds - Water	293,846	0	1,811	292,035	2,715
2012A Sewer Various Purpose Bonds - Sewer	863,823	0	5,326	858,497	7,989
<i>Total Special Assessment Bonds</i>	<u>1,157,669</u>	<u>0</u>	<u>7,137</u>	<u>1,150,532</u>	<u>10,704</u>
<i>Intergovernmental Payable:</i>					
2009 Avon Lake Waterline	361,012	0	25,060	335,952	26,481
<i>Other Long-Term Obligations:</i>					
2015 Water System Improvements Notes - Water	7,950,000	0	7,950,000	0	0
2015-2 Water System Improvements Notes - Water	1,500,000	0	1,500,000	0	0
2015-2 Water System Improvements Notes - Sewer	1,500,000	0	1,500,000	0	0
2016 Water System Improvements Notes - Water	0	6,250,000	0	6,250,000	0
2016-2 Water System Improvements Notes - Water	0	1,500,000	0	1,500,000	0
2016-2 Water System Improvements Notes - Sewer	0	1,500,000	0	1,500,000	0
Capital Lease	202,848	0	46,768	156,080	48,101
Compensated Absences	124,156	12,326	8,574	127,908	7,412
<i>Total Other Long-Term Obligations</i>	<u>11,277,004</u>	<u>9,262,326</u>	<u>11,005,342</u>	<u>9,533,988</u>	<u>55,513</u>
<i>Net Pension Liability:</i>					
OPERS - Water	346,365	195,264	0	541,629	0
OPERS - Sewer	346,365	330,672	0	677,037	0
<i>Total Net Pension Liability</i>	<u>692,730</u>	<u>525,936</u>	<u>0</u>	<u>1,218,666</u>	<u>0</u>
<i>Total Business-Type Activities</i>	<u>\$17,090,283</u>	<u>\$9,998,662</u>	<u>\$11,264,088</u>	<u>\$15,824,857</u>	<u>\$145,829</u>

**City of Avon, Ohio**  
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General obligation bonds will be paid from the general obligation bond retirement debt service fund, with the exception of portions being paid by the street, construction, maintenance and repair and park development and improvement special revenue funds and the equipment, municipal buildings and recreation complex capital projects funds. The Ohio Public Works Commission loans will be paid from the general obligation debt service fund. General obligation bonds reported in the enterprise funds will be paid from charges for services revenue in the respective enterprise funds.

Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City.

Special assessment debt and Ohio Public Works Commission loans used to construct business-type capital assets and paid out of governmental activities have been reflected in the “net position restricted for debt service” section of the statement of net position.

On April 12, 2006, the City issued \$1,660,000 in general obligation refunding bonds and \$1,015,000 in Schneider Court Improvement serial bonds at interest rates varying from 3.45 percent to 4.25 percent. Proceeds were used to refund \$1,565,000 of the outstanding 1996 bonds and 1997 New City Hall Bonds. As a result, \$1,565,000 of these bonds were considered defeased and the liability for the refunded bonds had been removed from the basic financial statements. The amount still outstanding at December 31, 2016 is \$71,561.

The serial bonds for the general obligation refunding bonds were issued for a 20 year period with a final maturity at December 1, 2024. The bonds are being retired from the general obligation bond retirement fund.

On March 3, 2008, the City issued \$6,910,000 in governmental general obligation bonds and \$330,000 in business-type general obligation bonds with a maturity date of December 1, 2027 and a variable interest rate of 3 to 5.25 percent and retired \$7,240,000 in general obligation notes. The notes retired were the \$4,500,000 police station, the \$1,100,000 State Route 83 extension note, the \$410,000 real estate acquisition note, the \$900,000 french creek bridge and the \$330,000 north branch interceptor sanitary sewer note.

On April 23, 2009, the City issued \$4,190,000 and \$28,700,000 in governmental general obligation bonds with maturity dates of December 1, 2023 and December 1, 2038, respectively, and interests rates of 4.573 to 5.784 percent and 2 to 5 percent, respectively, and retired \$39,120,000 in general obligation notes. The notes were the \$1,250,000 Detroit Road widening, \$14,000,000 YMCA construction, \$13,150,000 stadium project, \$9,000,000 recreation complex infrastructure, and \$1,720,000 post office project.

On May 10, 2011, the City issued \$5,760,000 in governmental general obligation bonds with a maturity date of December 1, 2031 and an interest rate of 2 to 4.5 percent. The bonds were for the YMCA construction project.

Optional Redemption The YMCA bonds maturing on or after December 1, 2021 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part (in any order of maturity) on any interest payment date on or after December 1, 2020, in integral multiples of \$5,000, at the redemption price of 100 percent of the principal amount redeemed plus, in each case, accrued interest to the redemption date.

Mandatory Sinking Fund Redemption The YMCA term bonds maturing on or after December 1, 2026, 2028 and 2030, respectively, are subject to mandatory redemption, pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in each of the years and in the principal amounts set forth as follows:

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Year	Issue		
	\$955,000	\$705,000	\$760,000
2024	\$305,000	\$0	\$0
2025	320,000	0	0
2027	0	345,000	0
2029	0	0	370,000
	<u>\$625,000</u>	<u>\$345,000</u>	<u>\$370,000</u>
<i>Stated Maturity</i>	<i>12/1/2026</i>	<i>12/1/2028</i>	<i>12/1/2030</i>

The remaining principal amount of the term bonds (\$330,000, \$360,000 and \$390,000) will mature at the stated maturity.

In 2011, the City issued general obligation bonds, in the amount of \$2,620,000, to refund bonds previously issued for various purposes. The bonds were issued with interest rates varying from 1.5 to 4 percent. The bonds were issued for a 10 year period with a final maturity on December 1, 2021. The bonds will be retired through the bond retirement debt service fund.

Optional Redemption The refunding bonds maturing on or after December 1, 2021 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part (in any order of maturity) on any interest payment date on or after December 1, 2020, in integral multiples of \$5,000, at the redemption price of 100 percent of the principal amount redeemed plus, in each case, accrued interest to the redemption date.

On June 28, 2012, the City issued general obligation bonds, in the amount of \$2,535,000, to refund a portion of the veteran's park and service garage term bonds. The bonds were issued with interest rates varying from 2 to 4 percent. The bonds were issued for a 12 year period with a final maturity on December 1, 2024. The bonds will be retired through the street, construction, maintenance and repair and park development and improvement special revenue funds. The bonds were sold at a premium of \$174,883. Proceeds of \$2,656,706 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the veteran's park and service garage term bonds. As a result, \$2,435,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements.

On June 28, 2012, the City issued \$8,235,000 in general obligation and special assessment bonds with a maturity date of December 1, 2037 and interest rates varying from 1 to 3.625 percent. The bonds were issued for various projects in the City.

Optional Redemption The bonds maturing on or after December 1, 2022 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part (in any order of maturity) on any interest payment date on or after December 1, 2021, in integral multiples of \$5,000, at the redemption price of 100 percent of the principal amount redeemed plus, in each case, accrued interest to the redemption date.

Selection of Bonds to be Redeemed If fewer than all of the outstanding bonds are called for redemption at one time, they may be called in any order of their maturities, and, if fewer than all of the bonds of a single maturity are to be redeemed, the selection of such bonds to be redeemed, or portions thereof in the amounts of \$5,000 or any integral multiple thereof, will be made by the bond registrar by lot in such manner as the bond registrar may determine.

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Notice of Call for Redemption The bond registrar shall cause notice of the call for redemption, identifying the bonds or portion thereof to be redeemed, to be sent by first-class mail, postage prepaid, at least 30 days prior to the date set for redemption, to the holders thereof at the address shown on the registration books 15 days prior to the mailing. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any bonds. On the date designated for redemption, any bond so called for redemption shall become due and payable and, if on the redemption date the moneys for the redemption thereof are held by the bond registrar, thereafter those bonds or portions thereof to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under the bond legislation.

On July 18, 2012, the City issued \$9,145,000 in general obligation and special assessment bonds with a maturity date of December 1, 2037, and interest rates varying from 1 to 3.5 percent. The bonds were issued for various projects in the City.

Optional Redemption The bonds maturing on or after December 1, 2022 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part (in any order of maturity) on any interest payment date on or after December 1, 2021, in integral multiples of \$5,000, at the redemption price of 100 percent of the principal amount redeemed plus, in each case, accrued interest to the redemption date.

Mandatory Sinking Fund Redemption The 2012 various purpose term bonds maturing on or after December 1, 2021 and 2023, respectively, are subject to mandatory redemption, pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue	
	\$290,000	\$320,000
2020	\$140,000	\$0
2022	0	155,000
	\$140,000	\$155,000
<i>Stated Maturity</i>	<i>12/1/2021</i>	<i>12/1/2023</i>

The remaining principal amount of the term bonds (\$150,000 and \$165,000) will mature at the stated maturity.

Selection of Bonds to be Redeemed If fewer than all of the outstanding bonds are called for redemption at one time, they may be called in any order of their maturities, and, if fewer than all of the bonds of a single maturity are to be redeemed, the selection of such bonds to be redeemed, or portions thereof in the amounts of \$5,000 or any integral multiple thereof, will be made by the bond registrar by lot in such manner as the bond registrar may determine.

Notice of Call for Redemption The bond registrar shall cause notice of the call for redemption, identifying the bonds or portion thereof to be redeemed, to be sent by first-class mail, postage prepaid, at least 30 days prior to the date set for redemption, to the holders thereof at the address shown on the registration books 15 days prior to the mailing. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any bonds. On the date designated for redemption, any bond so called for redemption shall become due and payable and, if on the redemption date the moneys for the redemption thereof are held by the bond registrar, thereafter those bonds or portions thereof to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under the bond legislation.

**City of Avon, Ohio**  
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On June 26, 2013, the City issued \$11,820,000 in governmental various purpose general obligation and special assessment bonds with a maturity date of December 1, 2038, and interest rates varying from 3 to 5.25 percent. The bonds were issued for construction relating to an interchange at Nagel Road and I-90.

Optional Redemption The bonds maturing on or after December 1, 2022 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part (in any order of maturity) on any interest payment date on or after December 1, 2021, in integral multiples of \$5,000, at the redemption price of 100 percent of the principal amount redeemed plus, in each case, accrued interest to the redemption date.

Mandatory Sinking Fund Redemption The 2013 various purpose term bonds maturing on or after December 1, 2028, 2031, 2033, 2035, and 2038, respectively, are subject to mandatory redemption, pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue				
	\$1,785,000	\$2,085,000	\$1,560,000	\$1,695,000	\$2,845,000
2026	\$565,000	\$0	\$0	\$0	\$0
2027	595,000	0	0	0	0
2029	0	660,000	0	0	0
2030	0	695,000	0	0	0
2032	0	0	765,000	0	0
2034	0	0	0	825,000	0
2036	0	0	0	0	910,000
2037	0	0	0	0	950,000
	<u>\$1,160,000</u>	<u>\$1,355,000</u>	<u>\$765,000</u>	<u>\$825,000</u>	<u>\$1,860,000</u>
<i>Stated Maturity</i>	<i>12/1/2028</i>	<i>12/1/2031</i>	<i>12/1/2033</i>	<i>12/1/2035</i>	<i>12/1/2038</i>

The remaining principal amount of the term bonds (\$625,000, \$730,000, \$795,000, \$870,000 and \$985,000) will mature at the stated maturity.

Selection of Bonds to be Redeemed If fewer than all of the outstanding bonds are called for redemption at one time, they may be called in any order of their maturities, and, if fewer than all of the bonds of a single maturity are to be redeemed, the selection of such bonds to be redeemed, or portions thereof in the amounts of \$5,000 or any integral multiple thereof, will be made by the bond registrar by lot in such manner as the bond registrar may determine.

Notice of Call for Redemption The bond registrar shall cause notice of the call for redemption, identifying the bonds or portion thereof to be redeemed, to be sent by first-class mail, postage prepaid, at least 30 days prior to the date set for redemption, to the holders thereof at the address shown on the registration books 15 days prior to the mailing. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any bonds. On the date designated for redemption, any bond so called for redemption shall become due and payable and, if on the redemption date the moneys for the redemption thereof are held by the bond registrar, thereafter those bonds or portions thereof to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under the bond legislation.

On June 18, 2014, the City issued \$5,235,000 in Nagel Road Interchange general obligation bonds with a maturity date of December 1, 2039, and interest rates varying from 1 to 4 percent. The purpose of the bonds was to retire outstanding notes that were issued for the purpose of paying the costs of construction of an interchange at Nagel Road on Interstate 90.



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Optional Redemption The bonds maturing on or after December 1, 2022 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part (in any order of maturity) on any interest payment date on or after December 1, 2021, in integral multiples of \$5,000, at the redemption price of 100 percent of the principal amount redeemed plus, in each case, accrued interest to the redemption date.

Mandatory Sinking Fund Redemption The 2014 Nagel Road Interchange term bonds maturing on or after December 1, 2023, 2025, 2027, 2030, 2032, 2034, 2036 and 2039, respectively, are subject to mandatory redemption, pursuant to mandatory sinking fund requirements at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in each of the years and in the principal amounts set forth as follows:

Year	Issue							
	\$375,000	\$400,000	\$430,000	\$705,000	\$520,000	\$560,000	\$610,000	\$1,005,000
2022	\$185,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	0	195,000	0	0	0	0	0	0
2026	0	0	210,000	0	0	0	0	0
2028	0	0	0	225,000	0	0	0	0
2029	0	0	0	235,000	0	0	0	0
2031	0	0	0	0	255,000	0	0	0
2033	0	0	0	0	0	275,000	0	0
2035	0	0	0	0	0	0	300,000	0
2037	0	0	0	0	0	0	0	320,000
2038	0	0	0	0	0	0	0	335,000
	<u>\$185,000</u>	<u>\$195,000</u>	<u>\$210,000</u>	<u>\$460,000</u>	<u>\$255,000</u>	<u>\$275,000</u>	<u>\$300,000</u>	<u>\$655,000</u>
<i>Stated Maturity</i>	<i>12/1/2023</i>	<i>12/1/2025</i>	<i>12/1/2027</i>	<i>12/1/2030</i>	<i>12/1/2032</i>	<i>12/1/2034</i>	<i>12/1/2036</i>	<i>12/1/2039</i>

The remaining principal amount of the term bonds (\$190,000, \$205,000, \$220,000, \$245,000, \$265,000, \$285,000, \$310,000 and \$350,000) will mature at the stated maturity.

Selection of Bonds to be Redeemed If fewer than all of the outstanding bonds are called for redemption at one time, they may be called in any order of their maturities, and, if fewer than all of the bonds of a single maturity are to be redeemed, the selection of such bonds to be redeemed, or portions thereof in the amounts of \$5,000 or any integral multiple thereof, will be made by the bond registrar by lot in such manner as the bond registrar may determine.

Notice of Call for Redemption The bond registrar shall cause notice of the call for redemption, identifying the bonds or portion thereof to be redeemed, to be sent by first-class mail, postage prepaid, at least 30 days prior to the date set for redemption, to the holders thereof at the address shown on the registration books 15 days prior to the mailing. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any bonds. On the date designated for redemption, any bond so called for redemption shall become due and payable and, if on the redemption date the moneys for the redemption thereof are held by the bond registrar, thereafter those bonds or portions thereof to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under the bond legislation.

On February 25, 2016, the City issued general obligation bonds, in the amount of \$27,045,000, to refund a portion of the Series 2008 and Series 2009B various purpose bonds in order to take advantage of lower interest rates. The bonds were issued with interest rates varying from 2 to 4 percent. The bonds were issued for a 22 year period with a final maturity on December 1, 2038. The bonds will be retired through the general obligation bond retirement fund and the water and sewer enterprise funds. The bonds were sold at a premium of \$1,575,047. Proceeds of \$28,289,718 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 2008 and Series 2009B various purpose bonds. As a result, \$25,420,000 of these bonds was considered defeased

**City of Avon, Ohio**  
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and the liability for the refunded bonds has been removed from the City's financial statements. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$2,762,898 and incurred an accounting loss of \$2,618,600 (difference between amount paid to bond escrow agent and the refunding amount), which is shown in the following table:

	<u>Governmental</u>	<u>Sewer</u>	<u>Total</u>
Refunded Serial Bonds:			
2008 Various Purpose Bonds	\$3,831,996	\$183,004	\$4,015,000
2009B Various Purpose Bonds	21,405,000	0	21,405,000
Premium on Bonds	251,118	0	251,118
Total Refunded Serial Bonds	<u>25,488,114</u>	<u>183,004</u>	<u>25,671,118</u>
Amount Paid to Refunded Bond Escrow Agent:			
2008 Various Purpose Bonds	(4,305,229)	(183,004)	(4,488,233)
2009B Various Purpose Bonds	(23,801,485)	0	(23,801,485)
Total Amount Paid to Refunded Bond Escrow Agent	<u>(28,106,714)</u>	<u>(183,004)</u>	<u>(28,289,718)</u>
2016 Refunding Accounting Loss	<u>(\$2,618,600)</u>	<u>\$0</u>	<u>(\$2,618,600)</u>

An analysis of the principal refunding follows:

	<u>Governmental</u>	<u>Sewer</u>	<u>Total</u>
Outstanding at December 31, 2015:			
2008 Various Purpose Bonds	\$4,795,961	\$229,039	\$5,025,000
2009B Various Purpose Bonds	24,155,000	0	24,155,000
Amount Refunded:			
2008 Various Purpose Bonds	(3,831,996)	(183,004)	(4,015,000)
2009B Various Purpose Bonds	(21,405,000)	0	(21,405,000)
Principal Payment:			
2008 Various Purpose Bonds	(310,187)	(14,813)	(325,000)
2009B Various Purpose Bonds	(895,000)	0	(895,000)
Outstanding at December 31, 2016:			
2008 Various Purpose Bonds	653,778	31,222	685,000
2009B Various Purpose Bonds	1,855,000	0	1,855,000
Total	<u>\$2,508,778</u>	<u>\$31,222</u>	<u>\$2,540,000</u>

The City has entered into contractual agreements for construction loans from the Ohio Public Works Commission (OPWC). Under the terms of these agreements, the OPWC will reimburse, advance or directly pay the construction costs of approved projects. The OPWC loans are interest free.

During 2009, the City entered into a contractual agreement with the City of Avon Lake for the construction and future maintenance of a water trunk line that runs through Avon. Avon purchased waterline rights allowing residents to tap into the line. All proceeds were received by the City of Avon Lake and the City of Avon Lake is responsible for the debt retirement and maintenance. The line will be a capital asset of the City of Avon Lake. This amount has been recorded on Avon's books as a long-term liability in the water enterprise fund. The annual interest rate of this obligation is 5.672 percent. A corresponding amount was recorded as an intangible asset in the water enterprise fund. This amount will be amortized over the life of the waterline. In 2016, \$25,060 was paid from the water enterprise fund. The total amount owed to the City of Avon Lake as of December 31, 2016, is \$335,952.

In 2016, the City issued \$5,075,000 in general obligation bond anticipation notes for the purpose of widening a portion of Chester Road. The notes all mature on January 26, 2017, and carry interest rates of 1.25 to 1.5 percent. At December 31, 2016, the City had unspent proceeds of \$355,049 for governmental activities related to the notes.

**City of Avon, Ohio**  
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In 2016, the City issued \$6,250,000 and \$3,000,000 in bond anticipation notes to help finance water system improvements. The notes both mature on February 2, 2017, and have interest rates of 1.25 and 0.85 percent, respectively. At December 31, 2016, the City had unspent proceeds of \$985,271 for business-type activities related to the notes.

A line of credit has been established with the Ohio Public Works Commission in the amount of \$200,000, for the Chester Road Relocation project, which has an outstanding balance of \$46,428. Since the loan repayment schedule has not yet been finalized, a repayment schedule is not included in the schedule of debt service requirements. Until a final repayment schedule is available, the City will pay based on estimates.

The City's overall legal debt margin was \$84,926,974 and an unvoted debt margin of \$44,129,283 at December 31, 2016. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2016 are as follows:

**Governmental Activities:**

Years	General Obligation Bonds		Special Assessment Bonds		OPWC	Total	
	Principal	Interest	Principal	Interest	Loans	Principal	Interest
2017	\$2,321,451	\$2,115,028	\$284,714	\$288,938	\$27,908	\$2,634,073	\$2,403,966
2018	2,317,844	2,042,943	242,405	280,458	18,694	2,578,943	2,323,401
2019	2,560,148	1,966,648	191,351	271,682	18,693	2,770,192	2,238,330
2020	2,880,110	1,898,314	165,637	265,886	18,694	3,064,441	2,164,200
2021	2,992,478	1,820,885	170,058	260,698	18,693	3,181,229	2,081,583
2022-2026	16,302,266	7,718,994	1,580,785	1,194,741	93,468	17,976,519	8,913,735
2027-2031	14,334,612	4,760,383	2,038,085	835,334	75,314	16,448,011	5,595,717
2032-2036	12,111,451	2,259,412	2,261,514	416,106	54,043	14,427,008	2,675,518
2037-2039	5,161,283	290,820	752,557	40,244	5,833	5,919,673	331,064
Total	<u>\$60,981,643</u>	<u>\$24,873,427</u>	<u>\$7,687,106</u>	<u>\$3,854,087</u>	<u>\$331,340</u>	<u>\$69,000,089</u>	<u>\$28,727,514</u>

**Business-Type Activities:**

Years	General Obligation Bonds		Special Assessment Bonds		Avon Lake		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$53,131	\$116,701	\$10,704	\$37,973	\$26,481	\$19,106	\$90,316	\$173,780
2018	54,047	115,501	10,705	37,799	27,983	17,604	92,735	170,904
2019	59,228	114,101	14,273	37,585	29,570	16,017	103,071	167,703
2020	67,125	112,917	17,128	37,300	31,247	14,340	115,500	164,557
2021	78,196	111,449	19,269	36,915	33,020	12,567	130,485	160,931
2022-2026	805,730	509,535	236,218	170,450	187,651	43,180	1,229,599	723,165
2027-2031	1,096,201	338,936	366,102	116,766	0	0	1,462,303	455,702
2032-2036	1,130,241	157,146	391,794	54,704	0	0	1,522,035	211,850
2037-2039	241,820	8,867	84,339	2,924	0	0	326,159	11,791
Total	<u>\$3,585,719</u>	<u>\$1,585,153</u>	<u>\$1,150,532</u>	<u>\$532,416</u>	<u>\$335,952</u>	<u>\$122,814</u>	<u>\$5,072,203</u>	<u>\$2,240,383</u>

The capital lease will be paid from the sewer enterprise fund. Compensated absences will be paid from the general fund, the fire department special revenue fund, the street construction, maintenance and repair special revenue fund, the police special revenue fund, the park operating special revenue fund, and the water and sewer enterprise funds. The City pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability; however, employer pension contributions are made from the same funds as compensated absences.

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**Note 16 – Jointly Governed Organizations**

***Lorain County General Health District***

The City participates in the Lorain County General Health District (Health District), a jointly governed organization, which provides health services to the citizens within the Health District. The Health District is governed by the Board of Health which represents the area served by the Health District and oversees the operation of the Health District. The Health District's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Board of Health members are appointed to staggered five-year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the cities of Avon and Sheffield Lake and one member is appointed jointly by the cities of Amherst and Oberlin. The remaining five members are appointed by the various mayors of villages, chairmen of the township trustees and the County Commissioners. The City contributed \$108,649 during 2016 for the operation of the Health District. Financial information can be obtained by contacting the Lorain County General Health District, 9880 S. Murray Ridge Road, Elyria, Ohio, 44035.

***Northeast Ohio Public Energy Council***

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. NOPEC is currently comprised of over 200 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2016. Financial information can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Road, Suite 20 Solon, Ohio 44139 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).

**Note 17 – Interfund Transfers and Balances**

***Interfund Transfers***

Transfers are primarily from the general fund to various funds within the City. The general fund transferred funds to help finance the various programs accounted for in other special revenue funds and to provide start-up funds for new capital projects funds established by Council. Funds from the general fund are also transferred to the police fund to cover the shortfall of income tax collections and to cover the cost of street improvement projects within the capital improvements fund.

Transfers are also made to cover the various debt obligations of the City from the general fund and other governmental funds to the debt service funds.

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Transfers made during the year ended December 31, 2016, were as follows:

<b>Transfers To</b>	<b>Transfers From</b>			<b>Total</b>
	General	Road and Bridges	Other Governmental Funds	
Street Construction, Maintenance and Repair	\$325,000	\$0	\$0	\$325,000
Police	3,350,000	0	0	3,350,000
General Obligation Bond Retirement	1,450,000	0	0	1,450,000
Municipal Swimming Pool	0	0	602,000	602,000
Road and Bridges	1,700,262	0	40,000	1,740,262
Other Governmental Funds	385,000	60,000	325,000	770,000
<b>Total</b>	<b>\$7,210,262</b>	<b>\$60,000</b>	<b>\$967,000</b>	<b>\$8,237,262</b>

**Interfund Balances**

On the fund financial statements interfund balances at December 31, 2016, were:

	Receivables		Payable	
	Manuscript Bonds	Advances To Other Funds	Manuscript Bonds	Advances From Other Funds
General	\$144,000	\$1,558,100	\$0	\$0
Municipal Swimming Pool	0	0	0	279,180
Road and Bridges	0	0	0	885,600
Other Governmental Funds	0	279,180	0	672,500
Water	0	0	144,000	0
<b>Total</b>	<b>\$144,000</b>	<b>\$1,837,280</b>	<b>\$144,000</b>	<b>\$1,837,280</b>

The general fund had \$1,558,100 interfund receivable due to the timing of the receipt of grant monies. Once the grant monies are received, the interfund balances are anticipated to be repaid within one year. The other governmental funds interfund receivable is due to the recreation complex fund advancing monies to the municipal swimming pool fund for preliminary costs associated with building a pool.

The Jaycox Road Watermain Improvement interfund balance of \$144,000 represents a manuscript bond that was issued on September 2, 2008, at 5.10 percent. This bond matures on December 1, 2028 and was used for the purpose of the cost of construction of a watermain extension on Jaycox Road. A repayment schedule for the remaining outstanding balance is as follows:

Years	Jaycox Road Watermain Improvement		
	Principal	Interest	Total
2017	\$9,000	\$7,185	\$16,185
2018	9,000	7,185	16,185
2019	10,000	6,185	16,185
2020	10,000	6,185	16,185
2021	11,000	5,185	16,185
2022-2026	64,000	16,925	80,925
2027-2028	31,000	1,370	32,370
<b>Total</b>	<b>\$144,000</b>	<b>\$50,220</b>	<b>\$194,220</b>

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The manuscript bond was issued by the City and purchased by the general fund. The City intends to repay this from the proceeds of special assessments levied against benefited property owners.

During 2007, the City issued manuscript bonds in the amount of \$2,044,674. The sewer replacement and depreciation enterprise fund purchased the bonds as an investment. The North Branch sanitary sewer enterprise fund received the debt proceeds which will be used to pay for improvements to the Jaycox Road sewer line. For GAAP reporting purposes these two funds are combined and reported as part of the sewer enterprise fund. The manuscript bonds will be repaid from the collection of future tap-in fees over the next twenty years.

On March 1, 2008, the City refunded \$2,044,674 of manuscript bonds and issued \$1,987,552 in manuscript bonds with a maturity date of December 1, 2027 and at the interest rate of 4.5 percent. Due to the uncertainty of the collection of tap-in fees the annual revenue is not known.

During 2016, the City has pledged tap-in-fees in the amount of \$54,885 to repay the Jaycox Road Sewer Line Improvement manuscript bonds. The bonds are payable solely from and to the extent tap-in-fees are received by the City in connection with the improvement for which the bonds were issued and are payable through 2027. Currently; the City is unable to determine the amount of revenue to be collected from tap-in fees because a large portion of the land is undeveloped and it is not known who will purchase the land and when it will be connected to the sewer. Accordingly, because of such unknowns, an accurate debt repayment schedule has not been established.

**Note 18 – Significant Commitments**

*Contractual Commitments*

At December 31, 2016, the various projects within the City had contractual commitments consisting of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Nagel Road Improvements	\$140,000	\$69,981	\$70,019
2014 Road Program	21,600	19,424	2,176
Municipal Swimming Pool	2,897,600	2,889,213	8,387
Nagel South Flood Control	25,000	5,252	19,748
Jaycox Road Improvements	1,391,906	969,247	422,659
Chester Road Special Assessments	5,897,830	4,481,948	1,415,882
Elizabeth, Puth, Joseph Sewer	149,400	67,541	81,859
Mills Road Water Tower	7,037,600	6,436,094	601,506
Chester Road Relocation	136,500	115,851	20,649
Chester Road Widening	412,189	355,722	56,467
Chester Road Widening - WalMart	1,823,730	1,392,437	431,293
SR 83 Resurfacing Project	80,000	76,584	3,416
SR 83 Mills Road Round-a-bout	30,000	25,929	4,071
Total	<u>\$20,043,355</u>	<u>\$16,905,223</u>	<u>\$3,138,132</u>

The amounts remaining on these contracts were encumbered at year end.

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**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	\$133,260
Fire Department	31,301
Street Construction, Maintenance and Repair	282,829
Police	96,374
Municipal Swimming Pool	8,387
Road and Bridges	2,452,579
Other Governmental Funds	515,959
Water	1,293,250
Sewer	1,149,836
Total	\$5,963,775

**Note 19 – Capital Leases**

During 2014, the City entered into a capital lease with Key Government Finance, Incorporated, for a sewer camera truck, which will end in 2019. During 2016, the City entered into a capital lease with Key Government Finance, Incorporated for an aerial truck, which will end in 2020. These leases meet the criteria for capital leases. The assets were capitalized at the present value of the minimum lease payments at the time the leases were entered into. The leases are secured by the related property.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Aerial Truck	\$117,535	\$0
Camera Truck	0	300,869
Less: Accumulated depreciation	(5,877)	(75,217)
Total	\$111,658	\$225,652

Such agreements provide for minimum, annual lease payments as follows:

	Governmental Activities	Business-Type Activities
2017	\$25,578	\$52,549
2018	25,578	52,549
2019	25,578	60,174
2020	25,578	0
Total Minimum Lease Payment	102,312	165,272
Less: Amount Representing Interest	(7,817)	(9,192)
Present Value of Minimum Lease Payments	\$94,495	\$156,080

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**Note 20 – Operating Leases**

During 2008, the City entered into an operating lease with the United States Postal Service, for the period of February 1, 2008 to January 31, 2023, for the rental of the space located at 36225 Detroit Road. The terms of the lease require payment in monthly installments in the amount of \$10,833. The cost of the building was \$1,607,697. As of December 31, 2016, the accumulated depreciation is \$233,116, leaving a carrying amount of \$1,374,581.

During 2009, the City entered into an operating lease with Avon Baseball, LLC, for the period of 15 years, to be primarily used for professional baseball events located at the baseball stadium at the corner of Interstate 90 and State Route 611. Avon Baseball, LLC is responsible for all operating costs and the City will be responsible for capital item replacements. The terms of the lease require payment in annual installments in the amount of \$250,000. The cost of the building was \$13,773,746. As of December 31, 2016, the accumulated depreciation is \$1,997,193, leaving a carrying amount of \$11,776,553.

Such agreements provide for minimum, annual lease payments as follows:

	2008 Operating Lease	2009 Operating Lease	Total
2017	\$130,000	\$250,000	\$380,000
2018	130,000	250,000	380,000
2019	130,000	250,000	380,000
2020	130,000	250,000	380,000
2021	130,000	250,000	380,000
2022-2023	140,833	500,000	640,833
Total Minimum Lease Payment	\$790,833	\$1,750,000	\$2,540,833

**Note 21 – Defined Benefit Pension Plans**

***Net Pension Liability***

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period



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exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

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

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

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

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$609,114 for 2016. Of this amount, \$86,157 is reported as an intergovernmental payable.

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

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

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

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.

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

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

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

	<u>Police</u>	<u>Firefighters</u>
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$1,225,896 for 2016. Of this amount \$162,704 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OPF</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03908700%	0.27287700%	
Prior Measurement Date	<u>0.03829000%</u>	<u>0.27012100%</u>	
Change in Proportionate Share	<u>0.00079700%</u>	<u>0.00275600%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$6,770,361	\$17,554,368	\$24,324,729
Pension Expense	\$977,151	\$2,408,502	\$3,385,653

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At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$1,990,063	\$2,857,178	\$4,847,241
Changes in proportion and differences between City contributions and proportionate share of contributions	102,827	114,546	217,373
City contributions subsequent to the measurement date	609,114	1,225,896	1,835,010
Total Deferred Outflows of Resources	<u>\$2,702,004</u>	<u>\$4,197,620</u>	<u>\$6,899,624</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$130,816	\$49,292	\$180,108
Changes in proportion and differences between City contributions and proportionate share of contributions	39,404	0	39,404
Total Deferred Inflows of Resources	<u>\$170,220</u>	<u>\$49,292</u>	<u>\$219,512</u>

\$1,835,010 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
2017	\$464,509	\$764,947	\$1,229,456
2018	496,330	764,947	1,261,277
2019	511,477	764,947	1,276,424
2020	450,354	601,329	1,051,683
2021	0	22,071	22,071
Thereafter	0	4,191	4,191
Total	<u>\$1,922,670</u>	<u>\$2,922,432</u>	<u>\$4,845,102</u>

**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, 2015, 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 valuations are presented as follows:

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

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

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

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 2015 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 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.27 %</u>

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$10,786,839	\$6,770,361	\$3,382,589

**Changes Between Measurement Date and Report Date**

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

**Actuarial Assumptions – OPF**

OPF's total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented as follows:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent, simple

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

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015, are summarized as follows:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	0.00 %	0.00 %	0.00 %
Domestic Equity	16.00	6.50	7.80
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation Protected Securities*	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
<b>Total</b>	<b>120.00 %</b>		

Note: Assumptions are geometric.

\* levered 2x

\*\* Numbers are net of expected inflation

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

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$23,151,861	\$17,554,368	\$12,812,742

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
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**Note 22 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

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

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, 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.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. Beginning January 1, 2017, the portion of employer contributions allocated to health care will decrease to 1.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.



**City of Avon, Ohio**  
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In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$101,519, \$97,063, and \$93,886, respectively. For 2016, 85.86 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

***Ohio Police and Fire Pension Fund***

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

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as 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. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

**City of Avon, Ohio**  
*Notes to Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$14,937 and \$14,006 for the year ended December 31, 2016, \$13,894 and \$13,593 for the year ended December 31, 2015, and \$14,111 and \$13,496 for the year ended December 31, 2014. For 2016, 86.73 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

**Note 23 – Subsequent Events**

On January 24, 2017, the City renewed their Chester Road bond anticipation notes. At December 31, 2016, issue one had an outstanding balance of \$4,000,000, issue two had an outstanding balance of \$2,025,000, and issue three had an outstanding balance of \$6,230,000. The City paid \$180,000 on issue one. Of the remaining outstanding balance, \$7,000,000 was reissued as a bond anticipation note having an interest rate of 2 percent and a maturity date of September 21, 2017. \$5,075,000 was reissued as a bond anticipation note having an interest rate of 2 percent and a maturity date of January 24, 2018.

On February 1, 2017, the City rolled over \$9,250,000 in water revenue notes for the purpose of constructing a 3,000,000-gallon elevated water storage tank and 16-inch water transmission line, and for the purpose of the installation of new water meters and related meter reading software. These notes refinance \$10,950,000 in water revenue notes outstanding at December 31, 2016. The new notes have an interest rate of 2 percent and a maturity date of February 1, 2018.

On September 6, 2017, the City re-issued \$7,500,000 in general obligation notes for the construction of an aquatic facility and supporting infrastructure, including the construction of entrances for the Schwartz Road Park and Veterans Memorial Park. The principal amount of these notes was paid down by \$500,000. These notes have an interest rate of 2 percent and a maturity date of September 6, 2018.

On September 19, 2017, the City issued \$1,975,000 in refunding bonds replacing the Series 2009A taxable bonds. This refunding will generate \$130,000 of savings over the remaining life of five years of the bonds. These bonds have an interest rate of 1.25 to 2.32 percent and a maturity date of December 1, 2023.

On September 19, 2017, the City issued \$6,330,000 in special assessment bonds, replacing short-term notes that had been issued in 2016 to finance the construction of the Chester Road Improvement project. The City retired \$60,000 of the bonds that had been outstanding. These bonds have a maturity of 20 years. These bonds have an interest rate of 2 to 4 percent and a maturity date of December 1, 2037.

On January 23, 2018 the City rolled over \$4,400,000 in general obligation bond anticipatory notes for the purposes of making improvements and the widening of Chester Road. The City retired \$675,000 of the notes that had been outstanding. These notes have an interest rate of 2.375 percent and a maturity date of January 23, 2019.

On January 31, 2018, the City rolled over \$9,250,000 in water revenue notes for the purpose of constructing a 3,000,000-gallon elevated water storage tank and 16" water transmission line, and for the purpose of the installation of new water meters and related meter reading software. The City retired \$2,000,000 of the notes that had been outstanding. These notes have an interest rate of 2.375 percent and a maturity date of January 31, 2019.

**Required Supplementary Information**

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

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.03908700%	0.03829000%	0.03829000%
City's Proportionate Share of the Net Pension Liability	\$6,770,361	\$4,618,201	\$4,513,892
City's Covered Payroll	\$4,853,183	\$4,694,325	\$4,442,337
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.50%	98.38%	101.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

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

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

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

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.27287700%	0.27012100%	0.27012100%
City's Proportionate Share of the Net Pension Liability	\$17,554,368	\$13,993,394	\$13,155,740
City's Covered Payroll	\$5,497,478	\$5,331,475	\$5,231,361
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	319.32%	262.47%	251.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

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

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

**City of Avon, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Four Years (1)*

	2016	2015	2014	2013
Contractually Required Contribution	\$609,114	\$582,381	\$563,319	\$577,504
Contributions in Relation to the Contractually Required Contribution	(609,114)	(582,381)	(563,319)	(577,504)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
City Covered Payroll	\$5,075,950	\$4,853,183	\$4,694,325	\$4,442,337
Contributions as a Percentage of Covered Payroll	12.00%	12.00%	12.00%	13.00%

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,225,896	\$1,166,859	\$1,130,439
Contributions in Relation to the Contractually Required Contribution	<u>(1,225,896)</u>	<u>(1,166,859)</u>	<u>(1,130,439)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$5,788,641	\$5,497,478	\$5,331,475
Contributions as a Percentage of Covered-Employee Payroll	21.18%	21.23%	21.20%



2013	2012	2011	2010	2009	2008	2007
\$944,826	\$721,015	\$701,720	\$725,609	\$617,383	\$531,603	\$476,946
(944,826)	(721,015)	(701,720)	(725,609)	(617,383)	(531,603)	(476,946)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$5,231,361	\$4,824,628	\$4,705,906	\$4,893,590	\$4,167,635	\$3,592,954	\$3,243,515
18.06%	14.94%	14.91%	14.83%	14.81%	14.80%	14.70%

## Combining and Individual Fund Statements and Schedules

### Fund Descriptions – Nonmajor Funds

#### *Nonmajor Special Revenue Funds*

To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

***Recycling Fund*** – This fund accounts for and reports grant proceeds and miscellaneous revenues restricted for costs related to the development of the City recycling program.

***ADA Parking Violations Fund*** – This fund accounts for and reports committed fines collected for unauthorized parking in handicapped spaces to be used for the maintenance of City parks.

***State Highway Fund*** – This fund accounts for and reports 7.5 percent of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of State highways within the City.

***Permissive Tax Fund*** – This fund accounts for and reports restricted resources received from County permissive license fees. The proceeds are used for street lighting and traffic signals.

***Mayor’s Court Computer Fund*** – This fund accounts for and reports restricted fines collected to be used to maintain court computer systems.

***Recreation Fund*** – This fund accounts for and reports committed fees received from individuals participating in the recreation programs provided by the City.

***Park Operating Fund*** – This fund accounts for and reports restricted property taxes to pay for the costs associated with the operations and upkeep of the City parks.

***Park Development and Improvement Fund*** – This fund accounts for and reports committed fees assessed to anyone building within the City limits, proceeds from the sale of property or donations used to provide for the maintenance and enhancement of City parks.

***Donations Fund*** – This fund accounts for and reports committed donations received for the purchase of K-9 dog and training and the establishment of a living tree memorial.

#### *Nonmajor Debt Service Funds*

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

***Library Bond Retirement Fund*** – This fund accounts for and reports the accumulation of restricted property taxes to pay principal and interest on the library general obligation debt.

***Tax Increment Financing Fund*** – This fund accounts for and reports all payments received in lieu of taxes related to the City TIF agreements. The restricted revenue will be used for City infrastructure debt service or improvements.

(continued)

## **Fund Descriptions – Nonmajor Funds (continued)**

### ***Nonmajor Capital Projects Funds***

Capital projects funds are used to account and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds or for assets that will be held in trust.

***Equipment Fund*** – This fund accounts for and reports restricted property taxes used for the purchase of equipment for the Police and Fire Departments.

***Storm Water Detention Fund*** – This fund accounts for and reports monies derived from fees generated by new developments assigned to the maintenance of a water detention system.

***Land Purchases Fund*** – This fund accounts for and reports restricted monies from note proceeds for the costs associated with the purchase and development of land.

***French Creek Restoration Fund*** – This fund accounts for and reports assigned monies from transfers in for the costs associated with the improvements at this site.

***Sidewalk Programs Fund*** – This fund accounts for and reports assigned monies from transfers in for costs associated with the construction and improvement of City sidewalks.

***Storm Sewers Fund*** – This fund accounts for and reports assigned monies from transfers in for the cost of storm sewer improvements.

***Municipal Buildings Fund*** – This fund accounts for and reports restricted monies from bond and note proceeds for the costs associated with the various City building projects.

***I-90 Interchange Fund*** – This fund accounts for and reports debt proceeds and other revenues restricted for costs associated with construction of the I-90 interchange.

***Recreation Complex Fund*** – This fund accounts for and reports municipal income tax revenue committed to the cost of constructing a recreation facility in conjunction with the Greater Cleveland YMCA.

***Stadium Marquee Fund*** – This fund accounts for and reports committed advertising revenue from the highway marquee next to the baseball stadium. The revenue will only be used for capital replacement or improvements to the baseball stadium.

***Capital Improvements Fund*** – This fund accounts for and reports assigned monies from transfers in for the costs related to various capital infrastructure improvements within the City.

**City of Avon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2016*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,643,780	\$73,952	\$1,942,959	\$3,660,691
Interfund Receivable	0	0	279,180	279,180
Intergovernmental Receivable	115,539	0	238,852	354,391
Accrued Interest Receivable	828	0	476	1,304
Prepaid Items	5,000	0	500	5,500
Municipal Income Taxes Receivable	359,146	0	359,146	718,292
Property Taxes Receivable	301,988	0	601,238	903,226
Payments in Lieu of Taxes Receivable	0	1,323,953	0	1,323,953
<i>Total Assets</i>	<u>\$2,426,281</u>	<u>\$1,397,905</u>	<u>\$3,422,351</u>	<u>\$7,246,537</u>
<b>Liabilities</b>				
Accounts Payable	\$26,034	\$0	\$73,973	\$100,007
Contracts Payable	126,345	0	12,180	138,525
Accrued Wages and Benefits	14,301	0	232	14,533
Interfund Payable	622,500	0	50,000	672,500
Intergovernmental Payable	8,259	0	408	8,667
Accrued Interest Payable	4,792	0	19,044	23,836
Notes Payable	750,000	0	2,830,000	3,580,000
<i>Total Liabilities</i>	<u>1,552,231</u>	<u>0</u>	<u>2,985,837</u>	<u>4,538,068</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	294,684	0	587,264	881,948
Payments in Lieu of Taxes	0	1,303,686	0	1,303,686
Unavailable Revenue	235,051	20,267	232,508	487,826
<i>Total Deferred Inflows of Resources</i>	<u>529,735</u>	<u>1,323,953</u>	<u>819,772</u>	<u>2,673,460</u>
<b>Fund Balances</b>				
Nonspendable	5,000	0	500	5,500
Restricted	678,292	73,952	832,000	1,584,244
Committed	15,725	0	898,800	914,525
Assigned	0	0	604,164	604,164
Unassigned (Deficit)	(354,702)	0	(2,718,722)	(3,073,424)
<i>Total Fund Balances</i>	<u>344,315</u>	<u>73,952</u>	<u>(383,258)</u>	<u>35,009</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,426,281</u>	<u>\$1,397,905</u>	<u>\$3,422,351</u>	<u>\$7,246,537</u>

**City of Avon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2016*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property Taxes	\$289,021	\$0	\$575,983	\$865,004
Payments in Lieu of Taxes	0	1,156,913	0	1,156,913
Municipal Income Taxes	721,215	0	1,734,717	2,455,932
Charges for Services	112,336	0	615,872	728,208
Licenses and Permits	301,548	0	0	301,548
Fines and Forfeitures	4,224	0	0	4,224
Intergovernmental	251,917	0	299,116	551,033
Interest	1,520	0	1,725	3,245
Contributions and Donations	560	0	32,269	32,829
Rentals	0	0	438,205	438,205
Miscellaneous	1,974	0	56,356	58,330
<i>Total Revenues</i>	<u>1,684,315</u>	<u>1,156,913</u>	<u>3,754,243</u>	<u>6,595,471</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	1,704	0	0	1,704
Transportation	446,317	0	0	446,317
Community Environment	136,932	0	0	136,932
Leisure Time Activities	1,283,129	0	0	1,283,129
Capital Outlay	0	0	4,210,309	4,210,309
Debt Service:				
Principal Retirement	108,599	344,062	988,200	1,440,861
Interest and Fiscal Charges	37,828	505,193	400,531	943,552
<i>Total Expenditures</i>	<u>2,014,509</u>	<u>849,255</u>	<u>5,599,040</u>	<u>8,462,804</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(330,194)</u>	<u>307,658</u>	<u>(1,844,797)</u>	<u>(1,867,333)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	295,925	295,925
General Obligation Notes Issued	0	0	1,820,000	1,820,000
Transfers In	250,000	0	520,000	770,000
Transfers Out	0	(240,800)	(726,200)	(967,000)
<i>Total Other Financing Sources (Uses)</i>	<u>250,000</u>	<u>(240,800)</u>	<u>1,909,725</u>	<u>1,918,925</u>
<i>Net Change in Fund Balances</i>	(80,194)	66,858	64,928	51,592
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>424,509</u>	<u>7,094</u>	<u>(448,186)</u>	<u>(16,583)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$344,315</u></u>	<u><u>\$73,952</u></u>	<u><u>(\$383,258)</u></u>	<u><u>\$35,009</u></u>

**City of Avon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2016*

	Recycling	ADA Parking Violations	State Highway	Permissive Tax
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$18,318	\$16	\$203,618	\$67,070
Intergovernmental Receivable	0	0	36,524	60,898
Accrued Interest Receivable	0	0	828	0
Prepaid Items	0	0	0	0
Municipal Income Taxes Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$18,318</u>	<u>\$16</u>	<u>\$240,970</u>	<u>\$127,968</u>
<b>Liabilities</b>				
Accounts Payable	\$9,290	\$0	\$0	\$14,476
Contracts Payable	0	0	124,344	0
Accrued Wages and Benefits	0	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>9,290</u>	<u>0</u>	<u>124,344</u>	<u>14,476</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	24,349	40,599
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>24,349</u>	<u>40,599</u>
<b>Fund Balances</b>				
Nonspendable	0	0	0	0
Restricted	9,028	0	92,277	72,893
Committed	0	16	0	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>9,028</u>	<u>16</u>	<u>92,277</u>	<u>72,893</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$18,318</u>	<u>\$16</u>	<u>\$240,970</u>	<u>\$127,968</u>

Mayor's Court Computer	Recreation	Park Operating	Park Development and Improvement	Donations	Total Nonmajor Special Revenue Funds
\$80,056	\$414	\$229,883	\$1,028,696	\$15,709	\$1,643,780
0	0	18,117	0	0	115,539
0	0	0	0	0	828
0	0	5,000	0	0	5,000
0	0	359,146	0	0	359,146
0	0	301,988	0	0	301,988
<u>\$80,056</u>	<u>\$414</u>	<u>\$914,134</u>	<u>\$1,028,696</u>	<u>\$15,709</u>	<u>\$2,426,281</u>
\$0	\$0	\$2,268	\$0	\$0	\$26,034
0	0	0	2,001	0	126,345
0	2,878	11,423	0	0	14,301
0	0	0	622,500	0	622,500
0	1,641	6,618	0	0	8,259
0	0	0	4,792	0	4,792
0	0	0	750,000	0	750,000
<u>0</u>	<u>4,519</u>	<u>20,309</u>	<u>1,379,293</u>	<u>0</u>	<u>1,552,231</u>
0	0	294,684	0	0	294,684
0	0	170,103	0	0	235,051
<u>0</u>	<u>0</u>	<u>464,787</u>	<u>0</u>	<u>0</u>	<u>529,735</u>
0	0	5,000	0	0	5,000
80,056	0	424,038	0	0	678,292
0	0	0	0	15,709	15,725
0	(4,105)	0	(350,597)	0	(354,702)
<u>80,056</u>	<u>(4,105)</u>	<u>429,038</u>	<u>(350,597)</u>	<u>15,709</u>	<u>344,315</u>
<u>\$80,056</u>	<u>\$414</u>	<u>\$914,134</u>	<u>\$1,028,696</u>	<u>\$15,709</u>	<u>\$2,426,281</u>

**City of Avon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2016*

	Recycling	ADA Parking Violations	State Highway	Permissive Tax
<b>Revenues</b>				
Property Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	0	73,339	114,322
Interest	0	0	1,520	0
Contributions and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>74,859</u>	<u>114,322</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	0	0	0	0
Transportation	0	0	247,246	199,071
Community Environment	129,460	0	0	0
Leisure Time Activities	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>129,460</u>	<u>0</u>	<u>247,246</u>	<u>199,071</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(129,460)	0	(172,387)	(84,749)
<b>Other Financing Sources</b>				
Transfers In	135,000	0	0	90,000
<i>Net Change in Fund Balances</i>	5,540	0	(172,387)	5,251
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>3,488</u>	<u>16</u>	<u>264,664</u>	<u>67,642</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$9,028</u>	<u>\$16</u>	<u>\$92,277</u>	<u>\$72,893</u>



Mayor's Court Computer	Recreation	Park Operating	Park Development and Improvement	Donations	Total Nonmajor Special Revenue Funds
\$0	\$0	\$289,021	\$0	\$0	\$289,021
0	0	721,215	0	0	721,215
0	112,336	0	0	0	112,336
0	0	10,779	290,769	0	301,548
4,224	0	0	0	0	4,224
0	0	64,256	0	0	251,917
0	0	0	0	0	1,520
0	0	10	0	550	560
0	0	1,974	0	0	1,974
<u>4,224</u>	<u>112,336</u>	<u>1,087,255</u>	<u>290,769</u>	<u>550</u>	<u>1,684,315</u>
0	0	0	0	1,704	1,704
0	0	0	0	0	446,317
7,472	0	0	0	0	136,932
0	169,755	959,022	154,352	0	1,283,129
0	0	0	108,599	0	108,599
0	0	0	37,828	0	37,828
<u>7,472</u>	<u>169,755</u>	<u>959,022</u>	<u>300,779</u>	<u>1,704</u>	<u>2,014,509</u>
(3,248)	(57,419)	128,233	(10,010)	(1,154)	(330,194)
0	25,000	0	0	0	250,000
(3,248)	(32,419)	128,233	(10,010)	(1,154)	(80,194)
<u>83,304</u>	<u>28,314</u>	<u>300,805</u>	<u>(340,587)</u>	<u>16,863</u>	<u>424,509</u>
<u>\$80,056</u>	<u>(\$4,105)</u>	<u>\$429,038</u>	<u>(\$350,597)</u>	<u>\$15,709</u>	<u>\$344,315</u>

**City of Avon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Debt Service Funds*  
*December 31, 2016*

	Library Bond Retirement	Tax Increment Financing	Total Nonmajor Debt Service Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,762	\$72,190	\$73,952
Payments in Lieu of Taxes Receivable	0	1,323,953	1,323,953
<i>Total Assets</i>	<u>\$1,762</u>	<u>\$1,396,143</u>	<u>\$1,397,905</u>
<b>Deferred Inflows of Resources</b>			
Payments in Lieu of Taxes	\$0	\$1,303,686	\$1,303,686
Unavailable Revenue	0	20,267	20,267
<i>Total Deferred Inflows of Resources</i>	0	1,323,953	1,323,953
<b>Fund Balances</b>			
Restricted	1,762	72,190	73,952
<i>Total Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,762</u>	<u>\$1,396,143</u>	<u>\$1,397,905</u>

**City of Avon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Debt Service Funds*  
*For the Year Ended December 31, 2016*

	Library Bond Retirement	Tax Increment Financing	Total Nonmajor Debt Service Funds
<b>Revenues</b>			
Payments in Lieu of Taxes	\$0	\$1,156,913	\$1,156,913
<b>Expenditures</b>			
Debt Service:			
Principal Retirement	0	344,062	344,062
Interest and Fiscal Charges	0	505,193	505,193
<i>Total Expenditures</i>	0	849,255	849,255
<i>Excess of Revenues Over Expenditures</i>	0	307,658	307,658
<b>Other Financing Uses</b>			
Transfers Out	0	(240,800)	(240,800)
<i>Net Change in Fund Balances</i>	0	66,858	66,858
<i>Fund Balances Beginning of Year</i>	1,762	5,332	7,094
<i>Fund Balances End of Year</i>	\$1,762	\$72,190	\$73,952

**City of Avon, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2016*

	Equipment	Storm Water Detention	Land Purchases	French Creek Restoration	Sidewalk Programs
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$871,341	\$306,841	\$1,468	\$4,120	\$15,632
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	36,630	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Municipal Income Taxes Receivable	0	0	0	0	0
Property Taxes Receivable	601,238	0	0	0	0
<i>Total Assets</i>	<u>\$1,509,209</u>	<u>\$306,841</u>	<u>\$1,468</u>	<u>\$4,120</u>	<u>\$15,632</u>
<b>Liabilities</b>					
Accounts Payable	\$39,341	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0	1,415
Accrued Wages and Benefits	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Accrued Interest Payable	0	0	2,113	0	0
Notes Payable	0	0	180,000	0	0
<i>Total Liabilities</i>	<u>39,341</u>	<u>0</u>	<u>182,113</u>	<u>0</u>	<u>1,415</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes	587,264	0	0	0	0
Unavailable Revenue	50,604	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>637,868</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>					
Nonspendable	0	0	0	0	0
Restricted	832,000	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	306,841	0	4,120	14,217
Unassigned (Deficit)	0	0	(180,645)	0	0
<i>Total Fund Balances (Deficit)</i>	<u>832,000</u>	<u>306,841</u>	<u>(180,645)</u>	<u>4,120</u>	<u>14,217</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,509,209</u>	<u>\$306,841</u>	<u>\$1,468</u>	<u>\$4,120</u>	<u>\$15,632</u>

Storm Sewers	Municipal Buildings	I-90 Interchange	Recreation Complex	Stadium Marquee	Capital Improvements	Total Nonmajor Capital Projects Funds
\$94,377	\$167,555	\$20,858	\$416,641	\$13,752	\$30,374	\$1,942,959
0	0	0	279,180	0	0	279,180
0	37,222	0	0	0	165,000	238,852
0	476	0	0	0	0	476
0	500	0	0	0	0	500
0	0	0	359,146	0	0	359,146
0	0	0	0	0	0	601,238
<u>\$94,377</u>	<u>\$205,753</u>	<u>\$20,858</u>	<u>\$1,054,967</u>	<u>\$13,752</u>	<u>\$195,374</u>	<u>\$3,422,351</u>
\$0	\$9,395	\$0	\$17,760	\$7,477	\$0	\$73,973
10,765	0	0	0	0	0	12,180
0	232	0	0	0	0	232
0	0	50,000	0	0	0	50,000
0	408	0	0	0	0	408
0	16,931	0	0	0	0	19,044
0	2,650,000	0	0	0	0	2,830,000
<u>10,765</u>	<u>2,676,966</u>	<u>50,000</u>	<u>17,760</u>	<u>7,477</u>	<u>0</u>	<u>2,985,837</u>
0	0	0	0	0	0	587,264
0	37,222	0	144,682	0	0	232,508
0	37,222	0	144,682	0	0	819,772
0	500	0	0	0	0	500
0	0	0	0	0	0	832,000
0	0	0	892,525	6,275	0	898,800
83,612	0	0	0	0	195,374	604,164
0	(2,508,935)	(29,142)	0	0	0	(2,718,722)
<u>83,612</u>	<u>(2,508,435)</u>	<u>(29,142)</u>	<u>892,525</u>	<u>6,275</u>	<u>195,374</u>	<u>(383,258)</u>
<u>\$94,377</u>	<u>\$205,753</u>	<u>\$20,858</u>	<u>\$1,054,967</u>	<u>\$13,752</u>	<u>\$195,374</u>	<u>\$3,422,351</u>

**City of Avon, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2016*

	Equipment	Storm Water Detention	Land Purchases	French Creek Restoration	Sidewalk Programs
<b>Revenues</b>					
Property Taxes	\$575,983	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	0
Charges for Services	0	226,175	0	0	0
Intergovernmental	73,817	0	0	0	1,413
Interest	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Rentals	0	0	0	0	0
Miscellaneous	53,071	0	0	0	262
<i>Total Revenues</i>	<u>702,871</u>	<u>226,175</u>	<u>0</u>	<u>0</u>	<u>1,675</u>
<b>Expenditures</b>					
Capital Outlay	921,689	46,620	2,360,821	0	29,491
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	2,113	0	0
<i>Total Expenditures</i>	<u>921,689</u>	<u>46,620</u>	<u>2,362,934</u>	<u>0</u>	<u>29,491</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(218,818)</u>	<u>179,555</u>	<u>(2,362,934)</u>	<u>0</u>	<u>(27,816)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	0	0	0	0	0
General Obligation Notes Issued	0	0	1,820,000	0	0
Transfers In	0	0	365,000	0	25,000
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>2,185,000</u>	<u>0</u>	<u>25,000</u>
<i>Net Change in Fund Balances</i>	<u>(218,818)</u>	<u>179,555</u>	<u>(177,934)</u>	<u>0</u>	<u>(2,816)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>1,050,818</u>	<u>127,286</u>	<u>(2,711)</u>	<u>4,120</u>	<u>17,033</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$832,000</u>	<u>\$306,841</u>	<u>(\$180,645)</u>	<u>\$4,120</u>	<u>\$14,217</u>

Storm Sewers	Municipal Buildings	I-90 Interchange	Recreation Complex	Stadium Marquee	Capital Improvements	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$575,983
0	0	0	1,734,717	0	0	1,734,717
0	309,697	0	0	80,000	0	615,872
0	25,553	0	0	33,333	165,000	299,116
0	1,725	0	0	0	0	1,725
0	32,269	0	0	0	0	32,269
0	438,205	0	0	0	0	438,205
0	3,023	0	0	0	0	56,356
0	810,472	0	1,734,717	113,333	165,000	3,754,243
29,901	572,373	12,903	98,847	137,664	0	4,210,309
0	280,000	0	708,200	0	0	988,200
0	108,148	0	290,270	0	0	400,531
29,901	960,521	12,903	1,097,317	137,664	0	5,599,040
(29,901)	(150,049)	(12,903)	637,400	(24,331)	165,000	(1,844,797)
0	0	0	295,925	0	0	295,925
0	0	0	0	0	0	1,820,000
0	70,000	0	0	0	60,000	520,000
0	0	0	(686,200)	0	(40,000)	(726,200)
0	70,000	0	(390,275)	0	20,000	1,909,725
(29,901)	(80,049)	(12,903)	247,125	(24,331)	185,000	64,928
113,513	(2,428,386)	(16,239)	645,400	30,606	10,374	(448,186)
\$83,612	(\$2,508,435)	(\$29,142)	\$892,525	\$6,275	\$195,374	(\$383,258)

### ***Fiduciary Funds***

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

### ***Agency Funds***

***Deposits Fund*** – This fund accounts for various deposits held by the City to ensure compliance with various City ordinances. Upon satisfactory completion of the construction projects, deposits are returned.

***Lorain Public Library Fund*** – This fund accounts for resources received from a 1.2 mill levy used to pay for the upkeep of the Lorain Public Library – Avon Branch. These funds are collected and immediately given to the Library.

***Avon Visitors Bureau*** – This fund accounts for the collection of a hotel/motel tax in the amount of 3 percent of gross receipts. These funds will be used solely in the operation of a Visitors Bureau.

***Avon Lake Sanitary Sewer Trunk Fees Fund*** – This fund accounts for the collection and distribution of tap-in fees for the section of the City that has a contractual agreement with the City of Avon Lake utilities department to discharge sanitary sewer waste.

***Clearing Fund*** – This fund accounts for deposits of cash from members in clearing agency.

***Subdivisions Fund*** – This fund accounts for deposits made by developers of the City's subdivisions to ensure compliance with various City ordinances regarding development within the City. Upon satisfactory completion of the subdivisions, the funds are returned to the developer.

***Mayor's Court Fund*** – This fund accounts for the activities within the mayor's court.



**City of Avon, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds*  
*For the Year Ended December 31, 2016*

	Beginning Balance 12/31/15	Additions	Deductions	Ending Balance 12/31/16
<b><i>Deposits</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$679,824	\$1,245,562	\$1,187,131	\$738,255
<b>Liabilities</b>				
Deposits Held and Due to Others	\$679,824	\$1,245,562	\$1,187,131	\$738,255
 <b><i>Lorain Public Library</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$452,331	\$452,331	\$0
<b>Liabilities</b>				
Intergovernmental Payable	\$0	\$452,331	\$452,331	\$0
 <b><i>Avon Visitors Bureau</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$140,105	\$172,201	\$0	\$312,306
<b>Liabilities</b>				
Deposits Held and Due to Others	\$140,105	\$172,201	\$0	\$312,306
 <b><i>Avon Lake Sanitary Sewer Trunk Fees</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$318,540	\$85,616	\$315,804	\$88,352
<b>Liabilities</b>				
Deposits Held and Due to Others	\$318,540	\$85,616	\$315,804	\$88,352
 <b><i>Clearing Fund</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,934	\$83,583	\$49,071	\$38,446
<b>Liabilities</b>				
Deposits Held and Due to Others	\$3,934	\$83,583	\$49,071	\$38,446
 <b><i>Subdivisions</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$2,001,006	\$714,899	\$702,211	\$2,013,694
<b>Liabilities</b>				
Deposits Held and Due to Others	\$2,001,006	\$714,899	\$702,211	\$2,013,694

(continued)

**City of Avon, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Funds (continued)*  
*For the Year Ended December 31, 2016*

	Beginning Balance 12/31/15	Additions	Deductions	Ending Balance 12/31/16
<b>Mayor's Court</b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$132,390	\$132,390	\$0
<b>Liabilities</b>				
Deposits Held and Due to Others	\$0	\$132,390	\$132,390	\$0
<b>Total All Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,143,409	\$2,754,192	\$2,706,548	\$3,191,053
Cash and Cash Equivalents in Segregated Accounts	0	132,390	132,390	0
<i>Total Assets</i>	<u>\$3,143,409</u>	<u>\$2,886,582</u>	<u>\$2,838,938</u>	<u>\$3,191,053</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	\$3,143,409	\$2,434,251	\$2,386,607	\$3,191,053
Intergovernmental Payable	0	452,331	452,331	0
<i>Total Liabilities</i>	<u>\$3,143,409</u>	<u>\$2,886,582</u>	<u>\$2,838,938</u>	<u>\$3,191,053</u>

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

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Property Taxes	\$1,412,186	\$1,672,015	\$1,672,015	\$0
Municipal Income Taxes	7,435,655	8,803,743	8,803,743	0
Charges for Services	318,289	376,851	376,851	0
Licenses and Permits	911,538	1,079,252	1,131,954	52,702
Fines and Forfeitures	144,216	170,750	140,086	(30,664)
Intergovernmental	698,978	827,583	710,824	(116,759)
Interest	77,275	91,493	91,493	0
Contributions and Donations	4,155	3,521	3,521	0
Rentals	12,379	10,490	10,750	260
Miscellaneous	11,585	12,163	12,412	249
<i>Total Revenues</i>	<u>11,026,256</u>	<u>13,047,861</u>	<u>12,953,649</u>	<u>(94,212)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Mayor:				
Personal Services	214,891	270,321	266,059	4,262
Materials and Supplies	10,097	12,701	12,068	633
Contractual Services	136,413	171,600	118,826	52,774
<b>Total Mayor</b>	<u>361,401</u>	<u>454,622</u>	<u>396,953</u>	<u>57,669</u>
Finance:				
Personal Services	465,890	586,065	511,072	74,993
Materials and Supplies	20,099	25,283	15,653	9,630
Contractual Services	153,122	192,620	85,430	107,190
Capital Outlay	79,495	100,000	100,000	0
<b>Total Finance</b>	<u>718,606</u>	<u>903,968</u>	<u>712,155</u>	<u>191,813</u>
Treasurer:				
Personal Services	15,895	19,995	19,779	216
Materials and Supplies	1,605	2,019	617	1,402
Contractual Services	176	221	130	91
<b>Total Treasurer</b>	<u>17,676</u>	<u>22,235</u>	<u>20,526</u>	<u>1,709</u>
Law Director:				
Personal Services	137,953	173,538	168,948	4,590
Materials and Supplies	4,980	6,265	5,996	269
Contractual Services	237,478	298,735	287,577	11,158
<b>Total Law Director</b>	<u>\$380,411</u>	<u>\$478,538</u>	<u>\$462,521</u>	<u>\$16,017</u>

(continued)

**City of Avon, 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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Council:</b>				
Personal Services	\$163,493	\$205,666	\$196,025	\$9,641
Materials and Supplies	11,993	15,087	6,907	8,180
Contractual Services	26,790	33,700	18,776	14,924
<b>Total Council</b>	<b>202,276</b>	<b>254,453</b>	<b>221,708</b>	<b>32,745</b>
<b>City Hall:</b>				
Personal Services	536	674	233	441
Materials and Supplies	78,372	98,588	96,423	2,165
Contractual Services	215,976	271,687	243,903	27,784
Capital Outlay	84,954	106,868	83,730	23,138
Other	7,155	9,000	4,161	4,839
<b>Total City Hall</b>	<b>386,993</b>	<b>486,817</b>	<b>428,450</b>	<b>58,367</b>
<b>Civil Service</b>				
Personal Services	6,521	8,203	4,056	4,147
Materials and Supplies	397	500	0	500
Contractual Services	15,899	20,000	4,620	15,380
Other	397	500	0	500
<b>Total Civil Service</b>	<b>23,214</b>	<b>29,203</b>	<b>8,676</b>	<b>20,527</b>
<b>Records:</b>				
Personal Services	7,526	9,467	7,621	1,846
Materials and Supplies	795	1,000	0	1,000
Contractual Services	1,590	2,000	0	2,000
<b>Total Records</b>	<b>9,911</b>	<b>12,467</b>	<b>7,621</b>	<b>4,846</b>
<b>Statutory Accounts:</b>				
Personal Services	195,209	245,563	111,002	134,561
Contractual Services	238,484	300,000	279,660	20,340
<b>Total Statutory Accounts</b>	<b>433,693</b>	<b>545,563</b>	<b>390,662</b>	<b>154,901</b>
<b>Legal:</b>				
Personal Services	2,935	3,692	3,377	315
Materials and Supplies	79	100	9	91
Contractual Services	159	200	0	200
<b>Total Legal</b>	<b>\$3,173</b>	<b>\$3,992</b>	<b>\$3,386</b>	<b>\$606</b>

(continued)

**City of Avon, 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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Engineer:				
Personal Services	\$59,648	\$75,034	\$56,488	\$18,546
Materials and Supplies	1,987	2,500	614	1,886
Contractual Services	463,811	583,450	547,480	35,970
Total Engineer	525,446	660,984	604,582	56,402
Human Resources:				
Personal Services	78,017	98,141	71,647	26,494
Materials and Supplies	2,584	3,250	1,341	1,909
Contractual Services	18,681	23,500	9,021	14,479
Total Human Resources	99,282	124,891	82,009	42,882
Grant Coordinator:				
Contractual Services	19,874	25,000	18,052	6,948
Income Tax Department:				
Contractual Services	232,919	293,000	279,795	13,205
Total General Government	3,414,875	4,295,733	3,637,096	658,637
Community Environment:				
Avon Seniors:				
Personal Services	219,152	225,952	223,299	2,653
Materials and Supplies	23,769	24,507	15,523	8,984
Contractual Services	55,770	57,500	44,904	12,596
Capital Outlay	24,248	25,000	22,433	2,567
Other	97	100	0	100
Total Avon Seniors	323,036	333,059	306,159	26,900
Planning Commission:				
Personal Services	183,666	231,042	189,140	41,902
Materials and Supplies	3,180	4,000	2,221	1,779
Contractual Services	53,873	67,769	65,554	2,215
Other	3,522	4,430	3,775	655
Total Planning Commission	\$244,241	\$307,241	\$260,690	\$46,551

(continued)

**City of Avon, 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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Building Inspector:				
Personal Services	\$741,571	\$932,857	\$905,617	\$27,240
Materials and Supplies	34,246	43,080	21,901	21,179
Contractual Services	231,148	290,772	160,308	130,464
Capital Outlay	58,031	73,000	49,020	23,980
Other	9,539	12,000	5,902	6,098
<b>Total Building Inspector</b>	<b>1,074,535</b>	<b>1,351,709</b>	<b>1,142,748</b>	<b>208,961</b>
Traffic/Signalization:				
Personal Services	68,382	86,021	78,905	7,116
Materials and Supplies	103,951	130,766	130,766	0
Contractual Services	23,491	29,550	28,870	680
<b>Total Traffic/Signalization</b>	<b>195,824</b>	<b>246,337</b>	<b>238,541</b>	<b>7,796</b>
Safety Director/Zoning Officer				
Personal Services	65,289	82,130	80,852	1,278
Materials and Supplies	541	680	612	68
Contractual Services	652	820	198	622
<b>Total Safety Director/Zoning Officer</b>	<b>66,482</b>	<b>83,630</b>	<b>81,662</b>	<b>1,968</b>
<b>Total Community Environment</b>	<b>1,904,118</b>	<b>2,321,976</b>	<b>2,029,800</b>	<b>292,176</b>
Leisure Time Activities				
Community Center:				
Personal Services	18,348	18,918	12,450	6,468
Materials and Supplies	3,152	3,250	3,250	0
Contractual Services	3,497	3,606	3,276	330
Other	485	500	395	105
<b>Total Leisure Time Activities</b>	<b>25,482</b>	<b>26,274</b>	<b>19,371</b>	<b>6,903</b>
<b>Total Expenditures</b>	<b>5,344,475</b>	<b>6,643,983</b>	<b>5,686,267</b>	<b>957,716</b>
<b>Excess of Revenues Over Expenditures</b>	<b>5,681,781</b>	<b>6,403,878</b>	<b>7,267,382</b>	<b>863,504</b>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	40,000	40,000	40,000	0
Transfers In	9,856,650	9,856,650	9,246,650	(610,000)
Transfers Out	(17,345,262)	(17,345,262)	(16,435,262)	910,000
<b>Total Other Financing Sources (Uses)</b>	<b>(7,448,612)</b>	<b>(7,448,612)</b>	<b>(7,148,612)</b>	<b>300,000</b>
<b>Net Change in Fund Balance</b>	<b>(1,766,831)</b>	<b>(1,044,734)</b>	<b>118,770</b>	<b>1,163,504</b>
<b>Fund Balance Beginning of Year</b>	<b>2,326,963</b>	<b>2,326,963</b>	<b>2,326,963</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>62,360</b>	<b>62,360</b>	<b>62,360</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$622,492</b>	<b>\$1,344,589</b>	<b>\$2,508,093</b>	<b>\$1,163,504</b>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Department Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Municipal Income Taxes	\$3,986,748	\$4,315,305	\$4,315,305	\$0
Charges for Services	504,154	545,703	545,703	0
Intergovernmental	2,425	2,625	2,625	0
Miscellaneous	2,947	3,190	3,344	154
<i>Total Revenues</i>	<i>4,496,274</i>	<i>4,866,823</i>	<i>4,866,977</i>	<i>154</i>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire Department:				
Personal Services	4,533,696	4,530,541	4,267,907	262,634
Materials and Supplies	226,454	226,296	207,707	18,589
Contractual Services	348,672	348,429	291,588	56,841
Other	2,000	2,000	1,252	748
<i>Total Expenditures</i>	<i>5,110,822</i>	<i>5,107,266</i>	<i>4,768,454</i>	<i>338,812</i>
<i>Net Change in Fund Balance</i>	<i>(614,548)</i>	<i>(240,443)</i>	<i>98,523</i>	<i>338,966</i>
<i>Fund Balance Beginning of Year</i>	<i>842,722</i>	<i>842,722</i>	<i>842,722</i>	<i>0</i>
Prior Year Encumbrances Appropriated	38,371	38,371	38,371	0
<i>Fund Balance End of Year</i>	<i>\$266,545</i>	<i>\$640,650</i>	<i>\$979,616</i>	<i>\$338,966</i>



**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Property Taxes	\$1,167,398	\$1,220,311	\$1,220,311	\$0
Intergovernmental	973,845	1,017,985	1,051,571	33,586
Interest	1,875	1,960	1,960	0
Miscellaneous	3,387	3,541	3,541	0
<i>Total Revenues</i>	<u>2,146,505</u>	<u>2,243,797</u>	<u>2,277,383</u>	<u>33,586</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Street Department:				
Personal Services	1,401,841	1,454,710	1,322,489	132,221
Materials and Supplies	821,744	852,735	744,090	108,645
Contractual Services	282,966	293,638	220,465	73,173
Capital Outlay	466,012	483,587	483,025	562
<i>Total Transportation</i>	<u>2,972,563</u>	<u>3,084,670</u>	<u>2,770,069</u>	<u>314,601</u>
Debt Service:				
Principal Retirement	140,000	140,000	140,000	0
Interest and Fiscal Charges	40,379	40,379	40,375	4
<i>Total Debt Service</i>	<u>180,379</u>	<u>180,379</u>	<u>180,375</u>	<u>4</u>
<i>Total Expenditures</i>	<u>3,152,942</u>	<u>3,265,049</u>	<u>2,950,444</u>	<u>314,605</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,006,437)</u>	<u>(1,021,252)</u>	<u>(673,061)</u>	<u>348,191</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	675,000	675,000	350,000	(325,000)
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>650,000</u>	<u>650,000</u>	<u>325,000</u>	<u>(325,000)</u>
<i>Net Change in Fund Balance</i>	<u>(356,437)</u>	<u>(371,252)</u>	<u>(348,061)</u>	<u>23,191</u>
<i>Fund Balance Beginning of Year</i>	404,422	404,422	404,422	0
Prior Year Encumbrances Appropriated	94,547	94,547	94,547	0
<i>Fund Balance End of Year</i>	<u><u>\$142,532</u></u>	<u><u>\$127,717</u></u>	<u><u>\$150,908</u></u>	<u><u>\$23,191</u></u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Property Taxes	\$634,328	\$655,232	\$655,232	\$0
Municipal Income Taxes	1,624,636	1,678,174	1,678,174	0
Licenses and Permits	529	546	546	0
Fines and Forfeitures	910	940	940	0
Intergovernmental	85,057	87,860	87,860	0
Contributions and Donations	484	500	500	0
Miscellaneous	21,433	22,139	29,046	6,907
<i>Total Revenues</i>	<u>2,367,377</u>	<u>2,445,391</u>	<u>2,452,298</u>	<u>6,907</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	5,429,649	5,429,649	4,878,866	550,783
Materials and Supplies	303,816	303,816	211,640	92,176
Contractual Services	503,287	503,287	458,819	44,468
<i>Total Expenditures</i>	<u>6,236,752</u>	<u>6,236,752</u>	<u>5,549,325</u>	<u>687,427</u>
<i>Excess of Revenues Under Expenditures</i>	(3,869,375)	(3,791,361)	(3,097,027)	694,334
<b>Other Financing Sources</b>				
Transfers In	3,850,000	3,850,000	3,350,000	(500,000)
<i>Net Change in Fund Balance</i>	(19,375)	58,639	252,973	194,334
<i>Fund Balance Beginning of Year</i>	401,406	401,406	401,406	0
Prior Year Encumbrances Appropriated	55,142	55,142	55,142	0
<i>Fund Balance End of Year</i>	<u>\$437,173</u>	<u>\$515,187</u>	<u>\$709,521</u>	<u>\$194,334</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Obligation Bond Retirement Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for Services	\$338,502	\$502,669	\$505,575	\$2,906
Miscellaneous	7,617	7,617	7,617	0
<i>Total Revenues</i>	<u>346,119</u>	<u>510,286</u>	<u>513,192</u>	<u>2,906</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive:				
Contractual Services	27,462	29,880	20,000	9,880
Debt Service:				
Principal Retirement	862,792	938,746	935,551	3,195
Interest and Fiscal Charges	984,746	1,071,435	1,071,421	14
<i>Total Debt Service</i>	<u>1,847,538</u>	<u>2,010,181</u>	<u>2,006,972</u>	<u>3,209</u>
<i>Total Expenditures</i>	<u>1,875,000</u>	<u>2,040,061</u>	<u>2,026,972</u>	<u>13,089</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,528,881)</u>	<u>(1,529,775)</u>	<u>(1,513,780)</u>	<u>15,995</u>
<b>Other Financing Sources</b>				
Premium on General Obligation Notes Issued	93,692	93,692	93,692	0
Transfers In	1,450,000	1,450,000	1,450,000	0
<i>Total Other Financing Sources</i>	<u>1,543,692</u>	<u>1,543,692</u>	<u>1,543,692</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	14,811	13,917	29,912	15,995
<i>Fund Balance Beginning of Year</i>	<u>153,061</u>	<u>153,061</u>	<u>153,061</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$167,872</u>	<u>\$166,978</u>	<u>\$182,973</u>	<u>\$15,995</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Special Assessment Bond Retirement Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Special Assessments	\$775,000	\$861,186	\$861,186	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Special Assessment Bond Retirement:				
Contractual Services	39,700	46,174	45,174	1,000
Debt Service:				
Principal Retirement	360,320	360,320	351,320	9,000
Interest and Fiscal Charges	346,880	346,880	339,586	7,294
Total Debt Service	707,200	707,200	690,906	16,294
<i>Total Expenditures</i>	746,900	753,374	736,080	17,294
<i>Net Change in Fund Balance</i>	28,100	107,812	125,106	17,294
<i>Fund Balance Beginning of Year</i>	269,187	269,187	269,187	0
<i>Fund Balance End of Year</i>	\$297,287	\$376,999	\$394,293	\$17,294

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Municipal Swimming Pool Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay:				
Municipal Swimming Pool:				
Capital Outlay	643,120	158,820	138,819	20,001
Debt Service:				
Principal Retirement	4,600,000	4,600,000	4,600,000	0
<i>Total Expenditures</i>	5,243,120	4,758,820	4,738,819	20,001
<i>Excess of Revenues Under Expenditures</i>	(5,243,120)	(4,758,820)	(4,738,819)	20,001
<b>Other Financing Sources</b>				
Bond Anticipation Notes Issued	5,100,000	4,600,000	4,600,000	0
<i>Net Change in Fund Balance</i>	(143,120)	(158,820)	(138,819)	20,001
<i>Fund Balance Beginning of Year</i>	107,261	107,261	107,261	0
Prior Year Encumbrances Appropriated	41,120	41,120	41,120	0
<i>Fund Balance (Deficit) End of Year</i>	\$5,261	(\$10,439)	\$9,562	\$20,001

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Road and Bridges Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Intergovernmental	\$2,391,986	\$327,496	\$1,220,279	\$892,783
Interest	97,986	15,398	15,398	0
Miscellaneous	241,523	37,954	37,954	0
<i>Total Revenues</i>	2,731,495	380,848	1,273,631	892,783
<b>Expenditures</b>				
Capital Outlay:				
Road and Bridge Programs:				
Capital Outlay	3,004,680	13,815,298	14,315,095	(499,797)
<i>Excess of Revenues Under Expenditures</i>	(273,185)	(13,434,450)	(13,041,464)	392,986
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	0	10,255,000	10,255,000	0
OPWC Loans Issued	57,414	57,414	57,414	0
Transfers In	1,740,262	1,740,262	1,740,262	0
Transfers Out	(65,000)	(65,000)	(60,000)	5,000
<i>Total Other Financing Sources (Uses)</i>	1,732,676	11,987,676	11,992,676	5,000
<i>Net Change in Fund Balance</i>	1,459,491	(1,446,774)	(1,048,788)	397,986
<i>Fund Balance Beginning of Year</i>	356,783	356,783	356,783	0
Prior Year Encumbrances Appropriated	1,298,088	1,298,088	1,298,088	0
<i>Fund Balance End of Year</i>	<u>\$3,114,362</u>	<u>\$208,097</u>	<u>\$606,083</u>	<u>\$397,986</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Water Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for Services	\$5,466,105	\$4,220,436	\$4,767,754	\$547,318
Interest	6,546	5,054	5,054	0
Other Operating Revenues	125,285	96,734	90,328	(6,406)
Bond Anticipation Notes Issued	9,450,000	9,450,000	9,450,000	0
<i>Total Revenues</i>	<u>15,047,936</u>	<u>13,772,224</u>	<u>14,313,136</u>	<u>540,912</u>
<b>Expenses</b>				
Personal Services	699,028	594,550	561,838	32,712
Materials and Supplies	2,179,072	1,795,639	1,468,953	326,686
Contractual Services	445,615	379,012	348,188	30,824
Other	22,927	19,500	17,682	1,818
Capital Outlay	5,300,822	4,566,294	4,175,968	390,326
Debt Service:				
Principal Retirement	10,871,581	10,871,581	10,871,581	0
Interest and Fiscal Charges	177,958	177,958	177,770	188
<i>Total Expenses</i>	<u>19,697,003</u>	<u>18,404,534</u>	<u>17,621,980</u>	<u>782,554</u>
<i>Net Change in Fund Equity</i>	(4,649,067)	(4,632,310)	(3,308,844)	1,323,466
<i>Fund Equity Beginning of Year</i>	2,833,910	2,833,910	2,833,910	0
Prior Year Encumbrances Appropriated	4,079,514	4,079,514	4,079,514	0
<i>Fund Equity End of Year</i>	<u>\$2,264,357</u>	<u>\$2,281,114</u>	<u>\$3,604,580</u>	<u>\$1,323,466</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Sewer Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for Services	\$3,856,009	\$3,931,236	\$4,100,966	\$169,730
Other Operating Revenues	77,227	78,734	81,289	2,555
Bond Anticipation Notes Issued	1,500,000	1,500,000	1,500,000	0
<i>Total Revenues</i>	<u>5,433,236</u>	<u>5,509,970</u>	<u>5,682,255</u>	<u>172,285</u>
<b>Expenses</b>				
Personal Services	582,854	583,305	540,475	42,830
Materials and Supplies	1,869,336	1,871,256	1,583,045	288,211
Contractual Services	245,246	245,436	221,229	24,207
Other	13,490	13,500	13,412	88
Capital Outlay	3,051,234	3,053,163	3,003,916	49,247
Debt Service:				
Principal Retirement	1,572,298	1,572,298	1,572,298	0
Interest and Fiscal Charges	99,579	99,579	99,386	193
<i>Total Expenses</i>	<u>7,434,037</u>	<u>7,438,537</u>	<u>7,033,761</u>	<u>404,776</u>
<i>Excess of Revenues Under Expenses Before Transfers</i>	(2,000,801)	(1,928,567)	(1,351,506)	577,061
Transfers In	0	0	270,900	270,900
Transfers Out	(270,900)	(270,900)	(270,900)	0
<i>Net Change in Fund Equity</i>	(2,271,701)	(2,199,467)	(1,351,506)	847,961
<i>Fund Equity Beginning of Year</i>	1,505,109	1,505,109	1,505,109	0
Prior Year Encumbrances Appropriated	2,204,310	2,204,310	2,204,310	0
<i>Fund Equity End of Year</i>	<u>\$1,437,718</u>	<u>\$1,509,952</u>	<u>\$2,357,913</u>	<u>\$847,961</u>



**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recycling Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Expenditures</b>				
Current:				
Community Environment:				
Recycling:				
Personal Services	3,265	3,069	3,069	0
Material and Supplies	6,384	6,000	5,103	897
Contractual Services	<u>129,277</u>	<u>121,500</u>	<u>112,380</u>	<u>9,120</u>
<i>Total Expenditures</i>	<u>138,926</u>	<u>130,569</u>	<u>120,552</u>	<u>10,017</u>
<i>Excess of Revenues Under Expenditures</i>	(138,926)	(130,569)	(120,552)	10,017
<b>Other Financing Sources</b>				
Transfers In	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(3,926)	4,431	14,448	10,017
<i>Fund Balance Beginning of Year</i>	<u>3,740</u>	<u>3,740</u>	<u>3,740</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$186)</u>	<u>\$8,171</u>	<u>\$18,188</u>	<u>\$10,017</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
ADA Parking Violations Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	16	16	16	0
<i>Fund Balance End of Year</i>	\$16	\$16	\$16	\$0

**City of Avon, 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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Intergovernmental	\$70,170	\$70,135	\$72,705	\$2,570
Interest	715	715	715	0
<i>Total Revenues</i>	70,885	70,850	73,420	2,570
<b>Expenditures</b>				
Current:				
Transportation:				
State Highway:				
Material and Supplies	22,528	45,926	19,276	26,650
Contractual Services	4,906	10,000	5,018	4,982
Capital Outlay	129,492	263,980	249,005	14,975
<i>Total Expenditures</i>	156,926	319,906	273,299	46,607
<i>Net Change in Fund Balance</i>	(86,041)	(249,056)	(199,879)	49,177
<i>Fund Balance Beginning of Year</i>	246,137	246,137	246,137	0
Prior Year Encumbrances Appropriated	6,926	6,926	6,926	0
<i>Fund Balance End of Year</i>	\$167,022	\$4,007	\$53,184	\$49,177

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Permissive Tax Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Intergovernmental	\$115,500	\$114,300	\$113,992	(\$308)
<b>Expenditures</b>				
Current:				
Transportation:				
Permissive Tax:				
Contractual Services	215,000	215,000	198,542	16,458
<i>Excess of Revenues Under Expenditures</i>	(99,500)	(100,700)	(84,550)	16,150
<b>Other Financing Sources</b>				
Transfers In	90,000	90,000	90,000	0
<i>Net Change in Fund Balance</i>	(9,500)	(10,700)	5,450	16,150
<i>Fund Balance Beginning of Year</i>	61,620	61,620	61,620	0
<i>Fund Balance End of Year</i>	<u>\$52,120</u>	<u>\$50,920</u>	<u>\$67,070</u>	<u>\$16,150</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Mayor's Court Computer Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Fines and Forfeitures	\$10,000	\$4,064	\$4,224	\$160
<b>Expenditures</b>				
Current:				
Community Environment:				
Mayor's Court Computer:				
Capital Outlay	9,481	9,481	7,472	2,009
<i>Net Change in Fund Balance</i>	519	(5,417)	(3,248)	2,169
<i>Fund Balance Beginning of Year</i>	81,323	81,323	81,323	0
Prior Year Encumbrances Appropriated	1,981	1,981	1,981	0
<i>Fund Balance End of Year</i>	<u>\$83,823</u>	<u>\$77,887</u>	<u>\$80,056</u>	<u>\$2,169</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues</b>				
Charges for Services	\$131,200	\$110,241	\$112,336	\$2,095
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Recreation Department:				
Personal Services	61,079	61,079	53,015	8,064
Materials and Supplies	2,070	2,070	2,060	10
Contractual Services	19,190	19,190	16,216	2,974
Other	500	500	0	500
Total Recreation Department	82,839	82,839	71,291	11,548
Tennis Camp:				
Materials and Supplies	5,165	5,165	4,630	535
Adult Volleyball:				
Materials and Supplies	2,000	2,000	1,999	1
Men's Basketball:				
Materials and Supplies	500	500	0	500
Youth Basketball:				
Materials and Supplies	18,675	18,675	18,675	0
Adult Softball:				
Materials and Supplies	3,500	3,500	2,328	1,172
T-Ball:				
Materials and Supplies	125	125	125	0
Flag Football:				
Materials and Supplies	13,000	13,000	4,694	8,306
Safety Town:				
Materials and Supplies	7,500	7,500	4,774	2,726
Little Eagles:				
Materials and Supplies	13,000	13,000	12,261	739
Fishing:				
Materials and Supplies	\$1,200	\$1,200	\$1,200	\$0

(continued)

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Recreation Fund (continued)  
For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Theater:				
Materials and Supplies	\$3,000	\$3,000	\$2,970	\$30
Youth Wrestling:				
Materials and Supplies	6,000	6,000	3,005	2,995
Youth Football:				
Materials and Supplies	15,000	15,000	15,000	0
Running Club:				
Materials and Supplies	6,000	6,000	2,760	3,240
Fitness Camp:				
Materials and Supplies	11,535	11,535	11,535	0
Educational:				
Materials and Supplies	2,000	2,000	1,975	25
Youth Baseball:				
Materials and Supplies	12,000	12,000	7,530	4,470
<i>Total Expenditures</i>	<u>203,039</u>	<u>203,039</u>	<u>166,752</u>	<u>36,287</u>
<i>Excess of Revenues Under Expenditures</i>	(71,839)	(92,798)	(54,416)	38,382
<b>Other Financing Sources</b>				
Transfers In	<u>75,000</u>	<u>75,000</u>	<u>25,000</u>	<u>(50,000)</u>
<i>Net Change in Fund Balance</i>	3,161	(17,798)	(29,416)	(11,618)
<i>Fund Balance Beginning of Year</i>	29,804	29,804	29,804	0
Prior Year Encumbrances Appropriated	<u>10</u>	<u>10</u>	<u>10</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$32,975</u></u>	<u><u>\$12,016</u></u>	<u><u>\$398</u></u>	<u><u>(\$11,618)</u></u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Park Operating Fund  
For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$334,241	\$289,021	\$289,021	\$0
Municipal Income Taxes	678,012	586,283	586,283	0
Licenses and Permits	12,465	10,779	10,779	0
Intergovernmental	74,309	64,256	64,256	0
Contributions and Donations	12	10	10	0
Miscellaneous	2,167	1,874	1,974	100
<i>Total Revenues</i>	<u>1,101,206</u>	<u>952,223</u>	<u>952,323</u>	<u>100</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Park Operating:				
Personal Services	658,679	665,791	557,012	108,779
Materials and Supplies	92,823	93,825	78,387	15,438
Contractual Services	264,384	267,239	218,465	48,774
Capital Outlay	130,973	132,387	128,148	4,239
Other	495	500	115	385
<i>Total Expenditures</i>	<u>1,147,354</u>	<u>1,159,742</u>	<u>982,127</u>	<u>177,615</u>
<i>Net Change in Fund Balance</i>	(46,148)	(207,519)	(29,804)	177,715
<i>Fund Balance Beginning of Year</i>	242,139	242,139	242,139	0
Prior Year Encumbrances Appropriated	6,099	6,099	6,099	0
<i>Fund Balance End of Year</i>	<u>\$202,090</u>	<u>\$40,719</u>	<u>\$218,434</u>	<u>\$177,715</u>



**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Park Development and Improvement Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Licenses and Permits	\$200,000	\$281,870	\$290,769	\$8,899
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Park Development and Improvement:				
Contractual Services	441	7,415	165	7,250
Capital Outlay	11,447	192,367	158,745	33,622
Other	214	3,600	2,504	1,096
Total Leisure Time Activities	12,102	203,382	161,414	41,968
Debt Service:				
Principal Retirement	858,599	858,599	858,599	0
Interest and Fiscal Charges	38,613	38,613	37,786	827
Total Debt Service	897,212	897,212	896,385	827
<i>Total Expenditures</i>	909,314	1,100,594	1,057,799	42,795
<i>Excess of Revenues Under Expenditures</i>	(709,314)	(818,724)	(767,030)	51,694
<b>Other Financing Sources</b>				
Bond Anticipation Notes Issued	750,000	750,000	750,000	0
<i>Net Change in Fund Balance</i>	40,686	(68,724)	(17,030)	51,694
<i>Fund Balance Beginning of Year</i>	1,030,666	1,030,666	1,030,666	0
Prior Year Encumbrances Appropriated	8,502	8,502	8,502	0
<i>Fund Balance End of Year</i>	\$1,079,854	\$970,444	\$1,022,138	\$51,694

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Donations Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues</b>				
Contributions and Donations	\$1,550	\$550	\$550	\$0
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Donations:				
Contractual Services	<u>18,750</u>	<u>14,750</u>	<u>9,705</u>	<u>5,045</u>
<i>Net Change in Fund Balance</i>	(17,200)	(14,200)	(9,155)	5,045
<i>Fund Balance Beginning of Year</i>	8,863	8,863	8,863	0
Prior Year Encumbrances Appropriated	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$337)</u></u>	<u><u>\$2,663</u></u>	<u><u>\$7,708</u></u>	<u><u>\$5,045</u></u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Library Bond Retirement Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	1,762	1,762	1,762	0
<i>Fund Balance End of Year</i>	<u>\$1,762</u>	<u>\$1,762</u>	<u>\$1,762</u>	<u>\$0</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Tax Increment Financing Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Payments in Lieu of Taxes	\$2,653,682	\$3,222,631	\$3,222,631	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Contractual Services	1,527,005	2,065,718	2,065,718	0
Debt Service:				
Principal Retirement	551,262	551,262	544,062	7,200
Interest and Fiscal Charges	575,415	575,415	545,993	29,422
Total Debt Service	1,126,677	1,126,677	1,090,055	36,622
<i>Total Expenditures</i>	2,653,682	3,192,395	3,155,773	36,622
<i>Net Change in Fund Balance</i>	0	30,236	66,858	36,622
<i>Fund Balance Beginning of Year</i>	5,332	5,332	5,332	0
<i>Fund Balance End of Year</i>	\$5,332	\$35,568	\$72,190	\$36,622

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Equipment Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Property Taxes	\$532,685	\$575,983	\$575,983	\$0
Intergovernmental	68,268	73,817	73,817	0
Miscellaneous	49,082	53,071	53,071	0
<i>Total Revenues</i>	<u>650,035</u>	<u>702,871</u>	<u>702,871</u>	<u>0</u>
<b>Expenditures</b>				
Capital Outlay:				
Equipment:				
Materials and Supplies	12,414	15,200	9,672	5,528
Capital Outlay	933,256	1,142,683	1,132,419	10,264
<i>Total Expenditures</i>	<u>945,670</u>	<u>1,157,883</u>	<u>1,142,091</u>	<u>15,792</u>
<i>Net Change in Fund Balance</i>	(295,635)	(455,012)	(439,220)	15,792
<i>Fund Balance Beginning of Year</i>	891,431	891,431	891,431	0
Prior Year Encumbrances Appropriated	197,370	197,370	197,370	0
<i>Fund Balance End of Year</i>	<u>\$793,166</u>	<u>\$633,789</u>	<u>\$649,581</u>	<u>\$15,792</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Storm Water Detention Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for Services	\$120,000	\$222,901	\$226,175	\$3,274
<b>Expenditures</b>				
Capital Outlay:				
Storm Water Detention:				
Contractual Services	103,806	103,806	67,807	35,999
<i>Net Change in Fund Balance</i>	16,194	119,095	158,368	39,273
<i>Fund Balance Beginning of Year</i>	128,376	128,376	128,376	0
Prior Year Encumbrances Appropriated	3,806	3,806	3,806	0
<i>Fund Balance End of Year</i>	<u>\$148,376</u>	<u>\$251,277</u>	<u>\$290,550</u>	<u>\$39,273</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Land Purchases Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay:				
Land Purchases:				
Capital Outlay	8,000	2,367,816	2,367,816	0
<i>Excess of Revenues Under Expenditures</i>	(8,000)	(2,367,816)	(2,367,816)	0
<b>Other Financing Sources</b>				
Bond Anticipation Notes Issued	2,000,000	2,000,000	2,000,000	0
Transfers In	365,000	365,000	365,000	0
<i>Total Other Financing Sources</i>	2,365,000	2,365,000	2,365,000	0
<i>Net Change in Fund Balance</i>	2,357,000	(2,816)	(2,816)	0
<i>Fund Balance Beginning of Year</i>	4,284	4,284	4,284	0
<i>Fund Balance End of Year</i>	<u>\$2,361,284</u>	<u>\$1,468</u>	<u>\$1,468</u>	<u>\$0</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*French Creek Restoration Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	4,120	4,120	4,120	0
<i>Fund Balance End of Year</i>	<u>\$4,120</u>	<u>\$4,120</u>	<u>\$4,120</u>	<u>\$0</u>



**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Sidewalk Programs Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Intergovernmental	\$0	\$1,413	\$1,413	\$0
Miscellaneous	0	262	262	0
<i>Total Revenues</i>	0	1,675	1,675	0
<b>Expenditures</b>				
Capital Outlay:				
Sidewalk Programs:				
Capital Outlay	65,000	65,000	37,208	27,792
<i>Excess of Revenues Under Expenditures</i>	(65,000)	(63,325)	(35,533)	27,792
<b>Other Financing Sources</b>				
Transfers In	50,000	50,000	25,000	(25,000)
<i>Net Change in Fund Balance</i>	(15,000)	(13,325)	(10,533)	2,792
<i>Fund Balance Beginning of Year</i>	21,847	21,847	21,847	0
<i>Fund Balance End of Year</i>	<u>\$6,847</u>	<u>\$8,522</u>	<u>\$11,314</u>	<u>\$2,792</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Storm Sewers Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay:				
Storm Sewers:				
Capital Outlay	169,387	109,387	103,787	5,600
<i>Excess of Revenues Under Expenditures</i>	(169,387)	(109,387)	(103,787)	5,600
<b>Other Financing Sources</b>				
Transfers In	75,000	0	0	0
<i>Net Change in Fund Balance</i>	(94,387)	(109,387)	(103,787)	5,600
<i>Fund Balance Beginning of Year</i>	21,918	21,918	21,918	0
Prior Year Encumbrances Appropriated	94,387	94,387	94,387	0
<i>Fund Balance End of Year</i>	<u>\$21,918</u>	<u>\$6,918</u>	<u>\$12,518</u>	<u>\$5,600</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
**Municipal Buildings Fund**  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for Services	\$257,376	\$313,577	\$309,697	(\$3,880)
Intergovernmental	20,973	25,553	25,553	0
Interest	1,061	1,293	1,293	0
Contributions and Donations	26,486	32,269	32,269	0
Rentals	358,723	437,055	438,205	1,150
Miscellaneous	2,481	3,023	3,023	0
<i>Total Revenues</i>	<u>667,100</u>	<u>812,770</u>	<u>810,040</u>	<u>(2,730)</u>
<b>Expenditures</b>				
Capital Outlay:				
Municipal Buildings:				
Personal Services	243,021	307,083	297,130	9,953
Materials and Supplies	30,761	38,870	38,203	667
Contractual Services	98,759	124,792	122,179	2,613
Capital Outlay	375,154	474,047	369,822	104,225
Other	1,227	1,550	1,166	384
<i>Total Capital Outlay</i>	<u>748,922</u>	<u>946,342</u>	<u>828,500</u>	<u>117,842</u>
Debt Service:				
Principal Retirement	2,930,000	2,930,000	2,930,000	0
Interest and Fiscal Charges	108,000	108,000	108,000	0
<i>Total Debt Service</i>	<u>3,038,000</u>	<u>3,038,000</u>	<u>3,038,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>3,786,922</u>	<u>3,984,342</u>	<u>3,866,500</u>	<u>117,842</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,119,822)</u>	<u>(3,171,572)</u>	<u>(3,056,460)</u>	<u>115,112</u>
<b>Other Financing Sources</b>				
Bond Anticipation Notes Issued	2,650,000	2,650,000	2,650,000	0
Transfers In	70,000	70,000	70,000	0
<i>Total Other Financing Sources</i>	<u>2,720,000</u>	<u>2,720,000</u>	<u>2,720,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(399,822)</u>	<u>(451,572)</u>	<u>(336,460)</u>	<u>115,112</u>
<i>Fund Balance Beginning of Year</i>	140,254	140,254	140,254	0
Prior Year Encumbrances Appropriated	352,459	352,459	352,459	0
<i>Fund Balance End of Year</i>	<u>\$92,891</u>	<u>\$41,141</u>	<u>\$156,253</u>	<u>\$115,112</u>

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
I-90 Interchange Fund  
For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay:				
I-90 Interchange:				
Capital Outlay	5,000	17,903	12,903	5,000
<i>Net Change in Fund Balance</i>	(5,000)	(17,903)	(12,903)	5,000
<i>Fund Balance Beginning of Year</i>	33,761	33,761	33,761	0
<i>Fund Balance End of Year</i>	\$28,761	\$15,858	\$20,858	\$5,000

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation Complex Fund*  
*For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues</b>				
Municipal Income Taxes	\$1,156,916	\$1,758,848	\$1,758,848	\$0
<b>Expenditures</b>				
Current:				
General Government:				
Contractual Services	23,329	87,329	85,007	2,322
Debt Service:				
Principal Retirement	1,008,200	1,008,200	1,008,200	0
Interest and Fiscal Charges	501,557	501,557	351,470	150,087
Total Debt Service	1,509,757	1,509,757	1,359,670	150,087
<i>Total Expenditures</i>	1,533,086	1,597,086	1,444,677	152,409
<i>Excess of Revenues Over (Under) Expenditures</i>	(376,170)	161,762	314,171	152,409
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	295,925	295,925	295,925	0
Transfers Out	0	(325,000)	(325,000)	0
<i>Total Other Financing Sources (Uses)</i>	295,925	(29,075)	(29,075)	0
<i>Net Change in Fund Balance</i>	(80,245)	132,687	285,096	152,409
<i>Fund Balance Beginning of Year</i>	123,705	123,705	123,705	0
Prior Year Encumbrances Appropriated	3,920	3,920	3,920	0
<i>Fund Balance End of Year</i>	\$47,380	\$260,312	\$412,721	\$152,409

**City of Avon, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Stadium Marquee Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>				
Charges for Services	\$35,294	\$80,000	\$80,000	\$0
Intergovernmental	14,706	33,333	33,333	0
<i>Total Revenues</i>	50,000	113,333	113,333	0
<b>Expenditures</b>				
Capital Outlay:				
Stadium Marquee:				
Capital Outlay	47,100	141,019	130,187	10,832
<i>Net Change in Fund Balance</i>	2,900	(27,686)	(16,854)	10,832
<i>Fund Balance Beginning of Year</i>	8,506	8,506	8,506	0
Prior Year Encumbrances Appropriated	22,100	22,100	22,100	0
<i>Fund Balance End of Year</i>	<u>\$33,506</u>	<u>\$2,920</u>	<u>\$13,752</u>	<u>\$10,832</u>

**City of Avon, 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, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In	60,000	60,000	60,000	0
Transfers Out	(40,000)	(40,000)	(40,000)	0
<i>Total Other Financing Sources (Uses)</i>	20,000	20,000	20,000	0
<i>Net Change in Fund Balance</i>	20,000	20,000	20,000	0
<i>Fund Balance Beginning of Year</i>	10,374	10,374	10,374	0
<i>Fund Balance End of Year</i>	\$30,374	\$30,374	\$30,374	\$0

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### The Modern Roundabout

- Fully light related reduces energy consumption by up to \$10,000
- Pedestrian safety is top priority
- 90% reduction in total crashes
- Speed reduction and improved air quality
- Reduction in vehicle emissions and fuel consumption

Conflict Point Comparison

### Additional Benefits of a Modern Roundabout

- A properly designed roundabout can decrease congestion and delays over other intersection control techniques.
- Roundabouts can significantly reduce traffic congestion related to the coordination of traffic signal timing from one intersection to another, especially when intersections are closely spaced.
- A roundabout typically requires fewer and shorter approach lanes for vehicle storage than signalized intersections.
- Since roundabout geometry is more flexible than other intersection configurations, intersecting roadways with unusual geometrics can be improved with the installation of a roundabout.
- Roundabouts can serve as a beautiful gateway into a community, campus, or neighborhood.
- Roundabouts can accommodate u-turns and can be implemented as a part of an overall access management plan.
- Roundabouts can be beneficial at the ramp terminals of interstate interchanges. Random spacing of vehicles exiting a roundabout allows for merging from an on-ramp into the stream of traffic with similar results to a ramp metering system in a congested urban area.
- In many situations, roundabouts take up less space or have a smaller footprint, than typical two- and four-way signalized intersections, which means cost savings in the reduction of the necessary amount of acquired right-of-way.

**CENTER ROAD (SR-83) & MILLS ROAD  
AVON & NORTH RIDGEVILLE, OHIO**

The City is partnering with the City of North Ridgeville and the Ohio Public Works Commission to build a “round-a-bout” at the intersection of State Route 83 and Mills Road. This project will begin in July, 2017.

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# Statistical Section

This part of the City of Avon, 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.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>S2-S13</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax and the municipal income tax.	<b>S14-S25</b>
<b>Debt Capacity</b> 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.	<b>S26-S31</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>S33-S37</b>
<b>Operating Information</b> 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.	<b>S38-S43</b>

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

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

	2016	2015 (1)	2014	2013
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$36,167,606	\$35,118,979	\$29,363,504	\$35,478,485
Restricted:				
Capital Projects	0	0	0	0
Debt Service	6,845,284	6,970,159	7,274,056	7,431,775
Fire Department	1,819,386	1,566,828	1,763,116	1,487,099
Street Construction, Maintenance and Repair	797,185	877,451	758,676	1,294,404
Other Purposes	1,388,994	844,041	709,230	478,438
Unrestricted (Deficit)	<u>(7,013,070)</u>	<u>(7,953,442)</u>	<u>(7,407,222)</u>	<u>894,802</u>
<i>Total Governmental Activities Net Position</i>	<u>40,005,385</u>	<u>37,424,016</u>	<u>32,461,360</u>	<u>47,065,003</u>
<b>Business-Type Activities:</b>				
Net Investment in Capital Assets	27,325,569	25,107,622	24,624,861	25,528,673
Unrestricted (Deficit)	<u>7,627,901</u>	<u>6,581,243</u>	<u>5,817,722</u>	<u>5,358,825</u>
<i>Total Business-Type Activities Net Position</i>	<u>34,953,470</u>	<u>31,688,865</u>	<u>30,442,583</u>	<u>30,887,498</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	63,493,175	60,226,601	53,988,365	61,007,158
Restricted	10,850,849	10,258,479	10,505,078	10,691,716
Unrestricted (Deficit)	<u>614,831</u>	<u>(1,372,199)</u>	<u>(1,589,500)</u>	<u>6,253,627</u>
<i>Total Primary Government Net Position</i>	<u>\$74,958,855</u>	<u>\$69,112,881</u>	<u>\$62,903,943</u>	<u>\$77,952,501</u>

(1) The City reported the impact of GASB Statement No. 68 beginning in 2015.

2012	2011	2010	2009	2008	2007
\$42,052,213	\$48,907,059	\$54,276,654	\$46,612,947	\$47,659,906	\$50,184,764
2,865,172	1,890,372	0	1,129,478	0	2,474,044
5,139,122	2,015,083	1,347,716	1,445,051	1,714,977	2,255,097
1,035,146	710,228	376,263	1,297,579	1,876,277	3,369,930
1,471,867	1,440,649	1,760,913	1,368,224	1,072,610	836,575
665,960	44,024	488,915	849,084	936,764	884,183
(7,415,865)	(8,747,905)	(1,799,650)	6,779,793	5,976,457	2,488,208
45,813,615	46,259,510	56,450,811	59,482,156	59,236,991	62,492,801
25,871,513	29,636,176	26,368,440	27,616,704	27,306,773	25,494,999
5,481,758	(182,452)	3,170,654	3,559,010	3,980,420	5,272,777
31,353,271	29,453,724	29,539,094	31,175,714	31,287,193	30,767,776
67,923,726	78,543,235	80,645,094	74,229,651	74,966,679	75,679,763
11,177,267	6,100,356	3,973,807	6,089,416	5,600,628	9,819,829
(1,934,107)	(8,930,357)	1,371,004	10,338,803	9,956,877	7,760,985
\$77,166,886	\$75,713,234	\$85,989,905	\$90,657,870	\$90,524,184	\$93,260,577

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

	2016	2015 (1)	2014	2013
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services and Operating Assessments:				
General Government	\$2,030,361	\$2,290,540	\$2,016,543	\$6,309,922
Security of Persons and Property	546,672	488,084	435,775	440,527
Transportation	0	0	0	1,251,613
Community Environment	1,332,972	1,463,186	1,092,889	779,557
Basic Utility Services	226,175	139,941	87,182	34,791
Leisure Time Activities	499,486	330,063	336,570	277,233
Subtotal - Charges for Services	<u>4,635,666</u>	<u>4,711,814</u>	<u>3,968,959</u>	<u>9,093,643</u>
Operating Grants and Contributions:				
General Government	0	0	7,778	5,168
Security of Persons and Property	92,698	99,565	108,650	89,373
Transportation	1,265,019	1,210,312	1,239,055	1,178,946
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Leisure Time Activities	64,361	72,308	64,625	70,213
Subtotal - Operating Grants and Contributions	<u>1,422,078</u>	<u>1,382,185</u>	<u>1,420,108</u>	<u>1,343,700</u>
Capital Grants and Contributions:				
General Government	74,008	72,453	75,239	108,822
Transportation	2,747,333	3,689,916	699,636	628,713
Community Environment	261,457	40,663	420,710	364,393
Basic Utility Services	1,543,907	1,421,007	0	0
Leisure Time Activities	33,333	0	0	0
Subtotal - Capital Grants and Contributions	<u>4,660,038</u>	<u>5,224,039</u>	<u>1,195,585</u>	<u>1,101,928</u>
<i>Total Governmental Activities Program Revenues</i>	<u>10,717,782</u>	<u>11,318,038</u>	<u>6,584,652</u>	<u>11,539,271</u>
Business-Type Activities:				
Charges for Services:				
Water	4,721,224	3,545,630	3,250,484	2,561,315
Sewer	4,160,768	3,604,548	3,330,982	1,788,695
Subtotal - Charges for Services	<u>8,881,992</u>	<u>7,150,178</u>	<u>6,581,466</u>	<u>4,350,010</u>
Capital Grants and Contributions				
Water	0	0	0	318,715
Sewer	590,677	2,003,839	111,193	230,520
Subtotal - Capital Grants and Contributions	<u>590,677</u>	<u>2,003,839</u>	<u>111,193</u>	<u>549,235</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>9,472,669</u>	<u>9,154,017</u>	<u>6,692,659</u>	<u>4,899,245</u>
<i>Total Primary Government Program Revenues</i>	<u>\$20,190,451</u>	<u>\$20,472,055</u>	<u>\$13,277,311</u>	<u>\$16,438,516</u>

2012	2011	2010	2009	2008	2007
\$6,766,870	\$1,628,202	\$1,122,652	\$1,420,788	\$1,109,333	\$2,058,970
488,240	1,816	2,340	1,771	88,885	11,871
95,000	0	0	0	0	0
885,991	394,643	457,238	429,764	470,431	555,772
18,911	0	0	20,052	30,219	450
234,889	221,838	272,808	219,656	296,925	333,573
<u>8,489,901</u>	<u>2,246,499</u>	<u>1,855,038</u>	<u>2,092,031</u>	<u>1,995,793</u>	<u>2,960,636</u>
7,851	9,033	150,827	8,810	131,238	51,326
75,479	10,448	230,744	150,203	175,872	101,026
1,177,492	1,112,132	1,239,397	1,178,652	1,382,026	1,017,795
0	11,955	87,280	81,575	163,341	70,429
0	0	0	0	150,000	0
24,594	21,675	65,314	56,530	56,496	20,246
<u>1,285,416</u>	<u>1,165,243</u>	<u>1,773,562</u>	<u>1,475,770</u>	<u>2,058,973</u>	<u>1,260,822</u>
74,772	325,251	0	105,407	0	0
110,124	246,075	0	1,142,925	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>184,896</u>	<u>571,326</u>	<u>0</u>	<u>1,248,332</u>	<u>0</u>	<u>0</u>
<u>9,960,213</u>	<u>3,983,068</u>	<u>3,628,600</u>	<u>4,816,133</u>	<u>4,054,766</u>	<u>4,221,458</u>
3,170,442	2,105,969	2,613,627	2,007,943	2,144,366	2,350,121
<u>2,738,682</u>	<u>1,644,692</u>	<u>1,356,918</u>	<u>1,628,898</u>	<u>1,322,418</u>	<u>1,267,601</u>
<u>5,909,124</u>	<u>3,750,661</u>	<u>3,970,545</u>	<u>3,636,841</u>	<u>3,466,784</u>	<u>3,617,722</u>
87,805	77,010	0	0	507,811	121,800
<u>185,721</u>	<u>63,408</u>	<u>310,925</u>	<u>453,148</u>	<u>587,409</u>	<u>242,036</u>
<u>273,526</u>	<u>140,418</u>	<u>310,925</u>	<u>453,148</u>	<u>1,095,220</u>	<u>363,836</u>
<u>6,182,650</u>	<u>3,891,079</u>	<u>4,281,470</u>	<u>4,089,989</u>	<u>4,562,004</u>	<u>3,981,558</u>
<u>\$16,142,863</u>	<u>\$7,874,147</u>	<u>\$7,910,070</u>	<u>\$8,906,122</u>	<u>\$8,616,770</u>	<u>\$8,203,016</u>

(continued)

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

	2016	2015 (1)	2014	2013
<b>Expenses</b>				
<i>Governmental Activities:</i>				
General Government	\$4,636,325	\$4,340,391	\$5,326,980	\$6,098,761
Security of Persons and Property	11,981,568	10,611,997	10,094,196	10,444,993
Transportation	6,807,753	5,453,943	5,862,901	6,538,774
Community Environment	4,075,125	2,147,727	1,728,765	1,544,542
Basic Utility Services	994,748	814,317	688,440	996,170
Leisure Time Activities	1,643,351	1,377,791	1,302,661	1,888,391
Interest and Fiscal Charges	2,565,722	3,032,601	2,976,565	2,822,762
<i>Total Governmental Activities Expenses</i>	<u>32,704,592</u>	<u>27,778,767</u>	<u>27,980,508</u>	<u>30,334,393</u>
<i>Business-Type Activities</i>				
Water	2,999,014	4,509,372	3,102,338	3,063,812
Sewer	3,390,641	3,466,945	3,555,325	2,311,111
<i>Total Business-Type Activities Expenses</i>	<u>6,389,655</u>	<u>7,976,317</u>	<u>6,657,663</u>	<u>5,374,923</u>
<i>Total Primary Government Program Expenses</i>	<u>39,094,247</u>	<u>35,755,084</u>	<u>34,638,171</u>	<u>35,709,316</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(21,986,810)	(16,460,729)	(21,395,856)	(18,795,122)
Business-Type Activities	<u>3,083,014</u>	<u>1,177,700</u>	<u>34,996</u>	<u>(475,678)</u>
<i>Total Primary Government Net Expense</i>	<u>(\$18,903,796)</u>	<u>(\$15,283,029)</u>	<u>(\$21,360,860)</u>	<u>(\$19,270,800)</u>



2012	2011	2010	2009	2008	2007
\$5,244,263	\$4,525,898	\$4,349,901	\$3,042,622	\$2,968,222	\$2,269,262
9,315,052	8,769,685	8,611,264	7,948,875	7,572,725	6,789,884
6,284,978	4,150,279	6,025,615	5,140,893	6,638,018	4,449,451
1,521,616	1,320,973	1,236,395	1,406,060	1,680,851	1,256,537
618,381	682,667	862,479	495,523	848,296	430,858
1,432,240	1,464,779	1,104,319	1,130,300	1,217,094	829,313
2,688,373	2,300,130	2,211,663	1,669,318	1,761,494	757,830
27,104,903	23,214,411	24,401,636	20,833,591	22,686,700	16,783,135
3,239,898	2,338,775	3,924,685	2,392,503	2,594,517	2,757,452
1,142,172	1,662,416	1,871,978	2,127,598	1,725,241	2,008,071
4,382,070	4,001,191	5,796,663	4,520,101	4,319,758	4,765,523
31,486,973	27,215,602	30,198,299	25,353,692	27,006,458	21,548,658
(17,144,690)	(19,231,343)	(20,773,036)	(16,017,458)	(18,631,934)	(12,561,677)
1,800,580	(110,112)	(1,515,193)	(430,112)	242,246	(783,965)
(\$15,344,110)	(\$19,341,455)	(\$22,288,229)	(\$16,447,570)	(\$18,389,688)	(\$13,345,642)

(continued)

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

	2016	2015 (1)	2014	2013
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$1,661,026	\$1,536,192	\$1,532,142	\$1,455,757
Streets	1,212,333	1,180,355	1,188,229	1,136,911
Police	650,063	629,286	625,571	593,648
Police Pension	0	0	0	0
Park Operating	287,132	279,556	281,422	269,269
Library Bond Retirement	0	0	61,569	50,171
Equipment	572,212	552,147	560,244	540,442
Municipal Income Taxes levied for:				
General Purposes	9,135,298	7,902,348	7,018,713	7,177,133
Fire Department	4,415,368	3,911,656	4,229,098	4,406,655
Police	1,806,394	1,378,008	983,874	660,266
Park Operating	796,208	493,731	617,848	0
Recreation Complex	1,670,331	1,481,191	1,225,308	1,907,862
Grants and Entitlements not Restricted to				
Specific Programs	907,160	803,671	588,601	983,110
Unrestricted Contributions	3,521	225	150	0
Investment Earnings	135,853	70,407	124,974	(17,879)
Payments in Lieu of Taxes	1,149,003	647,795	2,580,037	2,373,141
Miscellaneous	166,277	556,817	562,343	258,370
<i>Total Governmental Activities</i>	<u>24,568,179</u>	<u>21,423,385</u>	<u>22,180,123</u>	<u>21,794,856</u>
Business-Type Activities				
Investment Earnings	9,974	11,791	19,561	0
Miscellaneous	171,617	56,791	88,492	34,879
<i>Total Business-Type Activities</i>	<u>181,591</u>	<u>68,582</u>	<u>108,053</u>	<u>34,879</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>24,749,770</u>	<u>21,491,967</u>	<u>22,288,176</u>	<u>21,829,735</u>
<b>Transfers</b>				
Governmental Activities	0	0	(4,622)	24,974
Business-Type Activities	0	0	4,622	(24,974)
<b>Special Item</b>				
I-90 Interchange Project	0	0	0	(1,773,320)
<b>Change in Net Position</b>				
Governmental Activities	2,581,369	4,962,656	779,645	1,251,388
Business-Type Activities	3,264,605	1,246,282	147,671	(465,773)
<i>Total Primary Government Change in Net Position</i>	<u>\$5,845,974</u>	<u>\$6,208,938</u>	<u>\$927,316</u>	<u>\$785,615</u>

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

2012	2011	2010	2009	2008	2007
\$1,612,249	\$1,566,237	\$1,496,579	\$1,520,272	\$1,520,015	\$1,543,962
1,268,453	1,228,341	1,223,635	1,268,806	776,504	806,201
637,761	629,793	613,253	411,556	433,011	464,321
0	0	0	198,297	198,262	201,386
300,430	293,924	289,808	297,378	244,631	251,185
69,927	74,421	78,640	72,822	71,874	86,093
580,310	568,618	559,583	559,752	575,854	414,954
6,336,213	5,478,107	4,692,358	4,726,399	4,639,884	4,326,837
3,839,955	4,164,144	3,386,770	3,343,630	3,519,526	3,466,344
564,936	143,118	0	0	0	0
0	0	0	0	0	0
1,613,687	1,413,615	1,179,680	1,172,927	1,256,991	0
1,537,673	1,223,337	1,837,467	979,590	1,139,985	940,842
0	0	0	0	0	0
154,534	64,712	293,374	315,399	865,425	1,151,966
2,150,075	1,701,068	1,319,031	668,139	0	0
302,223	453,527	607,322	1,165,347	185,009	501,637
20,968,426	19,002,962	17,577,500	16,700,314	15,426,971	14,155,728
1,714	3,818	8,309	7,499	49,163	261,204
123,264	2,696	34,455	16,746	33,858	74,967
124,978	6,514	42,764	24,245	83,021	336,171
21,093,404	19,009,476	17,620,264	16,724,559	15,509,992	14,491,899
26,011	(18,228)	164,191	(294,388)	(194,150)	(230,000)
(26,011)	18,228	(164,191)	294,388	194,150	230,000
(4,295,642)	(9,944,692)	0	0	0	0
(445,895)	(10,191,301)	(3,031,345)	388,468	(3,399,113)	1,364,051
1,899,547	(85,370)	(1,636,620)	(111,479)	519,417	(217,794)
\$1,453,652	(\$10,276,671)	(\$4,667,965)	\$276,989	(\$2,879,696)	\$1,146,257

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

	2016	2015	2014	2013
<b>General Fund</b>				
Nonspendable	\$190,961	\$189,085	\$202,048	\$1,168,421
Restricted	0	0	0	0
Assigned	112,088	1,199,671	863,715	341,665
Unassigned	5,970,523	3,629,253	4,290,707	4,569,321
Reserved	N/A	N/A	N/A	N/A
Unreserved	N/A	N/A	N/A	N/A
Total General Fund	<u>6,273,572</u>	<u>5,018,009</u>	<u>5,356,470</u>	<u>6,079,407</u>
<b>All Other Governmental Funds</b>				
Nonspendable	345,794	284,776	228,638	242,741
Restricted	5,003,524	4,375,547	5,927,793	6,055,705
Committed	914,525	721,199	594,804	417,020
Assigned	630,353	362,947	244,226	307,741
Unassigned (Deficit)	(13,835,549)	(8,098,171)	(2,575,669)	(6,832,098)
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	N/A	N/A	N/A	N/A
Total All Other Governmental Funds (Deficit)	<u>(6,941,353)</u>	<u>(2,353,702)</u>	<u>4,419,792</u>	<u>191,109</u>
<b>Total Governmental Funds (Deficit)</b>	<u><u>(\$667,781)</u></u>	<u><u>\$2,664,307</u></u>	<u><u>\$9,776,262</u></u>	<u><u>\$6,270,516</u></u>

Note: During 2010, the City implemented GASB 54.

2012	2011	2010	2009	2008	2007
\$1,170,558	\$1,250,272	\$25,615	\$23,773	N/A	N/A
0	0	974,616	973,798	N/A	N/A
1,742,480	107,024	83,948	50,844	N/A	N/A
6,058,076	7,509,648	8,632,072	6,854,374	N/A	N/A
N/A	N/A	N/A	N/A	\$178,261	\$189,529
N/A	N/A	N/A	N/A	6,319,932	6,577,416
<u>8,971,114</u>	<u>8,866,944</u>	<u>9,716,251</u>	<u>7,902,789</u>	<u>6,498,193</u>	<u>6,766,945</u>
201,058	178,349	166,340	151,638	N/A	N/A
6,180,850	4,539,257	8,171,553	8,058,375	N/A	N/A
497,513	565,102	186,029	598,223	N/A	N/A
683,639	39,389	86,605	214,528	N/A	N/A
(18,792,013)	(18,668,420)	(10,782,800)	(159,044)	N/A	N/A
N/A	N/A	N/A	N/A	25,344,685	3,799,554
N/A	N/A	N/A	N/A	3,083,916	3,990,801
N/A	N/A	N/A	N/A	643,228	531,928
N/A	N/A	N/A	N/A	1,684,436	(347,899)
<u>(11,228,953)</u>	<u>(13,346,323)</u>	<u>(2,172,273)</u>	<u>8,863,720</u>	<u>30,756,265</u>	<u>7,974,384</u>
<u>(\$2,257,839)</u>	<u>(\$4,479,379)</u>	<u>\$7,543,978</u>	<u>\$16,766,509</u>	<u>\$37,254,458</u>	<u>\$14,741,329</u>

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

	2016	2015	2014	2013
<b>Revenues</b>				
Property Taxes	\$4,412,562	\$4,197,012	\$4,234,545	\$4,043,296
Payments in Lieu of Taxes	1,156,913	663,744	2,535,911	2,373,141
Municipal Income Taxes	17,848,810	15,451,834	14,129,864	13,227,628
Charges for Services	2,168,666	1,710,546	1,383,468	2,563,870
Licenses and Permits	1,434,048	1,973,368	1,472,885	1,110,765
Fines and Forfeitures	145,250	281,221	262,517	188,494
Intergovernmental	3,247,491	4,791,149	2,247,864	2,612,270
Special Assessments	798,590	744,494	837,217	2,026,513
Interest	135,853	70,407	124,974	(17,879)
Contributions and Donations	36,850	39,475	4,606	1,803
Rentals	448,955	424,554	422,160	411,833
Miscellaneous	166,277	556,817	562,343	258,330
<i>Total Revenues</i>	<u>32,000,265</u>	<u>30,904,621</u>	<u>28,218,354</u>	<u>28,800,064</u>
<b>Expenditures</b>				
Current:				
General Government	3,780,366	3,625,119	4,585,168	4,795,581
Security of Persons and Property	10,015,974	9,827,877	9,752,745	9,457,216
Transportation	2,960,063	2,546,580	2,809,212	2,382,597
Community Environment	2,155,968	2,139,948	1,742,815	1,510,405
Basic Utility Services	0	0	0	0
Leisure Time Activities	1,302,536	1,123,760	1,119,428	1,614,582
Capital Outlay	15,838,785	13,047,443	4,350,175	5,836,420
Debt Service:				
Principal Retirement	2,912,141	2,621,565	2,602,713	2,443,614
Interest and Fiscal Charges	2,553,703	3,088,258	3,226,688	2,740,512
Bond Issuance Costs	295,316	0	106,786	176,031
<i>Total Expenditures</i>	<u>41,814,852</u>	<u>38,020,550</u>	<u>30,295,730</u>	<u>30,956,958</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(9,814,587)</u>	<u>(7,115,929)</u>	<u>(2,077,376)</u>	<u>(2,156,894)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	835,925	3,974	22,322	25,141
General Obligation Bonds Issued	0	0	5,235,000	8,735,028
Special Assessment Bonds Issued	0	0	0	3,084,972
Refunding Bonds Issued	26,834,600	0	0	0
Bond Premium	1,575,047	0	211,786	556,031
Notes Issued	5,075,000	0	0	0
Note Premium	93,692	0	0	0
Loans Issued	57,414	0	114,014	32,423
Inception of Capital Lease	117,535	0	0	0
Payment to Refunded Bond Escrow Agent	(28,106,714)	0	0	0
Refunding Principal	0	0	0	0
Transfers In	8,237,262	8,710,298	8,700,814	11,872,993
Transfers Out	(8,237,262)	(8,710,298)	(8,700,814)	(11,848,019)
<i>Total Other Financing Sources (Uses)</i>	<u>6,482,499</u>	<u>3,974</u>	<u>5,583,122</u>	<u>12,458,569</u>
Special Item	0	0	0	(1,773,320)
<i>Net Change in Fund Balances</i>	<u>(\$3,332,088)</u>	<u>(\$7,111,955)</u>	<u>\$3,505,746</u>	<u>\$8,528,355</u>
Debt Service as a Percentage of Noncapital Expenditures	20.3%	22.7%	22.3%	18.7%

2012	2011	2010	2009	2008	2007
\$4,388,175	\$4,506,378	\$4,248,951	\$4,330,690	\$3,854,146	\$3,702,610
2,150,075	1,701,068	1,319,031	668,139	0	0
12,036,712	10,555,273	9,710,548	9,378,759	9,294,659	7,681,269
3,018,040	811,160	617,297	903,298	814,606	832,369
770,884	742,571	1,090,059	745,232	974,480	1,068,752
399,610	203,505	147,987	115,165	206,707	212,817
2,953,599	3,286,920	3,296,064	3,672,996	3,581,433	2,137,538
481,394	410,752	249,816	240,379	243,986	227,188
154,534	64,712	293,374	315,399	853,783	1,151,966
0	625	5,000	6,575	40,650	0
391,088	380,000	380,000	328,361	0	0
302,223	453,527	227,322	1,165,347	185,009	501,637
27,046,334	23,116,491	21,585,449	21,870,340	20,049,459	17,516,146
4,528,308	3,644,554	3,451,160	2,824,337	2,664,209	2,169,720
8,751,701	8,403,805	7,834,770	7,526,545	7,134,465	6,268,041
2,235,594	2,474,040	2,035,160	1,982,203	1,632,598	1,649,383
1,439,019	1,268,823	1,204,080	1,386,408	1,282,138	1,239,252
8,587	46,497	15,286	14,838	99,491	22,410
1,272,269	1,350,087	840,942	986,909	1,071,323	1,134,764
10,969,183	3,816,253	11,799,587	23,767,231	20,549,738	7,163,756
2,051,057	7,530,941	7,326,169	40,432,357	7,729,043	1,205,994
2,380,527	2,363,849	2,191,887	2,009,751	1,354,369	581,977
206,242	178,073	0	0	0	0
33,842,487	31,076,922	36,699,041	80,930,579	43,517,374	21,435,297
(6,796,153)	(7,960,431)	(15,113,592)	(59,060,239)	(23,467,915)	(3,919,151)
0	0	0	0	0	0
11,575,392	5,760,000	0	32,890,000	6,910,000	0
3,734,608	0	0	0	0	0
0	2,620,000	0	0	0	0
536,863	133,036	0	376,678	0	0
0	0	5,675,000	5,600,000	39,120,000	6,910,000
0	0	51,870	0	0	0
97,167	0	0	0	145,194	242,152
0	0	0	0	0	0
(2,656,706)	(2,613,042)	0	0	0	0
0	0	0	0	0	(1,100,000)
8,410,863	9,652,720	11,341,838	8,676,343	14,475,111	6,912,643
(8,384,852)	(9,670,948)	(11,177,647)	(8,970,731)	(14,669,261)	(7,142,643)
13,313,335	5,881,766	5,891,061	38,572,290	45,981,044	5,822,152
(4,295,642)	(9,944,692)	0	0	0	0
\$2,221,540	(\$12,023,357)	(\$9,222,531)	(\$20,487,949)	\$22,513,129	\$1,903,001
17.9%	37.1%	33.4%	73.2%	33.8%	11.5%

**City of Avon, 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
2016	\$633,809,990	\$168,060,590	\$2,291,058,800	\$14,083,250	\$16,003,693
2015	573,754,960	168,064,920	2,119,485,371	13,371,550	15,194,943
2014	559,668,300	170,425,410	2,085,982,029	12,652,910	14,378,307
2013	550,176,210	169,038,370	2,054,898,800	11,582,520	13,161,955
2012	591,340,020	170,542,580	2,176,807,429	10,591,870	12,036,216
2011	577,927,270	191,542,460	2,198,484,943	10,293,520	11,697,182
2010	567,702,900	176,422,410	2,126,072,314	9,888,710	11,237,170
2009	578,232,900	170,637,860	2,139,630,743	9,597,120	10,905,818
2008	560,820,750	173,342,630	2,097,609,657	8,051,870	9,149,852
2007	534,209,880	167,992,780	2,006,293,314	10,155,460	11,540,295

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 tax has been phased out, and during the phase out period, all general business tangible personal property was assessed at 12.5 percent for 2007, 6.25 percent for 2008 and zero 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 were 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: Lorain County, Ohio; County Auditor



<u>Tangible Personal Property</u>						
<u>General Business</u>		<u>Total</u>		<u>Ratio</u>	<u>Total Tax Rate (mills)</u>	<u>Weighted Average (mills)</u>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>			
\$0	\$0	\$815,953,830	\$2,307,062,493	35.37 %	\$9.15	\$6.62
0	0	755,191,430	2,134,680,315	35.38	9.15	6.62
0	0	742,746,620	2,100,360,335	35.36	9.15	6.87
0	0	730,797,100	2,068,060,755	35.34	9.24	6.98
0	0	772,474,470	2,188,843,645	35.29	9.23	6.99
0	0	779,763,250	2,210,182,125	35.28	9.25	6.93
388,577	3,108,616	754,402,597	2,140,418,101	35.25	9.27	7.12
407,606	3,260,848	758,875,486	2,153,797,409	35.23	9.26	7.07
11,458,960	91,671,680	753,674,210	2,198,431,189	34.28	9.41	6.33
34,724,120	277,792,960	747,082,240	2,295,626,569	32.54	9.47	6.67

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

	2016	2015	2014	2013
<b>Unvoted Millage</b>				
Operating	\$2.30000	\$2.30000	\$2.30000	\$2.30000
Police Pension	0.30000	0.30000	0.30000	0.30000
<i>Total Unvoted Millage</i>	<u>2.60000</u>	<u>2.60000</u>	<u>2.60000</u>	<u>2.60000</u>
<b>Voted Millage - by levy</b>				
1984 Police				
General Business and Public Utility Personal	2.00000	2.00000	2.00000	2.00000
Residential/Agricultural Real	0.55445	0.55535	0.59993	0.60160
Commercial/Industrial and Public Utility Real	0.63243	0.63513	0.63809	0.65150
1994 Bond	0.00000	0.00000	0.00000	0.09200
1996 Library				
General Business and Public Utility Personal	1.20000	1.20000	1.20000	1.20000
Residential/Agricultural Real	0.56287	0.56378	0.60904	0.61070
Commercial/Industrial and Public Utility Real	0.46523	0.46721	0.46939	0.47920
2002 Fire - 5 years (2)				
General Business and Public Utility Personal	0.50000	0.50000	0.50000	0.50000
Residential/Agricultural Real	0.37738	0.37799	0.40833	0.40940
Commercial/Industrial and Public Utility Real	0.24401	0.24505	0.24620	0.25140
2007 Police - 10 years (4)				
General Business and Public Utility Personal	0.50000	0.50000	0.50000	0.50000
Residential/Agricultural Real	0.46038	0.46113	0.49815	0.49950
Commercial/Industrial and Public Utility Real	0.36970	0.37128	0.37301	0.38090
2008 Park & Recreation - 5 years (3)				
General Business and Public Utility Personal	0.45000	0.45000	0.45000	0.45000
Residential/Agricultural Real	0.41434	0.41502	0.44833	0.44950
Commercial/Industrial and Public Utility Real	0.33273	0.33415	0.33571	0.34280
2008 Street Improvement - 10 years (5)				
General Business and Public Utility Personal	1.90000	1.90000	1.90000	1.90000
Residential/Agricultural Real	1.74945	1.75229	1.89296	1.89810
Commercial/Industrial and Public Utility Real	<u>1.40487</u>	<u>1.41086</u>	<u>1.41743</u>	<u>1.44730</u>
<i>Total Voted Millage by Type of Property</i>				
General Business and Public Utility Personal	\$6.55000	\$6.55000	\$6.55000	\$6.64200
Residential/Agricultural Real	4.11888	4.12556	4.45673	4.56080
Commercial/Industrial and Public Utility Real	3.44898	3.46369	3.47981	3.64510
<i>Total Millage by Type of Property</i>				
General Business and Public Utility Personal	\$9.15000	\$9.15000	\$9.15000	\$9.24200
Residential/Agricultural Real	6.71888	6.72556	7.05673	7.16080
Commercial/Industrial and Public Utility Real	6.04898	6.06369	6.07981	6.24510
<i>Total Weighted Average Tax Rate</i>	<u>\$6.62286</u>	<u>\$6.62119</u>	<u>\$6.86823</u>	<u>\$6.98198</u>

2012	2011	2010	2009	2008	2007
\$2.30000	\$2.30000	\$2.30000	\$2.30000	\$2.30000	\$2.30000
0.30000	0.30000	0.30000	0.30000	0.30000	0.30000
2.60000	2.60000	2.60000	2.60000	2.60000	2.60000
2.00000	2.00000	2.00000	2.00000	2.00000	2.00000
0.60220	0.55225	0.55410	0.53226	0.53285	0.60280
0.66340	0.69723	0.81900	0.82591	0.85532	0.97680
0.08000	0.10000	0.12000	0.11000	0.11000	0.17000
1.20000	1.20000	1.20000	1.20000	1.20000	1.20000
0.61130	0.56064	0.56250	0.54034	0.54090	0.61190
0.48800	0.51289	0.60250	0.60760	0.62919	0.71860
0.50000	0.50000	0.50000	0.50000	0.50000	0.50000
0.40980	0.37588	0.37710	0.36220	0.36268	0.41030
0.26000	0.26901	0.31600	0.31870	0.33001	0.37690
0.50000	0.50000	0.50000	0.50000	0.50000	0.50000
0.50000	0.49837	0.50000	0.49570	0.49630	0.26300
0.38780	0.40758	0.47880	0.48280	0.50000	0.29940
0.45000	0.45000	0.45000	0.45000	0.50000	0.50000
0.45000	0.44853	0.45000	0.44950	0.37191	0.42070
0.34900	0.36682	0.43090	0.43450	0.34928	0.39890
1.90000	1.90000	1.90000	1.90000	2.00000	2.00000
1.90000	1.89380	1.90000	1.89790	1.18352	1.33880
1.47360	1.54880	1.81930	1.83470	1.04860	1.19760
\$6.63000	\$6.65000	\$6.67000	\$6.66000	\$6.81000	\$6.87000
4.55330	4.42947	4.46370	4.38790	3.59816	3.81750
3.70180	3.90234	4.58650	4.61421	3.82240	4.13820
\$9.23000	\$9.25000	\$9.27000	\$9.26000	\$9.41000	\$9.47000
7.15330	7.02947	7.06370	6.98790	6.19816	6.41750
6.30180	6.50234	7.18650	7.21421	6.42240	6.73820
\$6.99379	\$6.92930	\$7.12247	\$7.06874	\$6.33288	\$6.67299

(continued)

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

	2016	2015	2014	2013
<b><i>Overlapping Rates by Taxing District:</i></b>				
Avon Local School District				
General Business and Public Utility Personal	\$57.93000	\$58.53000	\$56.83000	\$57.03000
Residential/Agricultural Real	41.25673	41.88248	41.45910	41.70590
Commercial/Industrial and Public Utility Real	40.31810	40.92124	39.22470	39.44030
Lorain County Voted Millage				
General Business and Public Utility Personal	15.08200	15.08200	14.48200	14.48200
Residential/Agricultural Real	14.20059	14.20966	14.08570	14.09270
Commercial/Industrial and Public Utility Real	14.41649	14.37154	13.77480	13.71860
Special Taxing Districts (1)				
General Business and Public Utility Personal	3.45000	3.45000	3.45000	3.45000
Residential/Agricultural Real	3.17286	3.17538	3.31090	3.31370
Commercial/Industrial and Public Utility Real	3.02708	3.01105	3.01670	2.98580

Source: Lorain County Auditor

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.

The real property tax rates for the voted levies are reduced so that inflationary increases in value do not generate additional revenue.

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

Rate: Debt Service levies are designed to raise a fixed amount of revenue each year. A rate is set each year so that when it is applied to the total assessed value, the fixed amount is generated.

- (1) Health District, Joint Vocational School
- (2) The 1997 Fire levy was renewed in 2002.
- (3) The 1998 Parks & Recreation levy was renewed in 2003 and 2008.
- (4) The 1997 Police levy was renewed in 2007.
- (5) The 1998 Street Improvement levy was renewed in 2008.

2012	2011	2010	2009	2008	2007
\$57.28000	\$56.57000	\$50.49000	\$50.44000	\$50.49000	\$43.70000
41.97290	39.83377	33.80550	33.13120	33.18246	26.52920
39.70420	39.03372	33.09590	33.05389	33.20530	26.49000
13.65500	13.69000	13.39000	13.39000	13.39000	13.49000
12.85340	12.22255	11.53460	10.93800	10.96180	12.17460
12.51930	12.48408	11.97180	11.84360	11.90610	12.77980
3.45000	3.45000	3.45000	3.45000	3.45000	3.45000
3.31610	3.11836	3.11540	2.99490	2.99750	2.60800
2.98470	2.97790	3.01200	2.98470	3.00560	2.76750

**City of Avon, Ohio**  
*Property Tax Levies And Collections*  
*Last Ten Years*

Tax Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collection to Current Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2015	\$5,066,557	\$4,863,588	95.99%	\$83,497	\$4,947,085
2014	4,748,618	4,547,681	95.77	36,904	4,584,585
2013	4,750,344	4,694,267	98.82	54,351	4,748,618
2012	4,674,336	4,489,505	96.05	76,128	4,565,633
2011	4,931,999	4,858,738	98.51	93,250	4,951,988
2010	5,208,709	5,509,845	105.78	35,867	5,545,712
2009	4,935,250	4,573,721	92.67	94,251	4,667,972
2008	4,936,187	4,531,143	91.79	144,098	4,675,241
2007	4,311,718	3,851,783	89.33	140,881	3,992,664
2006	4,118,715	3,697,890	89.78	127,526	3,825,416

Source: Lorain County, Ohio; County Auditor

Note: We are aware of the requirement to report delinquent tax collections by levy year rather than by collection year. However, the County's current computer system tracks levy amounts by current levy and delinquent levy. Once amounts become part of the delinquent levy, the ability to track information by levy year is lost. Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent. We are looking at options to improve the presentation.

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

Percent of Total Tax Collection to Current Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Tax Levy
97.64%	\$127,240	2.51%
96.55	159,993	3.37
99.96	181,775	3.83
97.67	165,855	3.55
100.41	148,792	3.02
106.47	73,805	1.42
94.58	231,539	4.69
94.71	190,617	3.86
92.60	268,151	6.22
92.88	309,555	7.52

**City of Avon, Ohio**  
*Principal Real Property Taxpayers*  
*Current and Nine Years Ago*

<b>2016</b>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage
First Interstate Avon, LTD	\$18,380,030	2.29 %
Cleveland Electric Illuminating Company	8,363,480	1.04
JG Avon, LLC	7,956,080	0.99
Sir Properties Trust	7,671,700	0.96
AERC Avon, LLC	6,822,430	0.85
Orion Properties	6,497,380	0.81
Wal Mart Real Estate Business Trust	4,654,480	0.58
Chester Properties, LTD	4,357,240	0.55
DR Avon Development, LLC	4,334,290	0.54
AP Res Hospitality, LLC	4,270,490	0.53
<b>Total</b>	<b>\$73,307,600</b>	<b>9.14 %</b>
<b>Total Real Property Assessed Valuation</b>	<b>\$801,870,580</b>	
<b>2007</b>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage
First Interstate Avon, LTD	\$17,776,050	2.53 %
Henkel	10,302,580	1.47
Franciscan Communities	7,195,020	1.03
Avon Local School District	7,140,600	1.02
AERC Avon, LLC	7,123,310	1.01
Timberlake Apartments	5,695,910	0.81
Cleveland Electric	5,577,650	0.79
Wal Mart Real Estate Business Trust	4,755,290	0.68
Comprehensive Healthcare of Ohio	4,701,630	0.67
Chester Properties, LTD	4,565,100	0.65
<b>Total</b>	<b>\$74,833,140</b>	<b>10.66 %</b>
<b>Total Real Property Assessed Valuation</b>	<b>\$702,202,660</b>	

Source: Lorain County, Ohio; County Auditor

(1) The amounts presented represent the assessed values upon which 2016 and 2007 collections were based.



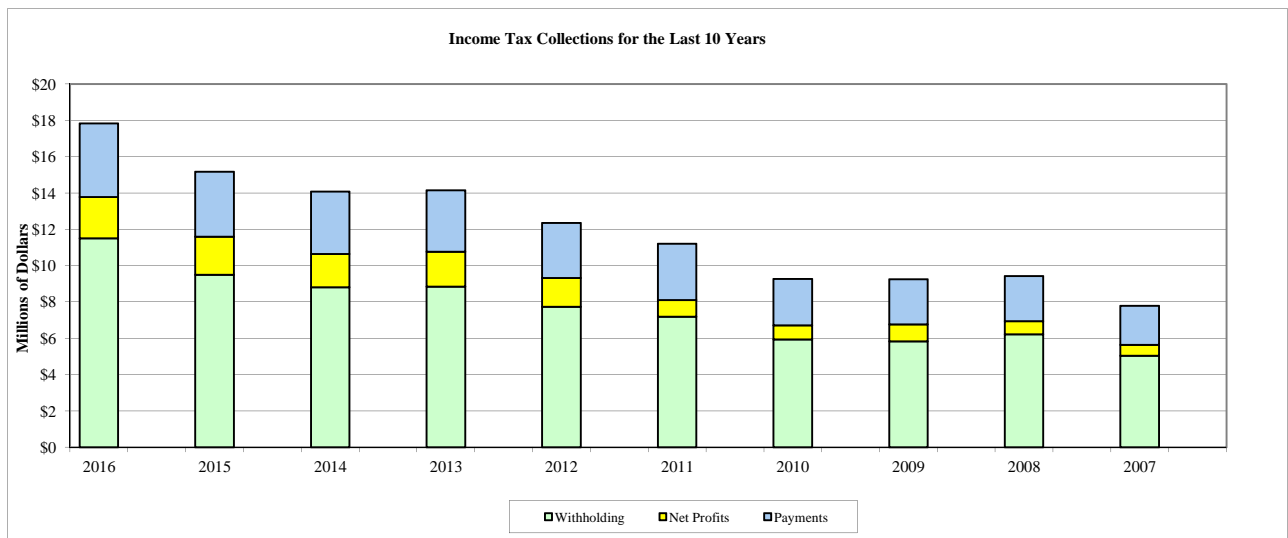
**City of Avon, Ohio**  
*Income Tax Revenue Base and Collections*  
*Last Ten Years*

Collection Year	Tax Rate (2)	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individual Payments	Percentage of Taxes from Individual Payments
2016	1.75%	\$17,823,599	\$11,505,133	64.55%	\$2,276,074	12.77%	\$4,042,392	22.68%
2015	1.75	15,166,934	9,485,401	62.54	2,112,754	13.93	3,568,780	23.53
2014	1.75	14,074,841	8,803,813	62.55	1,833,952	13.03	3,437,076	24.42
2013	1.75	14,151,916	8,844,948	62.50	1,916,169	13.54	3,390,799	23.96
2012	1.75	12,354,791	7,731,628	62.58	1,581,413	12.80	3,041,750	24.62
2011	1.75	11,198,984	7,184,484	64.15	916,189	8.18	3,098,311	27.67
2010	1.75	9,258,808	5,932,674	64.08	784,221	8.47	2,541,913	27.45
2009	1.75	9,242,956	5,822,877	63.00	935,017	10.12	2,485,061	26.88
2008	1.75	9,416,401	6,214,542	66.00	717,436	7.62	2,484,423	26.38
2007	1.50	7,793,181	5,037,200	64.64	588,775	7.55	2,167,206	27.81

Source: Regional Income Tax Agency data - certain amounts may be estimates - years are tax years. Number of filers does not equal total taxpayers due to taxpayers paying city taxes through employer withholding only without filing requirement.

(1) Accrual Basis

(2) In November 2007, the City of Avon Electors voted to increase the City income tax by .25%. Collection commenced on January 1, 2008.



**City of Avon, Ohio**

*Income Tax Statistics*

*Last Ten Years*

<u>Tax Year</u>	<u>Income Range</u>	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
2015	\$0 - 24,999	1,921	25.13 %	\$17,654,809	2.03 %
2015	25,000 - 49,999	952	12.46	35,379,461	4.07
2015	50,000 - 74,999	785	10.27	49,049,486	5.65
2015	75,000 - 99,999	735	9.62	64,018,859	7.37
2015	Over 100,000	<u>3,250</u>	42.52	<u>702,750,502</u>	80.88
	Total	<u>7,643</u>		<u>\$868,853,117</u>	
2014	\$0 - 24,999	1,838	24.81 %	\$17,061,544	2.14 %
2014	25,000 - 49,999	919	12.41	34,214,734	4.30
2014	50,000 - 74,999	812	10.96	50,502,423	6.34
2014	75,000 - 99,999	791	10.68	68,780,514	8.63
2014	Over 100,000	<u>3,048</u>	41.14	<u>626,035,615</u>	78.59
	Total	<u>7,408</u>		<u>\$796,594,830</u>	
2013	\$0 - 24,999	1,824	24.94 %	\$17,314,080	2.27 %
2013	25,000 - 49,999	967	13.22	36,038,652	4.73
2013	50,000 - 74,999	842	11.51	52,691,022	6.91
2013	75,000 - 99,999	776	10.61	67,801,465	8.89
2013	Over 100,000	<u>2,906</u>	39.73	<u>588,594,129</u>	77.20
	Total	<u>7,315</u>		<u>\$762,439,348</u>	
2012	\$0 - 24,999	1,759	25.02 %	\$16,842,101	2.33 %
2012	25,000 - 49,999	924	13.14	34,254,980	4.74
2012	50,000 - 74,999	844	12.01	53,186,130	7.36
2012	75,000 - 99,999	784	11.15	68,562,392	9.49
2012	Over 100,000	<u>2,719</u>	38.68	<u>549,889,680</u>	76.08
	Total	<u>7,030</u>		<u>\$722,735,283</u>	
2011	\$0 - 24,999	1,700	24.85 %	\$16,127,434	2.42 %
2011	25,000 - 49,999	917	13.41	33,904,856	5.09
2011	50,000 - 74,999	840	12.28	52,554,531	7.89
2011	75,000 - 99,999	787	11.51	68,587,179	10.30
2011	Over 100,000	<u>2,596</u>	37.95	<u>494,819,519</u>	74.30
	Total	<u>6,840</u>		<u>\$665,993,519</u>	

(continued)

**City of Avon, Ohio**  
*Income Tax Statistics (continued)*  
*Last Ten Years*

Tax Year	Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
2010	\$0 - 24,999	1,722	25.59 %	\$16,658,792	2.69 %
2010	25,000 - 49,999	912	13.55	33,707,542	5.45
2010	50,000 - 74,999	932	13.85	58,240,162	9.41
2010	75,000 - 99,999	794	11.80	69,330,417	11.20
2010	Over 100,000	2,370	35.21	440,989,347	71.25
	Total	6,730		\$618,926,260	
2009	\$0 - 24,999	1,727	25.88 %	\$16,838,135	2.90 %
2009	25,000 - 49,999	973	14.58	36,223,361	6.23
2009	50,000 - 74,999	897	13.44	56,187,628	9.67
2009	75,000 - 99,999	826	12.38	71,685,920	12.34
2009	Over 100,000	2,251	33.72	400,195,682	68.86
	Total	6,674		\$581,130,726	
2008	\$0 - 24,999	1,739	26.11 %	\$17,229,483	3.09 %
2008	25,000 - 49,999	967	14.52	35,954,446	6.43
2008	50,000 - 74,999	976	14.65	60,897,408	10.90
2008	75,000 - 99,999	776	11.65	67,571,451	12.09
2008	Over 100,000	2,203	33.07	377,157,371	67.49
	Total	6,661		\$558,810,159	
2007	\$0 - 24,999	1,748	26.67 %	\$16,916,794	3.19 %
2007	25,000 - 49,999	1,032	15.74	38,442,879	7.25
2007	50,000 - 74,999	936	14.28	58,398,823	11.02
2007	75,000 - 99,999	777	11.85	67,801,989	12.79
2007	Over 100,000	2,062	31.46	348,394,384	65.75
	Total	6,555		\$529,954,869	
2006	\$0 - 24,999	1,731	28.10 %	\$16,146,506	3.24 %
2006	25,000 - 49,999	924	15.00	34,682,455	6.96
2006	50,000 - 74,999	866	14.06	54,220,032	10.88
2006	75,000 - 99,999	761	12.35	66,550,102	13.36
2006	Over 100,000	1,878	30.49	326,560,796	65.56
	Total	6,160		\$498,159,891	

Source: Regional Income Tax Agency data - certain amounts may be estimates - years are tax years. Number of filers does not equal total taxpayers due to taxpayers paying City taxes through employer withholding only without filing requirement

As of December 31, 2016, year 2016 information has not been compiled.

**City of Avon, Ohio**  
*Ratios of Outstanding Debt by Type*  
*Last Ten Years*

Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2016	\$67,136,120	2.91 %	\$3,167.84
2015	66,875,295	3.13	3,155.54
2014	69,197,678	3.29	3,265.12
2013	66,059,675	3.19	3,117.05
2012	59,049,585	2.70	2,786.28
2011	47,759,093	2.16	2,253.53
2010	43,406,999	2.03	2,048.18
2009	44,931,915	2.09	2,496.22
2008	12,809,258	0.58	1,117.15
2007	7,008,741	0.31	611.26

Year	Business-Type Activities Debt		
	General Obligation Bonds	Special Assessment Bonds	Avon Lake Debt
2016	\$3,585,719	\$1,150,532	\$335,952
2015	3,601,868	1,157,669	361,012
2014	3,639,825	1,164,806	385,452
2013	3,676,764	1,171,813	539,171
2012	3,701,211	1,174,762	684,008
2011	351,623	0	821,698
2010	419,158	0	952,191
2009	490,581	0	1,074,817
2008	557,576	0	683,979
2007	291,378	0	776,103

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source:

- (1) See S14-15 for taxable property value data.
- (2) See S34 for population and personal income data.
- (3) Includes general bonded debt, other governmental debt and business-type activities debt.
- (4) Although the general obligation bond 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.

Governmental Activities Debt					
General Obligation Bonds	Special Assessment Bonds	Bond Anticipation Notes	OPWC Loans	Capital Lease	
\$63,550,401	\$7,835,346	\$5,168,692	\$377,768	\$94,495	
63,273,427	8,205,732	0	345,137	0	
65,557,853	8,603,358	0	366,796	0	
62,382,911	8,989,810	0	274,441	0	
55,348,374	6,125,921	0	263,028	0	
47,407,470	2,720,771	0	182,336	0	
42,987,841	2,959,042	5,726,870	198,811	0	
44,441,334	3,208,858	5,600,000	215,286	0	
12,251,682	3,449,237	39,120,000	223,523	0	
6,717,363	2,866,244	6,910,000	242,044	0	
Business-Type Activities Debt					
Bond Anticipation Notes	OWDA Loans	Capital Lease	Total Debt (3)	Percentage of Personal Income (2)	Per Capita (2)
\$9,250,000	\$0	\$156,080	\$91,504,985	12.50 %	\$4,318
10,950,000	0	202,848	88,097,693	12.04	4,157
9,300,000	0	248,320	89,266,410	12.20	4,212
0	0	0	77,034,910	10.52	3,635
0	38,610	0	67,335,914	9.20	3,177
0	173,081	0	51,656,979	7.06	2,437
0	301,923	0	53,545,836	7.32	2,527
0	425,464	0	55,456,340	10.87	3,081
0	544,006	0	56,830,003	17.52	4,956
730,000	657,830	0	19,190,962	5.92	1,674

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

	2016	2015	2014	2013
Total Assessed Property Value	<u>\$815,953,830</u>	<u>\$755,191,430</u>	<u>\$742,746,620</u>	<u>\$730,797,100</u>
General Bonded Debt Outstanding:				
General Obligation Notes/Bonds	\$78,892,362	\$76,440,382	\$77,041,162	\$72,928,246
General Obligation Revenue Notes/Bonds	0	0	0	0
Special Assessment Bonds	8,837,638	9,204,618	9,598,838	9,981,754
Bond Anticipation Notes	15,180,000	8,500,000	7,500,000	8,180,000
Bond Anticipation Notes Enterprise	1,700,000	1,350,000	500,000	0
OPWC Loans	377,768	345,137	366,796	274,441
OWDA Loans	0	0	0	0
Contractual Debt Obligation	<u>335,952</u>	<u>361,012</u>	<u>385,452</u>	<u>539,171</u>
Total Gross Indebtedness	105,323,720	96,201,149	95,392,248	91,903,612
Less Exempt Outstanding:				
General Obligation Bonds	(68,711,211)	(65,011,270)	(50,416,381)	(54,490,082)
General Obligation Revenue Notes/Bonds	(9,250,000)	0	0	0
Special Assessment Bonds	(8,837,638)	(9,204,618)	(9,598,838)	(9,981,754)
Bond Anticipation Notes	(15,180,000)	(8,500,000)	(7,500,000)	(8,180,000)
Bond Anticipation Notes Enterprise	(1,700,000)	(1,350,000)	(500,000)	0
OPWC Loans	(377,768)	(345,137)	(366,796)	(274,441)
OWDA Loans	0	0	0	0
Contractual Debt Obligation	(335,952)	(361,012)	(385,452)	(539,171)
General Obligation Bond Retirement Fund Balance	<u>(182,973)</u>	<u>(153,061)</u>	<u>(96,577)</u>	<u>(63,560)</u>
Total Net Debt Applicable to Debt Limit	<u>748,178</u>	<u>11,276,051</u>	<u>26,528,204</u>	<u>18,374,604</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>85,675,152</u>	<u>79,295,100</u>	<u>77,988,395</u>	<u>76,733,696</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$84,926,974</u>	<u>\$68,019,049</u>	<u>\$51,460,191</u>	<u>\$58,359,092</u>
Legal Debt Margin as a Percentage of the Debt Limit	99.13%	85.78%	65.98%	76.05%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$44,877,461</u>	<u>\$41,535,529</u>	<u>\$40,851,064</u>	<u>\$40,193,841</u>
Total Gross Indebtedness	105,323,720	96,201,149	95,392,248	91,903,612
Less Exempt Outstanding:				
General Obligation Bonds	(68,711,211)	(65,011,270)	(50,416,381)	(54,490,082)
General Obligation Revenue Notes/Bonds	(9,250,000)	0	0	0
Special Assessment Bonds	(8,837,638)	(9,204,618)	(9,598,838)	(9,981,754)
Bond Anticipation Notes	(15,180,000)	(8,500,000)	(7,500,000)	(8,180,000)
Bond Anticipation Notes Enterprise	(1,700,000)	(1,350,000)	(500,000)	0
OPWC Loans	(377,768)	(345,137)	(366,796)	(274,441)
OWDA Loans	0	0	0	0
Contractual Debt Obligation	(335,952)	(361,012)	(385,452)	(539,171)
General Obligation Bond Retirement Fund Balance	<u>(182,973)</u>	<u>(153,061)</u>	<u>(96,577)</u>	<u>(63,560)</u>
Net Debt Within 5 ½ % Limitations	<u>748,178</u>	<u>11,276,051</u>	<u>26,528,204</u>	<u>18,374,604</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$44,129,283</u>	<u>\$30,259,478</u>	<u>\$14,322,860</u>	<u>\$21,819,237</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	98.33%	72.85%	35.06%	54.29%

Source: City Financial Records and Prior Year CAFRs

2012	2011	2010	2009	2008	2007
<u>\$772,474,470</u>	<u>\$779,763,250</u>	<u>\$754,402,597</u>	<u>\$758,875,486</u>	<u>\$753,674,210</u>	<u>\$747,082,240</u>
\$58,098,800	\$47,348,171	\$42,987,841	\$44,441,334	\$12,251,682	\$6,780,967
0	67,200	130,200	193,200	252,000	310,800
7,261,200	2,657,553	2,959,042	3,208,858	3,449,237	2,866,244
19,490,000	28,945,000	5,675,000	5,600,000	39,120,000	6,910,000
0	0	0	0	0	1,530,000
263,028	182,336	198,811	215,286	223,523	242,044
38,610	173,081	301,923	425,464	544,006	657,830
684,008	821,698	952,191	1,074,817	683,979	776,103
85,835,646	80,195,039	53,205,008	55,158,959	56,524,427	20,073,988
(40,484,768)	(30,865,000)	(31,675,000)	(32,970,000)	0	0
0	(67,200)	(130,200)	(193,200)	(252,000)	(310,800)
(7,261,200)	(2,657,553)	(2,959,042)	(3,208,858)	(3,449,237)	(2,866,244)
(19,490,000)	(28,945,000)	(5,675,000)	(5,600,000)	(39,120,000)	(6,910,000)
0	0	0	0	0	(1,530,000)
(263,028)	(182,336)	(198,811)	(215,286)	(223,523)	(242,044)
(38,610)	(173,081)	(301,923)	(425,464)	(544,006)	(657,830)
(684,008)	(821,698)	(952,191)	(1,074,817)	(683,979)	(776,103)
(102,117)	(44,968)	(64,469)	(52,292)	(48,136)	(168,549)
<u>17,511,915</u>	<u>16,438,203</u>	<u>11,248,372</u>	<u>11,419,042</u>	<u>12,203,546</u>	<u>6,612,418</u>
81,109,819	81,875,141	79,212,273	79,681,926	79,135,792	78,443,635
<u>\$63,597,904</u>	<u>\$65,436,938</u>	<u>\$67,963,901</u>	<u>\$68,262,884</u>	<u>\$66,932,246</u>	<u>\$71,831,217</u>
78.41%	79.92%	85.80%	85.67%	84.58%	91.57%
<u>\$42,486,096</u>	<u>\$42,886,979</u>	<u>\$41,492,143</u>	<u>\$41,738,152</u>	<u>\$41,452,082</u>	<u>\$41,089,523</u>
85,835,646	80,195,039	53,205,008	55,158,959	56,524,427	20,073,988
(40,484,768)	(30,865,000)	(31,675,000)	(32,970,000)	0	0
0	(67,200)	(130,200)	(193,200)	(252,000)	(310,800)
(7,261,200)	(2,657,553)	(2,959,042)	(3,208,858)	(3,449,237)	(2,866,244)
(19,490,000)	(28,945,000)	(5,675,000)	(5,600,000)	(39,120,000)	0
0	0	0	0	0	(1,530,000)
(263,028)	(182,336)	(198,811)	(215,286)	(223,523)	(242,044)
(38,610)	(173,081)	(301,923)	(425,464)	(544,006)	(657,830)
(684,008)	(821,698)	(952,191)	(1,074,817)	(683,979)	(776,103)
(102,117)	(44,968)	(64,469)	(52,292)	(48,136)	(168,549)
<u>17,511,915</u>	<u>16,438,203</u>	<u>11,248,372</u>	<u>11,419,042</u>	<u>12,203,546</u>	<u>13,522,418</u>
<u>\$24,974,181</u>	<u>\$26,448,776</u>	<u>\$30,243,771</u>	<u>\$30,319,110</u>	<u>\$29,248,536</u>	<u>\$27,567,105</u>
58.78%	61.67%	72.89%	72.64%	70.56%	67.09%

**City of Avon, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2016*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to the City of Avon
<b>Direct - City of Avon:</b>			
General Obligation Bonds	\$63,550,401	100.00%	\$63,550,401
Special Assessment Bonds	7,835,346	100.00%	7,835,346
General Obligation Notes	5,168,692	100.00%	5,168,692
OPWC Loans	377,768	100.00%	377,768
Capital Lease	94,495	100.00%	94,495
<i>Total Direct Debt</i>	<u>77,026,702</u>		<u>77,026,702</u>
<b>Overlapping:</b>			
Avon Local School District			
General Obligation Bonds	64,469,545	100.00%	64,469,545
Capital Leases	337,231	100.00%	337,231
Lorain County			
General Obligation Bonds	<u>21,780,000</u>	11.99%	<u>2,611,422</u>
<i>Total Overlapping Debt</i>	<u>86,586,776</u>		<u>67,418,198</u>
<b>Total</b>	<u><u>\$163,613,478</u></u>		<u><u>\$144,444,900</u></u>

Source: Lorain County, Ohio; County Auditor

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

The basic security for the Bonds is the pledge of the City's ability to levy, and its pledge to levy, pursuant to constitutional and statutory requirements, and ad valorem tax on all taxable property in the City, within the ten-mill limitation imposed by Ohio law. In addition, the City has covenanted in the Bond Legislation to appropriate annually, to the extent required, sufficient amounts from municipal income tax revenues to pay principal and interest on the Bonds when due, and to continue to levy and collected the municipal income tax in an amount necessary to meet debt charges on the Bonds.



**City of Avon, Ohio**  
*Pledged Revenue Coverage - Sewer Fund*  
*Last Ten Years*

Year	Sewer Operating Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2016	\$0	\$0	\$0	\$0	\$0	0.00
2015	0	0	0	0	0	0.00
2014	0	0	0	0	0	0.00
2013	1,794,967	1,526,056	268,911	38,610	752	6.83
2012	1,865,750	956,508	909,242	134,471	13,692	6.14
2011	1,646,944	1,028,665	618,279	128,842	16,612	4.25
2010	1,360,364	1,240,708	119,656	123,541	16,612	0.85
2009	1,629,741	1,526,181	103,560	118,542	21,447	0.74
2008	1,333,487	1,102,775	230,712	113,824	25,745	1.65
2007	1,405,083	1,496,430	(91,347)	109,368	31,839	(0.65)

Note: During 2013, the City paid down the outstanding OWDA debt in the sewer fund; therefore, the City has no pledged revenue in 2016.

(1) Revenues include interest and operating grants.

(2) Operating expenses do not include depreciation/amortization.

Source: City Financial Records

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**City of Avon, Ohio**  
*Principal Employers*  
*Current and Nine Years Ago*

<b>2016</b>		
Employer	Employees	Percentage of Total City Employment
Our Lady of the Wayside	804	4.21 %
Cleveland Clinic Foundation	785	4.11
Avon Local School District	726	3.80
ShurTech Brands, LLC	432	2.26
Technifab	289	1.51
A.J. Rose Manufacturing Company	283	1.48
Costco Wholesale	250	1.31
City of Avon	190	1.00
Jenne Distributors, Incorporated	155	0.81
Parker Hannifin Corporation	125	0.66
<b>Total</b>	<b>4,039</b>	<b>21.15 %</b>
<b>Total Estimated Employment within the City</b>	<b>19,095</b>	

<b>2007</b>		
Employer	Employees	Percentage of Total City Employment
Henkel	473	3.60 %
Willoway Nurseries, Incorporated	450	3.42
Our Lady of the Wayside	345	2.62
Avon Local School District	334	2.54
Walmart	230	1.75
A.J. Rose Manufacturing Company	218	1.66
City of Avon	160	1.22
Good Samaritan Nursing Home	160	1.22
Avon Oaks Nursing Home	154	1.17
Costco Wholesale	150	1.13
<b>Total</b>	<b>2,674</b>	<b>20.33 %</b>
<b>Total Estimated Employment within the City</b>	<b>13,153</b>	

Source: Number of employees obtained from the W2's filed for the year with the Regional Income Tax Agency

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

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Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita	Median Household Income (1)	Median Age (1)
2016	21,193	\$731,963,834	\$34,538	\$75,951	38
2015	21,193	731,963,834	34,538	75,951	38
2014	21,193	731,963,834	34,538	75,951	38
2013	21,193	731,963,834	34,538	75,951	38
2012	21,193	731,963,834	34,538	75,951	38
2011	21,193	731,963,834	34,538	75,951	38
2010	21,193	731,963,834	34,538	75,951	38
2009	18,000	510,012,000	28,334	66,747	38
2008	11,466	324,877,644	28,334	66,747	38
2007	11,466	324,877,644	28,334	66,747	38

(1) Source: U. S. Census

(a) Years 2007 through 2008 - 2000 Federal Census; 2009 estimated

(b) Years 2010 through 2016 - 2010 Federal Census

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

(3) Ohio Department of Job and Family Services

(4) Source: Lorain County Auditor

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

Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Lorain County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
32.3%	4,277	4.5%	\$260,000	\$815,953,830
32.3	4,246	4.5	260,000	755,191,430
32.3	4,102	5.7	260,000	742,746,620
32.3	4,153	9.3	260,000	730,797,100
32.3	4,076	7.0	260,000	772,474,470
32.3	4,078	7.7	260,000	779,763,250
32.3	3,976	8.8	260,000	754,402,597
32.3	3,580	9.4	245,000	758,875,486
32.3	3,136	7.0	251,011	753,674,210
32.3	3,128	6.2	239,730	747,082,240

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

Function/Program	2016	2015	2014	2013
General Government				
Council	5.50	5.50	5.50	5.50
Finance	4.00	4.00	4.00	4.00
Finance Director	1.00	1.00	1.00	1.00
Law	1.00	1.00	1.00	1.00
Mayor's Office	2.00	2.00	2.00	2.00
Human Resources	0.50	0.50	0.50	0.50
Planning	3.50	3.50	3.50	3.50
Civil Service	1.50	1.50	1.50	1.50
Court	1.50	1.50	1.50	1.50
Zoning	3.50	3.50	3.50	3.50
Information Technology	1.00	1.00	0.00	1.00
Senior Center	5.00	4.50	4.00	3.50
Engineering	0.50	0.50	1.00	1.00
Project Manager	0.00	0.00	1.00	1.00
Security of Persons and Property				
Police	36.00	35.00	32.50	31.00
Police - Dispatchers/Office/Other	8.50	8.50	10.50	10.50
Safety Director	0.00	0.00	0.00	0.00
Fire	33.00	34.00	32.50	32.00
Fire - Dispatchers/Office/Other	1.00	1.00	1.00	1.00
Leisure Time Activities				
Recreation and Parks	11.00	10.50	12.00	12.50
Landmarks Preservation	2.00	2.00	2.00	2.00
Community Development				
Building	9.50	9.50	7.00	7.00
Transportation				
Service/Street M&R	15.00	14.50	15.50	18.00
Basic Utility Services				
Water and Sewer	14.00	13.50	12.00	11.00
Totals:	<u>160.50</u>	<u>158.50</u>	<u>155.00</u>	<u>155.50</u>

Source: City of Avon, Ohio Payroll Department W2 Audit Listing

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee on staff as of December 31st.

Note: Some employees work in two different departments.

2012	2011	2010	2009	2008	2007
5.50	5.50	5.50	5.50	5.50	5.00
4.00	4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.50
2.00	2.00	2.00	2.00	2.00	2.00
0.00	0.00	0.00	0.00	0.00	0.00
3.50	3.50	3.50	3.50	3.50	4.50
1.50	1.50	1.50	1.50	1.50	1.50
1.50	1.50	1.50	1.50	1.50	1.50
3.50	3.50	3.50	3.50	3.50	3.50
1.00	1.00	0.00	0.00	0.00	0.00
3.50	3.50	3.00	3.00	2.50	1.00
1.00	1.00	0.00	0.00	0.00	0.00
1.00	1.00	0.00	1.00	1.00	0.00
32.00	31.00	34.00	34.00	30.00	30.00
10.50	9.00	10.50	10.50	8.00	8.00
0.00	0.00	0.00	0.50	0.50	0.50
32.00	33.00	32.00	30.00	28.00	28.00
1.00	1.00	1.00	1.00	1.00	1.00
12.50	14.00	14.50	15.50	13.50	12.00
2.00	2.00	2.00	2.00	2.00	2.00
7.00	7.50	7.50	6.50	9.50	8.50
16.00	15.00	15.50	15.00	13.00	12.50
12.00	10.50	9.50	10.50	11.00	10.50
<u>155.00</u>	<u>153.00</u>	<u>153.00</u>	<u>153.00</u>	<u>143.50</u>	<u>138.50</u>

**City of Avon, Ohio**  
*Operating Indicators by Function/Program*  
*Last Ten Years (1)*

Function/Program	2016	2015	2014	2013
Date of Incorporation as a Village	1917			
Date of Incorporation as a City	1961			
<b>General Government</b>				
<i>Council and Clerk</i>				
Number of Ordinances Passed	129	152	142	137
Number of Resolutions Passed	31	17	23	35
<i>Planning Commission/Zoning Board of Appeals</i>				
Number of Planning Commission docket items	104	91	111	131
Zoning Board of Appeals docket items	44	31	23	26
<i>Finance Department</i>				
Amount of checks written	\$75,766,185	\$68,238,526	\$49,976,640	\$59,114,557
Interest earnings for fiscal year (cash basis)	\$115,913	\$91,796	\$73,481	\$71,310
Number of Receipts issued	4,724	4,903	4,684	4,306
Number of Budget Adjustments issued	21	23	22	29
Agency Ratings - Moody's Financial Services:	Aa1	Aa1	Aa1	Aa1
General Fund Receipts (cash basis in thousands)	\$12,994	\$13,000	\$12,542	\$12,554
General Fund Expenditures (cash basis in thousands)	\$12,704	\$13,494	\$12,885	\$13,269
General Fund Cash Balances including Income Tax (in thousands)	\$2,508	\$2,275	\$2,769	\$3,113
<i>Income Tax Department</i>				
Number of Annual withholding forms processed	24,849	22,758	20,184	19,814
Number of Business net profit forms processed	4,037	3,930	4,077	3,466
Number of Individual forms processed	19,389	20,378	19,000	18,887
Amount of Penalties and Interest Collected	N/A	N/A	N/A	N/A
Annual number of balance due/estimated payment forms processed	N/A	N/A	N/A	N/A
Annual number of reconciliations of withholdings processed	2,400	2,394	2,184	1,957
<i>Engineer Contracted Services</i>				
Dollar amount of Construction overseen by Engineer	\$12,287,508	\$12,707,077	\$5,415,017	\$2,107,283
<i>Mayor's Court</i>				
Number of Traffic cases	924	2,088	2,260	1,233
Number of Criminal cases	38	51	59	40
<i>Civil Service</i>				
Number of police entry tests administered	1	1	0	0
Number of fire entry tests administered	0	1	0	0
Number of police promotional tests administered	0	0	0	0
Number of fire promotional tests administered	0	3	0	0
Number of hires of Police Officers from certified lists	0	3	1	1
Number of hires of Fire/Medics from certified lists	0	1	0	1
Number of promotions from police certified lists	0	0	0	1
Number of promotions from fire certified lists	0	3	0	0
<i>Building Department Indicators</i>				
Single Family Permits Issued	114	120	128	122
Commercial Permits Issued	324	283	270	217
Estimated Value of Construction	\$93,180,158	\$135,229,296	\$190,769,916	\$88,664,341
Number of permits issued (all types)	1,886	1,590	1,540	1,142
Amount of Revenue generated from permits	\$3,128,862	\$2,280,180	\$2,451,429	\$1,199,584
Number of contractor registrations issued	979	865	788	862



2012	2011	2010	2009	2008	2007
134	116	113	132	168	142
33	22	39	18	44	41
78	76	60	74	121	149
14	17	17	20	26	29
\$79,149,951	\$53,594,606	\$42,389,310	\$37,724,785	\$30,942,350	\$32,987,641
\$80,715	\$95,029	\$112,699	\$231,386	\$665,519	\$1,181,222
3,584	3,687	4,018	3,658	3,661	3,704
22	35	32	26	44	51
Aa1	Aa1	Aa1	Aa2	Aa2	Aa2
\$11,224	\$12,821	\$13,284	\$9,254	\$7,555	\$9,728
\$10,739	\$15,015	\$11,466	\$9,029	\$9,887	\$3,334
\$3,828	\$3,343	\$5,570	\$3,752	\$3,527	\$5,668
18,616	16,323	13,275	11,009	11,066	10,697
3,279	2,893	2,075	1,882	1,559	1,437
17,504	17,619	8,883	12,204	8,616	8,205
N/A	N/A	\$125,422	\$88,437	\$63,898	\$61,456
N/A	8,874	10,195	11,165	9,234	9,926
1,917	1,862	N/A	1,251	1,215	1,124
\$4,022,623	\$9,550,735	\$1,899,519	\$2,471,597	\$7,854,087	\$4,880,288
784	1,103	982	880	867	2,079
41	40	62	44	50	82
2	0	0	1	0	0
1	0	0	0	1	0
2	1	0	0	0	0
1	0	0	0	2	0
4	0	1	5	0	2
2	0	1	1	0	1
3	1	0	0	0	0
0	0	5	2	0	2
96	113	146	115	142	179
131	228	137	109	210	249
\$72,114,502	\$40,702,895	\$113,771,043	\$47,821,980	\$67,973,353	\$84,863,809
1,112	1,199	1,112	1,022	1,124	1,269
\$847,201	\$972,849	\$1,464,343	\$506,654	\$1,281,070	\$1,478,453
810	769	932	609	694	1,086

(continued)

**City of Avon, Ohio**  
*Operating Indicators by Function/Program (continued)*  
*Last Ten Years (1)*

Function/Program	2016	2015	2014	2013
<b>Security of Persons and Property</b>				
<i>Police</i>				
Total Calls for Services	21,425	21,101	20,204	17,748
Number of traffic citations issued	1,368	2,399	2,178	1,770
Number of parking citations issued	42	458	513	384
Number of criminal arrests	364	529	369	466
Number of accident reports completed	669	731	653	598
Part 1 Offenses (major offenses)	350	508	389	494
DUI Arrests	39	66	72	85
Prisoners	312	306	375	461
Prisoner meal costs	\$0	\$0	\$0	\$0
Motor Vehicle Accidents	1,246	1,165	1,123	1,073
Fatalities from Motor Vehicle Accidents	1	1	1	0
Gasoline costs of fleet	\$60,373	\$73,531	\$114,883	\$105,400
<i>Fire</i>				
EMS Calls	2,097	1,810	1,657	1,737
Ambulance Billing Collections (net)	\$494,141	\$417,407	\$398,467	\$418,414
Fire Calls	639	673	635	623
Fires with Loss	35	31	10	14
Fires with Losses exceeding \$10K	13	8	3	1
Fire Losses	\$1,257,700	\$448,405	\$258,052	\$186,450
Fire Safety Inspections	1,215	1,215	832	727
Number of times Mutual Aid given to Fire and EMS and Auto Aid	89	113	99	73
Number of times Mutual Aid received for Fire and EMS and Auto Aid	57	58	85	54
<b>Leisure Time Activities</b>				
Recreation Men's and Women's Leagues receipts	\$7,966	\$3,923	\$4,993	\$5,056
Recreation Youth Activities receipts	\$104,370	\$118,652	\$113,981	\$94,373
<b>Transportation</b>				
Street Improvements - asphalt overlay (linear feet)	N/A	N/A	N/A	N/A
Crackseal Coating Program (Miles)	N/A	N/A	N/A	N/A
Street Repair (Curbs, aprons, berms, asphalt) (hours)	N/A	N/A	N/A	N/A
Guardrail Repair (hours)	N/A	N/A	N/A	N/A
Paint Striping (hours)	N/A	N/A	N/A	N/A
Cold Patch (hours)	N/A	N/A	N/A	N/A
Snow and Ice Removal overtime hours	N/A	N/A	N/A	N/A
Street Improvements Cost	\$144,807	\$112,196	\$137,092	\$186,735
Street Improvements Cost per mile	\$1,047	\$853	\$1,063	\$1,503
Miles of City Streets	138	132	129	124
Tons of snow melting salt purchased (November - May - winter season)	3,936	4,951	5,961	3,850
Cost of salt purchased	\$218,088	\$271,643	\$205,480	\$177,714
<b>Water Department</b>				
Water Rates per 1st 6,000 gallons of water used (per thousand)	\$4.26	\$3.98	\$3.51	\$3.05
Average gallons of water billed monthly (in thousands)	86,988	62,048	66,366	63,206
Total Water Collections Annually (Including P&I) (in thousands)	\$3,848	\$2,985	\$2,594	\$2,183
<b>Wastewater Department</b>				
Sewer Rates per 1,000 gallons of water used	\$6.38	\$6.08	\$5.79	\$5.79
Average gallons of sewer billed monthly (in thousands)	60,359	44,349	43,065	41,409
Total Sewer Collections Annually (Including P&I) (in thousands)	\$3,734	\$3,233	\$2,979	\$1,630

(1) Information for some years is not available.

Source: City of Avon Records

2012	2011	2010	2009	2008	2007
18,789	16,208	15,817	15,268	15,367	25,812
1,495	2,018	1,733	1,446	1,267	2,371
475	306	294	441	104	637
579	565	677	682	725	638
569	581	507	488	575	545
481	313	303	325	283	385
100	82	90	67	76	97
358	363	399	380	363	484
\$0	\$5	\$0	\$0	\$35	\$60
911	705	780	488	575	545
2	0	0	1	2	1
\$99,212	\$102,384	\$84,013	\$64,291	\$83,693	\$62,186
1,666	1,530	1,511	1,557	1,516	1,413
\$458,386	\$372,867	\$346,078	\$367,927	\$331,076	\$297,996
589	567	536	490	459	460
16	17	18	25	22	15
4	3	6	5	0	4
\$240,550	\$220,700	\$1,107,750	\$719,120	\$571,215	\$319,400
682	640	859	608	619	619
67	143	54	61	45	8
86	75	29	16	4	4
\$4,041	\$3,381	\$6,375	\$5,822	\$5,405	\$1,435
\$87,527	\$81,460	\$83,125	\$62,899	\$121,872	\$125,794
N/A	N/A	10,685	21,375	6,012	4,000
N/A	N/A	40	20	20	25
N/A	N/A	200	150	150	160
N/A	N/A	20	40	40	40
N/A	N/A	900	400	400	400
N/A	N/A	550	400	400	420
N/A	N/A	850	350	350	350
\$139,421	\$138,295	\$129,301	\$151,940	N/A	N/A
\$1,134	\$1,143	\$1,078	\$1,266	N/A	N/A
123	121	120	120	N/A	N/A
4,083	5,135	5,291	5,323	4,700	4,056
\$188,538	\$239,792	\$240,733	\$242,204	\$194,854	\$182,556
\$2.94	\$2.63	\$2.33	\$2.33	\$2.33	\$2.33
71,913	69,692	65,571	63,672	62,494	78,635
\$2,316	\$1,822	\$1,809	\$1,674	\$1,689	\$1,847
\$5.79	\$5.59	\$4.98	\$4.98	\$4.23	\$4.23
42,831	40,103	40,145	41,419	37,227	39,081
\$1,630	\$1,445	\$1,327	\$1,137	\$1,081	\$1,048

**City of Avon, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Ten Years*

Function/Program	2016	2015	2014	2013
<b>General Government</b>				
Inspection Vehicles	9	9	8	8
<b>Security of Persons and Property</b>				
<b>    Police</b>				
Stations	1	1	1	1
Vehicles	38	36	34	34
<b>    Fire</b>				
Stations	1	1	1	1
Vehicles	15	15	15	15
<b>Leisure Time Activities</b>				
<b>    Recreation</b>				
Number of Parks	7	7	7	7
Number of Ice Rinks	1	1	1	1
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	12	12	12	12
Number of Tot Lots	4	4	4	4
Number of Soccer Fields	16	16	16	16
Number of Swimming Pools	1	1	0	0
Vehicles	12	10	9	8
<b>Transportation</b>				
<b>    Service</b>				
Buildings	1	1	1	1
Service Vehicles	22	22	20	20
Streets (miles)	138.37	131.58	128.91	123.00
<b>Water and Sewer</b>				
Buildings	10	10	10	10
Water Lines (miles)	121.40	122.43	118.70	117.80
Sanitary Sewers (miles)	99.60	100.75	97.10	96.70
Vehicles	12	13	14	9

Source: City of Avon Records

2012	2011	2010	2009	2008	2007
8	8	7	8	9	9
1	1	1	1	1	1
35	33	37	34	27	27
1	1	1	1	1	1
15	15	14	15	16	16
7	7	7	7	7	6
1	1	1	1	1	1
1	1	1	1	1	1
12	12	12	12	11	11
4	4	4	4	4	3
16	14	14	14	14	14
0	0	0	0	0	0
8	8	9	10	6	6
1	1	1	1	1	1
23	22	21	17	16	16
123.00	121.00	120.00	120.00	120.00	120.00
10	9	9	9	9	9
117.30	115.80	114.10	113.58	111.55	108.38
96.30	95.20	93.30	92.97	91.34	89.06
7	7	10	9	9	9

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# CITY OF AVON

EST 1814

36080 Chester Road  
Avon, Ohio 44011  
440-937-7800

*Bryan K. Jensen, Mayor*

# **City of Avon, Ohio**

**Single Audit Reports  
For the Year Ended December 31, 2016**



**City of Avon, Ohio**

**For the Year Ended December 31, 2016**

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**Independent Auditor's 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***

Members of the City Council  
City of Avon, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon, Ohio (the "City"), as of and for the year ended December 31, 2016, 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 22, 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 City's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses (Finding Nos. 2016-001 and 2016-002).

Members of the City Council  
City of Avon, Ohio

### **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*.

### **The City's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

*Ciuni + Panichi, Inc.*

Cleveland, Ohio  
June 22, 2018

**Independent Auditor's Report on Compliance for Each Major Program; Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Members of the City Council  
City of Avon, Ohio

**Report on Compliance for Each Major Federal Program**

We have audited the City of Avon, Ohio's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2016. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-003. Our opinion on the major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Members of the City Council  
City of Avon, Ohio

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 22, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Ciuni + Panichi, Inc.*

Cleveland, Ohio  
June 22, 2018

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**City of Avon, Ohio**

**Schedule of Expenditures of Federal Awards**

**For the Year Ended December 31, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant Number</u>	<u>Federal Expenditures</u>
U.S Department of Transportation: Passed through the Ohio Department of Transportation: Highway Planning and Construction Cluster: Highway Planning and Construction	20.205	PID 94622	\$ <u>892,783</u>
Total Expenditures of Federal Awards			\$ <u>892,783</u>

The accompanying notes are an integral part of this schedule

# City of Avon, Ohio

## Notes to the Schedule of Expenditures of Federal Awards

**For the Year Ended December 31, 2016**

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### **Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Avon, Ohio, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Note 2: Indirect Cost Rate**

The City did not use the 10% de minimis indirect cost rate and did not charge indirect costs to the Highway Planning and Construction program.

# City of Avon, Ohio

## Schedule of Findings and Questioned Costs

**For the Year Ended December 31, 2016**

### 1. Summary of Auditor's Results

(d)(I)(I)	Type of Financial Statement Opinion	Unmodified
(d)(I)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(I)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Was there any material internal control weakness reported for major federal programs?	No
(d)(I)(iv)	Were there any significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(I)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	Yes
(d)(I)(vii)	Major Program	Highway Planning and Construction Cluster - Highway Planning and Construction, Federal Highway Administration (FHWA) – CDFA # 20.205
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$ 750,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

### 2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

#### 2016-001 – Material Weakness in internal control over financial reporting:

**Condition:**

We noted the City improperly included and excluded accounts payable and contracts payable balances resulting from improper cutoff procedures which resulted in material adjustments made to the respective liability accounts and related expense accounts.

**Criteria:**

The internal control structure and processes should provide for accurate cutoff at year-end.

**Cause:**

In determining the City's accounts payable and contracts payable balances for year-end, the City incorrectly utilized the purchase order date instead of the date goods or services were received.

# City of Avon, Ohio

## Schedule of Findings and Questioned Costs

### For the Year Ended December 31, 2016

---

#### **2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS (continued)**

**Effect:**

The use of the incorrect criteria for determining accounts payable and contracts payable balances may result in errors or irregularities and decrease the reliability of financial data.

**Recommendation:**

We recommend that the City document the criteria for determining what should be recorded as a liability at year end, train staff on such criteria and implement monitoring controls over the year-end cutoff procedures to help ensure that a proper cutoff is achieved, thereby increasing the reliability of the financial data at year-end.

**Management's Response:**

The City is taking the necessary steps to ensure proper cutoff is achieved.

**2016-002 – Material Weakness in internal control over financial reporting:**

**Condition:**

We noted the City improperly excluded expenditure amounts from the schedule of expenditures of federal awards (SEFA) and from the financial statements relating to CFDA #20.205 due to a lack of communication between The Ohio Department of Transportation (ODOT) and the City's Finance Department. The expenditures related to payments ODOT made directly to contractors.

**Criteria:**

The internal control structure and processes should provide for the proper communication and recording of all expenditures and facilitate the preparation of a complete and accurate SEFA and provide for accurate cutoff at year end.

**Cause:**

Controls were not in place to ensure all expenditures were being accounted for, including those paid directly by ODOT.

**Effect:**

The lack of controls over the accounting for expenditures could result in an understatement of expenses required to be reported in the financial statements and on the schedule of expenditures of federal awards and decrease the reliability of financial data throughout the year. This can also lead to errors when identifying major programs.

**Recommendation:**

We recommend the City adopt procedures specifically over the direct payments made by ODOT to the vendors to help ensure the information accurately reflects the expenditures incurred throughout the year, increasing the reliability of the financial data at year-end.

# City of Avon, Ohio

## Schedule of Findings and Questioned Costs

### **For the Year Ended December 31, 2016**

---

#### **2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS (continued)**

##### **Management's Response:**

The City is taking the necessary steps to ensure all contractor payments, including those paid to the contractor directly by ODOT, are being accounted for.

#### **3. Findings for Federal Audits**

##### **2016-003 – Material Noncompliance:**

Section 2 CFR 200.512(a) of the Uniform Guidance provides that the audit report and data collection form must be submitted within the earlier of 30 days after the reports are received from the auditors, or nine months after the end of the fiscal year, unless a longer period is agreed upon in advance by the cognizant or oversight agency. It was noted that the City did not submit the required documentation within nine months after fiscal year end due to its failure to identify federal awards expended directly by ODOT when evaluating whether a Uniform Guidance audit was required.

We recommend that the City prepare a complete SEFA to assess the need to perform a Uniform Guidance audit such that the timely submission of the required information established by Section 2 CFR 200.512(a) of the Uniform Guidance can occur.

##### **Management's Response:**

The City will submit the required information as soon as the single audit has been completed.

# City of Avon, Ohio

## Schedule of Prior Year Findings

### For the Year Ended December 31, 2016

Finding No.	Finding Summary	Fully Corrected	Explanation
2015-001	<p><b><i>Material Weakness in internal control over financial reporting:</i></b></p> <p><b>Condition:</b> We noted the City improperly included and excluded accounts payable, intergovernmental payable and accounts receivable balances resulting from improper cutoff procedures which resulted in material adjustments made to these asset and liability accounts and the related revenue and expense accounts.</p> <p><b>Criteria:</b> The internal control structure and processes should provide for the accurate cutoff procedures at year-end.</p> <p><b>Cause:</b> Controls were not in place to ensure compliance with the City's cutoff procedures.</p> <p><b>Effect:</b> The lack of controls over the cutoff procedures relating to accounts payable, intergovernmental payable and accounts receivable balances may result in errors or irregularities going undetected and decrease the reliability of financial data throughout the year.</p> <p><b>Recommendation:</b> We recommend the City implement controls over the year-end cutoff procedures to help ensure that a proper cutoff is achieved, thereby increasing the reliability of the financial data at year-end.</p>	No	<p>The City implemented controls over cutoff procedures in the current year, however in determining the City's accounts payable and contracts payable balances for year-end, the City incorrectly utilized the purchase order date instead of the date goods or services were received. The City is aware of the correct cutoff procedures and intends to take the necessary steps to ensure proper cutoff is achieved.</p>



# CITY OF AVON

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## City of Avon, Ohio

### Corrective Action Plan

### For the Year Ended December 31, 2016

<b>Finding No.</b>	<b>Finding Summary</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	<p>We noted the City improperly included and excluded accounts payable and contracts payable balances resulting from improper criteria utilized in determining cutoff which resulted in material adjustments made to the liability and related expense accounts.</p> <p>The finance department will document the criteria for determining what should be recorded as a liability at year end, train staff on such criteria and implement monitoring controls over the year-end cutoff procedures to help ensure that a proper cutoff is achieved.</p>	December 31, 2017	William Logan, Finance Director
2016-002	<p>We noted the City improperly excluded expenditure amounts from the SEFA and financial statements relating to CFDA #20.205 due to a lack of communication between ODOT and the Finance Department. The expenditures related to payments ODOT made directly to contractors.</p> <p>The City is taking the necessary steps to ensure all contractor payments, including those paid to the contractor directly by ODOT, are being accounted for.</p>	March 31, 2018	William Logan, Finance Director
2016-003	<p>Section 2 CFR 200.512(a) of the Uniform Guidance provides that the audit report and data collection form must be submitted within the earlier of 30 days after the reports are received from the auditors, or nine months after the end of the fiscal year, unless a</p>	March 31, 2018	William Logan, Finance Director



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	<p>longer period is agreed upon in advance by the cognizant or oversight agency. It was noted that the City did not submit the required documentation within nine months after fiscal year end.</p> <p>The City will submit the required documentation as soon as the single audit is completed.</p>		
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# Dave Yost • Auditor of State

**CITY OF AVON**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 24, 2018**