



City of Avon



Comprehensive Annual Financial Report





Dave Yost • Auditor of State

City Council
City of Avon
36080 Chester Road
Avon, Ohio 44011

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, 2012 through December 31, 2012. 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.

Finding for Recovery Repaid Under Audit

State ex rel McClure v. Hagerman (1951), 155 Ohio St. 320 provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

On April 13, 2012, a travel reimbursement was made to Tim Barret, for meals. The meal reimbursement included alcohol of \$4.25. Based on the above, expenditure for alcohol is not a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tim Barret, and in the amount of \$4.25, and in favor of the City of Avon General Fund in the amount of \$4.25. The \$4.25 was repaid under audit to the City of Avon on May 2, 2013.

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". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 19, 2013



James A. Smith
MAYOR



Top Row, L- R: Virginia Schneider, Beth Raicevich, Eric Clanin
Middle Row, L- R: Diane Szlempa, Jean Payne, Randi Simkovich
Bottom Row, L- R: Fran Sikora, Bill Logan, June Mitchell, Loretta Stockard



Top Row, L- R: Kevin Ward, Dan Urban, Dan Zegarac, Craig Witherspoon
Bottom Row, L- R: Mary Berges, Bryan Jensen, Dennis McBride



City of Avon, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2012

Prepared by:

Office of the Director of Finance

William D. Logan
Director of Finance

City of Avon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012
Table of Contents

	Page
<i>I. Introductory Section</i>	
Title Page	i
Table of Contents	ii
Letter of Transmittal	vi
List of Principal Officials	xiii
Organizational Chart	xiv
GFOA Certificate of Achievement	xv
<i>II. Financial Section</i>	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund	26
Fire Department Fund	27
Street Construction, Maintenance and Repair Fund	28
Police Fund	29
Statement of Fund Net Position - Proprietary Funds	30
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	31

Statement of Cash Flows - Proprietary Funds	32
Statement of Fiduciary Assets and Liabilities - Agency Funds	34
Notes to the Basic Financial Statements	35
Combining Statements and Individual Fund Schedules:	
Combining Statements - Nonmajor Governmental Funds:	
Fund Descriptions	76
Combining Balance Sheet - Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	79
Combining Balance Sheet - Nonmajor Special Revenue Funds	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	82
Combining Balance Sheet - Nonmajor Debt Service Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	85
Combining Balance Sheet - Nonmajor Capital Projects Funds	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	89
Combining Statements - Agency Funds:	
Fund Descriptions	92
Combining Statement of Changes in Assets and Liabilities - Agency Funds	93
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balances/Fund Equity – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund	96
Fire Department Fund	100
Street Construction, Maintenance and Repair Fund	101
Police Fund	102
General Obligation Bond Retirement Fund	103
Special Assessment Bond Retirement Fund	104
I-90 Interchange Fund	105
Water Fund	106
Sewer Fund	107
Nonmajor Funds:	
Recycling Fund	108
State Highway Fund	109
Permissive Tax Fund	110
Mayor’s Court Computer Fund	111

Recreation Fund	112
Park Operating Fund	114
Park Development Fund.....	115
Donations Fund	116
Library Bond Retirement Fund	117
Tax Incremental Financing Fund	118
Equipment Fund	119
Storm Water Detention Fund	120
Road and Bridges Fund	121
Land Purchases Fund	122
Sidewalk Programs Fund	123
Storm Sewers Fund	124
Municipal Buildings Fund.....	125
Recreation Complex Fund.....	126
Stadium Marquee Fund	127

III. Statistical Section

Net Position by Component - Last Ten Years	S2
Changes in Net Position - Last Ten Years	S4
Fund Balances, Governmental Funds - Last Ten Years	S10
Changes in Fund Balances, Governmental Funds - Last Ten Years	S12
Assessed Valuation and Estimated Actual Values of Taxable Property - Last Ten Years	S14
Property Tax Rates – Direct and Overlapping Governments - Last Ten Years	S16
Property Tax Levies and Collections - Last Ten Years	S20
Principal Real Property Taxpayers Current and Nine Years Ago	S22
Income Tax Revenue Base and Collections - Last Ten Years	S23
Income Tax Statistics – Last Ten Years	S24
Ratios of Outstanding Debt by Type - Last Ten Years	S26
Legal Debt Margin - Last Ten Years	S28
Pledged Revenue Coverage – Sewer Fund - Last Ten Years	S30
Computation of Direct and Overlapping Governmental Activities Debt	S32
Principal Employers - Current and Seven Years Ago	S33

Demographic and Economic Statistics – Last Ten Years.....	S34
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Years.....	S36
Operating Indicators by Function/Program – Last Ten Years.....	S38
Capital Assets Statistics by Function/Program – Last Ten Years.....	S42



CITY OF AVON

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

Date of Opinion,

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, 2012.

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, 2012.

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 2012, the City of Avon was audited by Ciuni & Panichi, Inc.

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.

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, 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 will be elected to serve four year terms in 2013, effective in 2014 and going forward. The three At-Large representatives will be 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 Shopping Center in North Olmsted, Midway Mall in Elyria 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 First Merit Bank, Fifth Third Bank, The First Federal Savings and Loan of Lorain, Parkview Federal Savings 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 College, 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 is 163 percent of the state average and 155 percent of the national average. The 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 2012 was 96 with an approximate valuation of \$29,589,466 compared to 113 single-family home permits issued the previous year with a valuation of \$35,082,419.

New and existing residential developments continue and expand in various stages including but not limited to: Amberwood, Arlington Estates, Augusta Woods, Arbor Acres, Avenbury Lakes, Bentley Park, Camelot West, Concord Village, Cottage Gate, Creekside, Centennial Village, Greenview Estates, Halsted Village, Hawkesbury Lane, Highland Park (beginning phase 18), Kenwyn Village, Napa Estates, Orchard Trail, Palmer Village, Red Tail (beginning phase 14) Stonebridge (beginning phase 12), Stonewheel Estates, Village at Creekside, Vineyard Estates and Willow Creek.

Commercial & Industrial

Commercial permits issued in 2012 had an approximate valuation of \$34,922,637, compared to \$5,620,476 in 2011. New construction in 2012 includes two new car dealerships near the State Route 611 Interchange, a 48,000 square foot expansion of WalMart, a Salvation Army Distribution Center and various expansions of existing businesses. Presently, there is approximately 2,500 acres of land available for commercial and industrial development in the City.

The assessed valuation for tax year 2012 for the City of Avon is \$730,797,100, per the Lorain County Auditor's Office. Property taxes will be collected on this valuation in 2013. This is \$41,677,370 less than the 2011 valuation, or about a 5 percent decrease. The decrease is less than the county-wide valuation decrease of 8 percent, as a result of the six-year re-appraisal performed by the County Auditor's Office in 2012. The City's assessed value equates to a little less than \$2.1 billion at market, or appraised value. See the history of assessed valuations in the Statistical Section of this report.

This assessed valuation does not include the Cleveland Clinic which adds about \$35,000,000 to the total. Much of this value is exempt from property tax however, as the Cleveland Clinic is a non-profit organization. Because the City has 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 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 \$36,000,000.

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 also require City Council authorization.

Avon Recreation Complex

In November 2007, the voters of the City passed a .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. In addition to the recreation center and baseball stadium, plans call for the complex to eventually include ice hockey and skating rinks, an indoor soccer facility, tennis courts, youth football and soccer fields. All-Pro Freight Stadium opened in the spring of 2009, and is the home of an expansion team in the Frontier League, the Lake Erie Crushers. 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 also used by the Avon High School Varsity Baseball Team along with certain other schools and colleges who play many games here. In 2012, Avon High School played 24 games at All-Pro Freight Stadium. In May 2012, the stadium hosted the Mid-American Conference Tournament and will do so again in 2013. 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.

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 constructions 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. A few high schools make the YMCA their home for varsity swimming meets, including Avon and Avon Lake High Schools. Membership to the YMCA is open to all residents of the entire region. Residents of the City benefit from a discounted membership fee. Currently, the YMCA has over 17,000 members, of which approximately 4,000 are Avon residents.

Avon Healthcare Facilities

The Cleveland Clinic Richard E. Jacobs Health Center opened their Avon facility in December, 2011. In September 2012, the Clinic opened a 24 hour Emergency Department at this location. The Cleveland Clinic is ranked as one of the nation's top four hospitals by U.S. News and World Report. The Cleveland Clinic Richard E. Jacobs Health Center offers primary care services and more than 30 specialty services. The Avon facility includes a large physical therapy area with two pools for aquatic therapy, an ambulatory surgery center and a helipad.

Also located in Avon is the 91,000 square-foot Elyria Memorial Hospital Campus. This facility was built in 1999 and includes a 24 hour emergency room, outpatient testing services, a cardiac rehabilitation program, 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, Westshore Primary Care, North Ohio Heart Center, Tri-Tech Medical and Orthopedic Associates.

City Services

The City's fire department is full-time with 33 firefighter paramedics that offer much more than fire protection and emergency medical services. The fire department is very service oriented, offering many specialties such as CPR training, a senior's lock box program, child safety seat inspections and installation, fire safety inspections for either homes or businesses, the File of Life program, and our newest service, fire extinguisher training with a propane powered simulator. This training is offered to businesses as well as residents of Avon.

The Avon Fire Department responded to 2,255 calls in 2012. 1,666 were emergency medical calls and 589 were fire related calls which included service and specialty rescue calls. Specialty rescues include water and ice rescue, confined space rescue, rope rescue, and structural collapse rescue.

The Avon Fire Department purchased a rescue squad and rescue engine in 2012. These items allow the department to better serve the citizens and businesses of Avon. The rescue engine also helps maintain our Insurance Services Offices (ISO) rating that we improved in 2010. The businesses and homeowners in Avon continue to benefit from this rating.

In 2012, the Avon Police Department handled 18,789 calls for service resulting in 1,000 incident reports filed and 569 traffic crashes. The department made 579 criminal arrests and 1,495 traffic charges were filed.

During 2012, the police department randomly sent surveys to approximately 15 percent of the residential addresses in the City to obtain community input on how the police department is doing as an agency in meeting the needs of the citizens. We received about one third of the surveys back. The survey results put an emphasis on Burglaries, Robberies, Neighborhood Patrols, Commercial Breaking and Entering and Criminal Mischief over Speed Enforcement, Red Light Enforcement, Shoplifting, Fraud and Narcotics Violation. Below is a listing of the questions which were asked and the percentage of grades of A & B we received.

Visibility in the Community	91%
Responsiveness to Emergencies	96%
Responsiveness to Routine Problems	93%
Officer Attitude	95%
Innovative Methods	91%
Education Programs	78%
Leadership in the Police Department	91%
Employee Competence	98%
Quality of Police Service	96%
Employee Performance	96% stated we met their expectations
Call Handling	94% felt the call was handled properly
Perception of Safety	97% very safe or somewhat safe
Perception of Crime	4% decreasing; 71% stable; 24% increasing
Quality of Life in Avon	98% excellent or good

With the data from these surveys and our own data and observations, the police department has focused our efforts more into our communities and neighborhoods. In 2012, the department implemented new programs including the "Teen Home Alone Program" and a 24/7 prescription drug turn-in program with locations at the police department. We have devoted more time to meeting with residents and groups addressing topics of crime prevention and community safety programs. The department also partnered with "Test my Teen" as part of a drug use prevention program to provide at home drug test kits for parents.

With the growth in the City, we have been fortunate to maintain a safe community with a high quality of life. Residents can do a lot to help keep Avon relatively crime free by continuing to always lock up their residence and vehicles and to report any suspicious activity to the police department.

The Avon Senior Center provides programs and activities for anyone 55 and over. The Center provides numerous services serving the approximately 5,000 senior adults in Avon.

The Senior Center has social events, movies, cards, health & 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 tole painting, knitting and crocheting. Additionally, the Center has a computer lab where seniors can check email, surf the net, print articles and learn through occasional classes offered.

In addition, the Senior Center's transportation program allows seniors and persons with disabilities to maintain their independence by providing rides to medical appointments, shopping and other necessary transports.

The City of Avon has seven parks totaling over 300 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 Schools. In 2011, the City purchased 19-acres adjacent to Schwartz Road Park. This land will be used for the expansion of current primitive walking trails in the wooded area and additional soccer fields in the open field area. The City is continually looking for new park land that may be used for various recreational activities.

In 2011, the City renovated the Avon Isle, a City owned historic dance hall and community center. A large portion of the cost of the renovation was funded through an energy grant from the Northeast Ohio Public Energy Council. The Avon Isle is now available for residents to rent for parties, weddings and other events.

Long-Term Financial Planning

The City issued refunding bonds in 2012 that consolidated two issues from 2003 and 2004. This new bond issuance will save the City almost \$200,000 over the next several years. Additionally, the City issued \$17,380,000 of bonds for the land acquisition and gas pipeline re-location portion of the Interchange Project (\$9,539,138), the Nagel District Water & Sewer projects near the new interchange (\$4,605,862), and various other construction and land acquisition projects in the City (\$3,235,000). Of this bond issue, \$4,349,761 is a voluntary assessment for a property owner the City has partnered with on the Interchange and related projects.

In December, 2012, the I-90/Nagel Road Interchange opened. This project has been in the works for over 10 years. Construction began in August, 2011, and the opening was six months sooner than originally planned, thanks to efficient construction management, value engineering and favorable weather. In addition, the project cost will be much lower than planned. The approximate \$30 million interchange project is being funded by the Jacobs Group and the City of Avon. The project was managed by the Ohio Department of Transportation and the General Contractor was Mosser Construction, Inc. The Jacobs Group and the City of Avon also funded \$4.6 million of infrastructure improvements in the area surrounding the new interchange. Upon a final cost audit being conducted by ODOT, the City will dedicate the asset to the State of Ohio, who will maintain the interchange. As a result, the City's financial statements reflect expenses and liabilities associated with the construction of the interchange, but no corresponding asset.

The City is in the design stages of a couple of new projects; a 3,000,000 gallon water tower on the south side of the City, and an outdoor swimming pool/aquatic center in the center of town. The City owns the property where both of these projects are planned.

As part of the City's long-term planning, 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.

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 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.

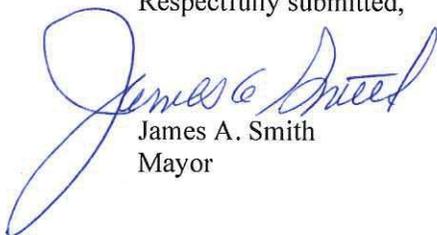
The City of Avon believes the current report continues to conform to the requirements and standards of the Certificate of Achievement Program and has submitted it to the GFOA to determine its eligibility for another Certificate of Achievement.

For fiscal year 2009, the City received the Auditor of State's "Making Your Tax Dollars Count" Award, and for fiscal years 2010 and 2011, 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,



James A. Smith
Mayor



William D. Logan
Director of Finance

City of Avon, Ohio
Principal Officials
December 31, 2012

Elected Officials:

Mayor.....	James A. Smith
President of Council	Dan Zegarac
Councilman at Large.....	Craig Witherspoon
Councilman at Large.....	Mary Berges
Councilman – Ward I.....	Bryan Jensen
Councilman – Ward II	Dennis McBride
Councilman – Ward III.....	Kevin Ward
Councilman – Ward IV.....	Daniel Urban

Directors:

Director of Law.....	John A. Gasior
Director of Finance	William D. Logan
Director of Public Service	Gerald W. Plas
Director of Parks and Recreation.....	Diane Corrao

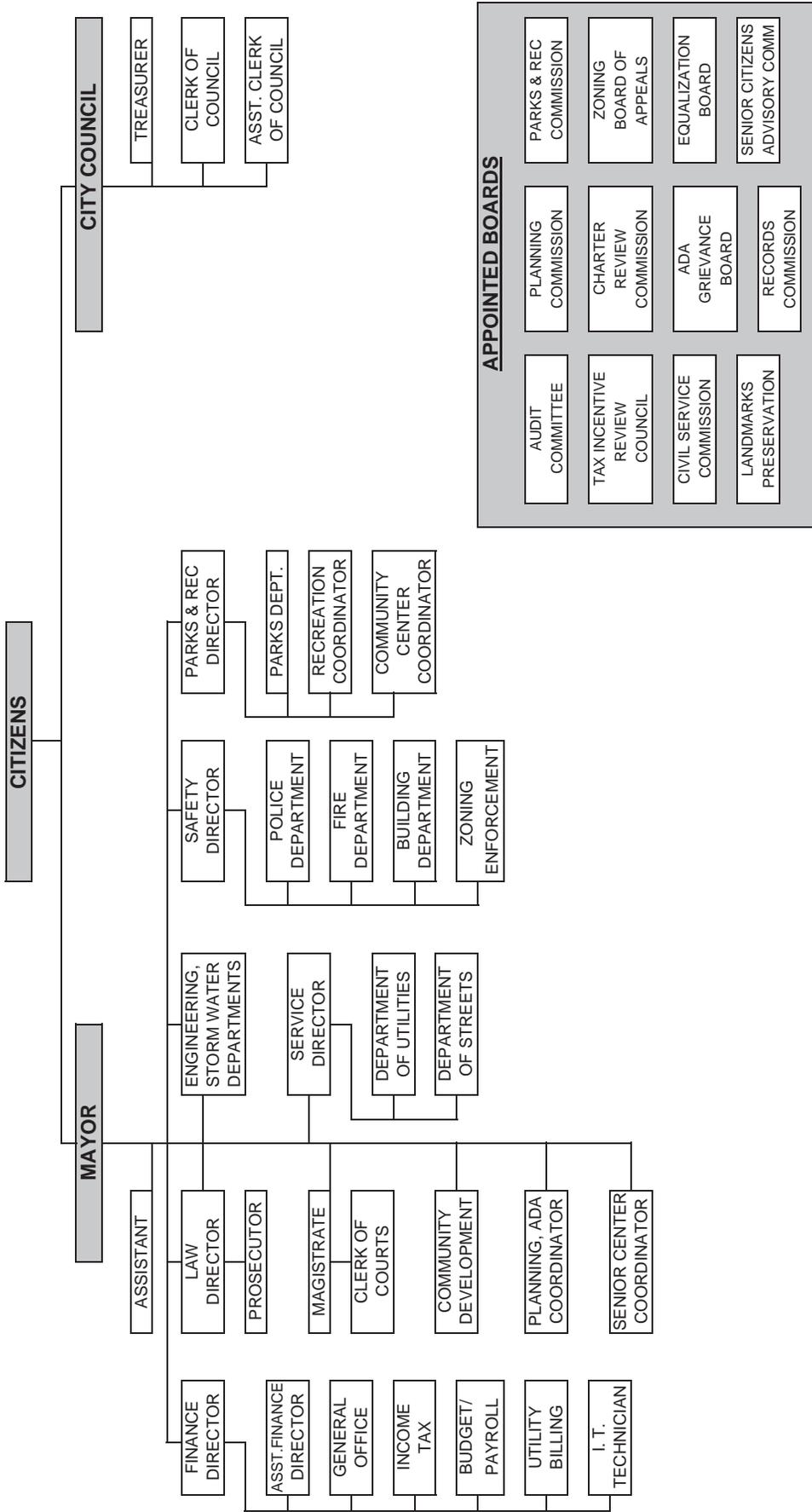
Chairmen, Boards and Commissions:

Board of Zoning and Building Appeals.....	Randy Fratianne
Planning Commission.....	Carolyn Witherspoon
Civil Service Commission	Tony Sarraino
Park and Recreation Commission.....	Mike Stump

Other Staff Members:

Treasurer.....	Beth A. Raicevich
City Engineer	Robert Knopf
Superintendent of Utilities.....	David A. Conrad
Secretary to the Mayor.....	Sandra K. Martin
Clerk of Council	Ellen R. Young
Clerk of Court.....	Jill K. Clements
Assistant Director of Finance	June F. Mitchell
Clerk Secretary of Planning Commission and Zoning Board of Appeals	Dorothy A. Bommer
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	Timothy L. Golay
Chief Building Inspector.....	Robert A. Schumacher

CITY OF AVON ORGANIZATIONAL CHART



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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



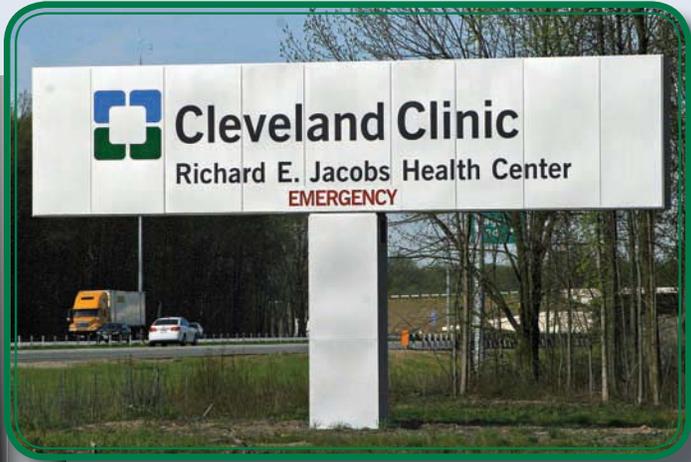
Christopher P. Morinell

President

Jeffrey R. Enner

Executive Director

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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, 2012, 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 account 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.

Members of the City Council
Avon, Ohio

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, 2012, 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.

Emphasis of Matter

As described in Note 3 to the basic financial statements, in 2012, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Members of the City Council
Avon, Ohio

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cini & Panichi, Inc.

Cleveland, Ohio
June 24, 2013

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City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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, 2012. 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 fiscal year 2012 are:

- In 2012, the City issued \$17,380,000 in General Obligation/Special Assessment Bonds replacing short-term notes, for the Nagel District water and sewer projects related to the new I-90 Interchange (\$4,605,862), interchange land acquisition and gas pipeline re-location (\$9,539,138) and other land acquisition and other projects (\$3,235,000). Additionally, the City issued an advance refunding of 2003 and 2004 outstanding bonds totaling \$2,535,000 and generating future savings of about \$200,000.
- The I-90 Nagel Road Interchange opened in December, 2012. While the final cost audit will not be completed until September, 2013, the actual cost of the interchange will be under budget by at least \$1,000,000.
- Income tax collections increased on a cash basis 13.5 percent over 2012 due to the opening of the Cleveland Clinic and the overall economy improving.
- Tax increment financing revenues increased 26.3 percent over 2012.

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.

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 2012?" The *Statement of Net Position* and the *Statement of Activities* answer

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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 those assets. 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 presentation of the City's funds begins on page 10. 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, I-90 interchange, water and sewer.

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.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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 for 2012 compared to 2011.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$33,225,504	\$36,587,995	\$6,034,373	\$6,443,288	\$39,259,877	\$43,031,283
Capital Assets, Net	103,239,855	98,147,728	31,470,104	30,976,932	134,709,959	129,124,660
<i>Total Assets</i>	<u>136,465,359</u>	<u>134,735,723</u>	<u>37,504,477</u>	<u>37,420,220</u>	<u>173,969,836</u>	<u>172,155,943</u>
Deferred Outflows of Resources	<u>322,573</u>	<u>162,366</u>	<u>0</u>	<u>0</u>	<u>322,573</u>	<u>162,366</u>
Liabilities						
Current and Other Liabilities	22,132,066	31,243,788	405,026	6,482,979	22,537,092	37,726,767
Long-Term Liabilities:						
Due Within One Year	2,552,777	2,212,306	228,921	370,039	2,781,698	2,582,345
Due In More Than One Year	61,254,263	49,947,717	5,517,259	1,113,478	66,771,522	51,061,195
<i>Total Liabilities</i>	<u>85,939,106</u>	<u>83,403,811</u>	<u>6,151,206</u>	<u>7,966,496</u>	<u>92,090,312</u>	<u>91,370,307</u>
Deferred Inflows of Resources	<u>5,035,211</u>	<u>5,234,768</u>	<u>0</u>	<u>0</u>	<u>5,035,211</u>	<u>5,234,768</u>
Net Position						
Net Investments in Capital Assets	42,052,213	48,907,059	25,871,513	29,636,176	67,923,726	78,543,235
Restricted:						
Capital Projects	2,865,172	1,890,372	0	0	2,865,172	1,890,372
Debt Service	5,139,122	2,015,083	0	0	5,139,122	2,015,083
Other Purposes	3,172,973	2,194,901	0	0	3,172,973	2,194,901
Unrestricted (Deficit)	<u>(7,415,865)</u>	<u>(8,747,905)</u>	<u>5,481,758</u>	<u>(182,452)</u>	<u>(1,934,107)</u>	<u>(8,930,357)</u>
<i>Total Net Position (Restated)</i>	<u>\$45,813,615</u>	<u>\$46,259,510</u>	<u>\$31,353,271</u>	<u>\$29,453,724</u>	<u>\$77,166,886</u>	<u>\$75,713,234</u>

Total assets increased during 2012 \$1.8 million. The increase was due to an increase in capital assets, primarily a result of the new I-90 interchange mentioned earlier.

Total liabilities increased slightly during 2012 primarily as a result of bonds issued for the I-90 interchange project.

Total net position increased during 2012 \$1.5 million. The decrease in governmental activities net position was due to increases in liabilities as debt was issued, and the increase in business-type activities net position was primarily due to the increased capital assets.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 2 shows the changes in net position for the year ended December 31, 2012.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$8,489,901	\$2,246,499	\$5,909,124	\$3,750,661	\$14,399,025	\$5,997,160
Operating Grants and Contributions	1,285,416	1,165,243	0	0	1,285,416	1,165,243
Capital Grants and Contributions	184,896	571,326	273,526	140,418	458,422	711,744
Total Program Revenues	9,960,213	3,983,068	6,182,650	3,891,079	16,142,863	7,874,147
General Revenues:						
Property Taxes	4,469,130	4,361,334	0	0	4,469,130	4,361,334
Municipal Income Taxes	12,354,791	11,198,984	0	0	12,354,791	11,198,984
Grants and Entitlements	1,537,673	1,223,337	0	0	1,537,673	1,223,337
Investment Earnings	154,534	64,712	1,714	3,818	156,248	68,530
Payment in Lieu of Taxes	2,150,075	1,701,068	0	0	2,150,075	1,701,068
Miscellaneous	302,223	453,527	123,264	2,696	425,487	456,223
Total General Revenues	20,968,426	19,002,962	124,978	6,514	21,093,404	19,009,476
Total Revenues	30,928,639	22,986,030	6,307,628	3,897,593	37,236,267	26,883,623
Program Expenses						
General Government	5,244,263	4,525,898	0	0	5,244,263	4,525,898
Security of Persons and Property	9,315,052	8,769,685	0	0	9,315,052	8,769,685
Transportation	6,284,978	4,150,279	0	0	6,284,978	4,150,279
Community Environment	1,521,616	1,320,973	0	0	1,521,616	1,320,973
Basic Utility Services	618,381	682,667	0	0	618,381	682,667
Leisure Time Activities	1,432,240	1,464,779	0	0	1,432,240	1,464,779
Interest and Fiscal Charges	2,688,373	2,300,130	0	0	2,688,373	2,300,130
Water	0	0	3,239,898	2,338,775	3,239,898	2,338,775
Sewer	0	0	1,142,172	1,662,416	1,142,172	1,662,416
Total Expenses	27,104,903	23,214,411	4,382,070	4,001,191	31,486,973	27,215,602
Increase (Decrease) in Net Position						
Before Transfers and Special Item	3,823,736	(228,381)	1,925,558	(103,598)	5,749,294	(331,979)
Transfers	26,011	(18,228)	(26,011)	18,228	0	0
Special Item - I-90 Interchange Project	(4,295,642)	(9,944,692)	0	0	(4,295,642)	(9,944,692)
Changes in Net Position	(445,895)	(10,191,301)	1,899,547	(85,370)	1,453,652	(10,276,671)
Net Position, January 1	46,259,510	56,450,811	29,453,724	29,539,094	75,713,234	85,989,905
Net Position, December 31	\$45,813,615	\$46,259,510	\$31,353,271	\$29,453,724	\$77,166,886	\$75,713,234

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Program revenues increased due to the increased charges for services from the special assessments related to the interchange project. 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 income taxes and Tax Increment Financing payments in lieu of taxes from the County.

The two largest governmental activities expenses are related to security of persons and property and transportation. Transportation expenses increased due to purchases needed for the City's I-90 interchange project.

Program revenues make up a significant portion of the total revenues for business-type activities. Capital grants and contributions increased from the prior year. The City received increased contributions from developers for water and sewer projects in 2012.

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 2012, the revenue from income taxes increased slightly.

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 are approximately 14,000 people working in Avon.

Charges for services represents receipts from the Mayor's Court, cable television, building permits, park development 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 and also through general fund transfers of revenues. The department has a 5 year, .50 mill equipment levy that is utilized for capital asset purchases, including vehicles.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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. Like the Police Department, the Fire Department too has a 5 year, .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	
	2012	2011	2012	2011
General Government	\$5,244,263	\$4,525,898	\$1,605,230	(\$2,563,412)
Security of Persons and Property	9,315,052	8,769,685	(8,751,333)	(8,757,421)
Transportation	6,284,978	4,150,279	(4,902,362)	(2,792,072)
Community Environment	1,521,616	1,320,973	(635,625)	(914,375)
Basic Utility Services	618,381	682,667	(599,470)	(682,667)
Leisure Time Activities	1,432,240	1,464,779	(1,172,757)	(1,221,266)
Interest and Fiscal Charges	2,688,373	2,300,130	(2,688,373)	(2,300,130)
Total Cost of Services	\$27,104,903	\$23,214,411	(\$17,144,690)	(\$19,231,343)

BUSINESS-TYPE ACTIVITIES

The increase in charges for services in the water fund is due to the opening of the Cleveland Clinic and increased volume from new homes along with a water rate increase.

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 \$27,046,334 and expenditures of \$33,842,487. The most significant fund is the general fund with a year-end fund balance of \$8,971,114, which included an unassigned fund balance of \$6,058,076 compared to annual expenditures of \$4,419,292. While revenues exceeded expenditures by \$6,683,795, most of the excess was transferred to other City funds. These transferred funds enabled the City to fund street improvements, police operations, service long-term and short-term debt and fund capital improvements. The net change increased \$104,170.

The fire department has completed eight years as a full-time department in its building that was constructed in 2003. Revenues in the fire department fund of \$4,256,820 exceeded expenditures of \$3,995,247 by \$261,573. The fire department fund balance increased due to increased income taxes. The street construction maintenance and repair fund had revenues of \$2,266,052 which exceeded expenditure of \$2,265,291 by \$761. This increase was due to the decreased transportation expenses. The street department constructs, maintains and repairs the various streets of the City. The police fund balance increased by \$42,027 due to an increase in property and income taxes. The general obligation bond retirement fund

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

balance increased \$57,149 due to an increase in revenue from licenses and permits. The special assessment bond retirement fund balance increased \$31,849. The I-90 Interchange fund balance decreased \$1,484,450 as a result of property acquisitions needed for the right-of-way for the new interchange.

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.

The most significant budgeted fund is the general fund. During the course of 2012, the City amended its general fund budget for a total increase in certified revenues in the amount of \$1,420,843. For the general fund, the original budgeted revenues were \$8,629,683, and the final budgeted amount was \$10,050,526. Of this \$1,420,843 difference, most was due to increased property and income taxes. The actual revenues of \$10,301,286 received by the City were \$250,760 more than the final budgeted amount.

Original appropriations of \$4,170,592 were increased during the year by \$975,081 to establish final appropriations of \$5,145,673 for the year. These increases were due primarily to conservative budgeting at the beginning of the year. The actual expenditures of \$4,512,587 were \$633,086 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 cash fund balance at year-end of 45 percent of total actual revenues received during the year.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Capital Assets and Debt Administration

Capital Assets

Total capital assets (net of depreciation) for the governmental activities are \$103,239,855, which is an increase from the prior year. The increase is primarily due to infrastructure improvements related to the interchange project. Total capital assets (net of depreciation) for the business activities increased due to additions and more infrastructure in sanitary sewer lines.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$5,554,206	\$5,433,221	\$7,580	\$7,580	\$5,561,786	\$5,440,801
Land Improvements	195,095	222,926	0	0	195,095	222,926
Buildings and Improvements	40,740,535	41,661,135	981,182	1,008,525	41,721,717	42,669,660
Machinery and Equipment	1,367,925	1,001,913	123,419	128,911	1,491,344	1,130,824
Vehicles	2,412,887	1,890,969	62,407	75,515	2,475,294	1,966,484
Waterline Rights	0	0	1,373,636	1,414,652	1,373,636	1,414,652
Infrastructure						
Park Improvements	775,843	814,466	0	0	775,843	814,466
Streets	27,923,431	25,522,389	0	0	27,923,431	25,522,389
Bridges and Culverts	1,654,391	1,715,638	0	0	1,654,391	1,715,638
Traffic Signals	2,892,769	1,391,671	0	0	2,892,769	1,391,671
Storm Sewer	18,095,907	16,814,868	0	0	18,095,907	16,814,868
Water Lines	1,626,866	1,678,532	11,308,327	10,869,189	12,935,193	12,547,721
Sewer Lines	0	0	17,613,553	17,472,560	17,613,553	17,472,560
<i>Total Capital Assets</i>	<u>\$103,239,855</u>	<u>\$98,147,728</u>	<u>\$31,470,104</u>	<u>\$30,976,932</u>	<u>\$134,709,959</u>	<u>\$129,124,660</u>

See Note 10 of the Notes to the Basic Financial Statements for additional information on the City's capital assets.

Debt

On December 31, 2012, the City of Avon had governmental debt of \$61,737,323 in bonds and loans outstanding, with \$2,442,965 due within one year. Table 5 summarizes bonds, loans and contractual commitments outstanding.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 5
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$55,348,374	\$47,407,470	\$3,701,211	\$351,623	\$59,049,585	\$47,759,093
Special Assessment Bonds	6,125,921	2,720,771	1,174,762	0	7,300,683	2,720,771
OPWC Loans	263,028	182,336	0	0	263,028	182,336
OWDA Loans	0	0	38,610	173,081	38,610	173,081
Intergovernmental Payable	0	0	684,008	821,698	684,008	821,698
Total	\$61,737,323	\$50,310,577	\$5,598,591	\$1,346,402	\$67,335,914	\$51,656,979

General obligation bonds for governmental activities include Schneider Court Improvements, Veteran's Park, Service Garage, All Pro Freight Stadium, YMCA/Recreation Center and related recreation complex infrastructure improvements, and various refunding bonds. Governmental activities also includes refunding bonds for the 1996 Detroit Road Park, the Library Improvement, 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 service garage is currently paid from special revenue funds collected from a property tax levy and gasoline taxes. 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, and the Detroit Road Improvement, Phase I. These OPWC loans are paid from the bond retirement fund.

The Ohio Water Development loans represent loans obtained to finance sanitary sewer construction. These loans are paid from the customers charges in the sewer enterprise fund.

During 1994 and again in 2009, the City of Avon entered into contractual agreements with the City of Avon Lake for the construction and future maintenance of two water trunk lines that service the City of Avon. The projects were 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 lines 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, 2012 is \$684,008. This amount has been recorded on Avon's financial statements as a long-term liability in the water enterprise fund.

The City's overall legal ten and one-half percent debt limitation (voted and unvoted) on December 31, 2012 was \$63,334,876. The aggregate outstanding debt subject to the ten and one-half percent limitation is \$24,711,153. The difference of \$38,623,723 between the maximum issuable amount and the outstanding amount represents the aggregate principal amount of additional voted and unvoted nonexempt debt which the City may issue without exceeding the ten and one-half percent limitation.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

See Notes 12 and 13 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 four tax abatement agreements in effect with local companies. Each of these four 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 12 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, the highest rating a city of this size can have.

The City applies for various grants wherever possible. In 2012, the City was awarded \$3,511,920 of Ohio Department of Transportation Safety Funding for the re-location of Chester Road. The City was also awarded \$1,181,200 of Transportation Enhancement Program grants for the rehabilitation of the State Route 611 bridge. Both of these projects will begin in 2013.

In August, 2011, construction began on the interchange at I-90 and Nagel Road, on the City's eastern border. In December, 2012, the interchange opened for traffic. While a final cost audit is ongoing, the project was managed by the Ohio Department of Transportation but funded by the City and a private developer, who is paying one-third of the cost of the project through voluntary assessments. The City issued bonds in 2012 for the infrastructure improvements around the Interchange, the land acquisition necessary for the project and the gas pipeline re-location that was required. In 2013, the City will issue bonds and notes for the actual construction cost of the Interchange. The project finished earlier than planned and at a reduced cost. Because this is an ODOT Managed Project, upon completion of the interchange, the City will dedicate the asset to the State of Ohio, who will maintain the interchange. As a result of this, the City's financial statements reflect expenses and liabilities associated with the construction of the interchange, but no corresponding asset.

Shown here is a recap of costs incurred through December 2012 for the interchange project.

I-90 Nagel Road Interchange	
Land Acquisition	\$6,863,070
Payments to Ohio Department of Transportation	15,977,797
Engineering - design and other pre-construction costs	2,605,266
Studies, financing, legal and other professional fees	2,146,633
Total Cost	\$27,592,766

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

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 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 and 2011 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.

Basic Financial Statements

City of Avon, Ohio
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$16,236,148	\$3,712,916	\$19,949,064
Accrued Interest Receivable	2,555	77,783	80,338
Materials and Supplies Inventory	168,558	616,949	785,507
Accounts Receivable	284,675	549,362	834,037
Internal Balances	202,750	(202,750)	0
Intergovernmental Receivable	1,432,014	0	1,432,014
Prepaid Items	55,242	6,500	61,742
Municipal Income Taxes Receivable	3,573,036	0	3,573,036
Property Taxes Receivable	4,370,314	0	4,370,314
Payments in Lieu of Taxes Receivable	813,774	0	813,774
Special Assessments Receivable	6,086,438	1,273,613	7,360,051
Capital Assets, Non-Depreciable	5,554,206	7,580	5,561,786
Capital Assets, Depreciable, Net	97,685,649	31,462,524	129,148,173
<i>Total Assets</i>	<u>136,465,359</u>	<u>37,504,477</u>	<u>173,969,836</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	322,573	0	322,573
Liabilities			
Accounts Payable	174,473	71,253	245,726
Contracts Payable	1,217,036	2,712	1,219,748
Accrued Wages and Benefits	241,279	20,607	261,886
Intergovernmental Payable	557,845	145,744	703,589
Retainage Payable	2,000	10,000	12,000
Accrued Interest Payable	449,433	154,710	604,143
Notes Payable	19,490,000	0	19,490,000
Long-Term Liabilities:			
Due Within One Year	2,552,777	228,921	2,781,698
Due In More Than One Year	61,254,263	5,517,259	66,771,522
<i>Total Liabilities</i>	<u>85,939,106</u>	<u>6,151,206</u>	<u>92,090,312</u>
Deferred Inflows of Resources			
Property Taxes	4,221,437	0	4,221,437
Payment in Lieu of Taxes	813,774	0	813,774
<i>Total Deferred Inflows of Resources</i>	<u>5,035,211</u>	<u>0</u>	<u>5,035,211</u>
Net Position			
Net Investment in Capital Assets	42,052,213	25,871,513	67,923,726
Restricted for:			
Capital Projects	2,865,172	0	2,865,172
Debt Service	5,139,122	0	5,139,122
Fire Department	1,035,146	0	1,035,146
Street Construction, Maintenance and Repair	1,471,867	0	1,471,867
Other Purposes	665,960	0	665,960
Unrestricted (Deficit)	(7,415,865)	5,481,758	(1,934,107)
<i>Total Net Position</i>	<u>\$45,813,615</u>	<u>\$31,353,271</u>	<u>\$77,166,886</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	Expenses	Program Revenues		
		Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$5,244,263	\$6,766,870	\$7,851	\$74,772
Security of Persons and Property	9,315,052	488,240	75,479	0
Transportation	6,284,978	95,000	1,177,492	110,124
Community Environment	1,521,616	885,991	0	0
Basic Utility Services	618,381	18,911	0	0
Leisure Time Activities	1,432,240	234,889	24,594	0
Interest and Fiscal Charges	2,688,373	0	0	0
<i>Total Governmental Activities</i>	27,104,903	8,489,901	1,285,416	184,896
Business-Type Activities				
Water	3,239,898	3,170,442	0	87,805
Sewer	1,142,172	2,738,682	0	185,721
<i>Total Business-Type Activities</i>	4,382,070	5,909,124	0	273,526
<i>Total</i>	\$31,486,973	\$14,399,025	\$1,285,416	\$458,422

General Revenues

Property Taxes Levied for:

General Purposes

Streets

Police

Park Operating

Library Bond Retirement

Equipment

Municipal Income Taxes Levied for

General Purposes

Police

Fire Department

Recreation Complex

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Payment in Lieu of Taxes

Miscellaneous

Total General Revenues

Transfers

Special Item - I-90 Interchange Project

Total General Revenues, Transfers and Special Item

Change in Net Postion

Net Postion Beginning of Year Restated (See Note 3)

Net Postion End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Postion		
Governmental Activities	Business-Type Activities	Total
\$1,605,230	\$0	\$1,605,230
(8,751,333)	0	(8,751,333)
(4,902,362)	0	(4,902,362)
(635,625)	0	(635,625)
(599,470)	0	(599,470)
(1,172,757)	0	(1,172,757)
(2,688,373)	0	(2,688,373)
(17,144,690)	0	(17,144,690)
0	18,349	18,349
0	1,782,231	1,782,231
0	1,800,580	1,800,580
(17,144,690)	1,800,580	(15,344,110)
1,612,249	0	1,612,249
1,268,453	0	1,268,453
637,761	0	637,761
300,430	0	300,430
69,927	0	69,927
580,310	0	580,310
6,336,213	0	6,336,213
564,936	0	564,936
3,839,955	0	3,839,955
1,613,687	0	1,613,687
1,537,673	0	1,537,673
154,534	1,714	156,248
2,150,075	0	2,150,075
302,223	123,264	425,487
20,968,426	124,978	21,093,404
26,011	(26,011)	0
(4,295,642)	0	(4,295,642)
16,698,795	98,967	16,797,762
(445,895)	1,899,547	1,453,652
46,259,510	29,453,724	75,713,234
\$45,813,615	\$31,353,271	\$77,166,886

City of Avon, Ohio

Balance Sheet

Governmental Funds

December 31, 2012

	General	Fire Department	Street Construction, Maintenance and Repair	Police
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$3,737,327	\$691,779	\$1,114,548	\$545,713
Materials and Supplies Inventory	0	19,152	121,902	27,504
Accounts Receivable	284,675	0	0	0
Interfund Receivable	2,709,288	0	0	0
Intergovernmental Receivable	783,394	0	472,539	35,142
Accrued Interest Receivable	2,555	0	0	0
Prepaid Items	22,742	11,000	5,000	16,000
Municipal Income Taxes Receivable	1,893,709	1,036,180	0	160,787
Property Taxes Receivable	1,573,347	0	1,228,094	644,548
Payments in Lieu of Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	971,816	0	0	0
<i>Total Assets</i>	<u>\$11,978,853</u>	<u>\$1,758,111</u>	<u>\$2,942,083</u>	<u>\$1,429,694</u>
Liabilities				
Accounts Payable	\$53,491	\$9,105	\$55,292	\$26,224
Contracts Payable	85,785	0	0	0
Accrued Wages and Benefits	57,293	70,901	24,725	79,524
Interfund Payable	0	0	0	0
Intergovernmental Payable	63,497	215,529	36,928	223,259
Retainage Payable	0	0	0	0
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>260,066</u>	<u>295,535</u>	<u>116,945</u>	<u>329,007</u>
Deferred Inflows of Resources				
Property Taxes	1,519,789	0	1,185,587	623,613
Payments in Lieu of Taxes	0	0	0	0
Unavailable Revenue	1,227,884	470,699	384,124	129,085
<i>Total Deferred Inflows of Resources</i>	<u>2,747,673</u>	<u>470,699</u>	<u>1,569,711</u>	<u>752,698</u>
Fund Balances				
Nonspendable	1,170,558	30,152	126,902	43,504
Restricted	0	961,725	1,074,303	304,485
Committed	0	0	0	0
Assigned	1,742,480	0	54,222	0
Unassigned (Deficit)	6,058,076	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>8,971,114</u>	<u>991,877</u>	<u>1,255,427</u>	<u>347,989</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,978,853</u>	<u>\$1,758,111</u>	<u>\$2,942,083</u>	<u>\$1,429,694</u>

See accompanying notes to the basic financial statements

General Obligation Bond Retirement	Special Assessment Bond Retirement	I-90 Interchange	Other Governmental Funds	Total Governmental Funds
\$102,117	\$269,386	\$5,050,274	\$3,753,188	\$15,264,332
0	0	0	0	168,558
0	0	0	0	284,675
0	0	0	0	2,709,288
0	0	0	140,939	1,432,014
0	0	0	0	2,555
0	0	0	500	55,242
0	0	0	482,360	3,573,036
0	0	0	924,325	4,370,314
0	0	0	813,774	813,774
0	6,086,438	0	0	6,086,438
0	0	0	0	971,816
<u>\$102,117</u>	<u>\$6,355,824</u>	<u>\$5,050,274</u>	<u>\$6,115,086</u>	<u>\$35,732,042</u>
\$0	\$0	\$1,716	\$28,645	\$174,473
0	0	1,000,000	131,251	1,217,036
0	0	0	8,836	241,279
0	0	775,000	1,731,538	2,506,538
0	3,321	0	15,311	557,845
0	0	0	2,000	2,000
0	0	97,110	4,130	101,240
0	0	18,695,000	795,000	19,490,000
0	3,321	20,568,826	2,716,711	24,290,411
0	0	0	892,448	4,221,437
0	0	0	813,774	813,774
0	6,086,438	0	366,029	8,664,259
0	6,086,438	0	2,072,251	13,699,470
0	0	0	500	1,371,616
102,117	266,065	0	3,472,155	6,180,850
0	0	0	497,513	497,513
0	0	0	629,417	2,426,119
0	0	(15,518,552)	(3,273,461)	(12,733,937)
102,117	266,065	(15,518,552)	1,326,124	(2,257,839)
<u>\$102,117</u>	<u>\$6,355,824</u>	<u>\$5,050,274</u>	<u>\$6,115,086</u>	<u>\$35,732,042</u>

City of Avon, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2012*

Total Governmental Fund Balances (\$2,257,839)

*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. 103,239,855

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

Special Assessments	\$6,086,438
Delinquent Property Taxes	148,877
Intergovernmental	796,398
Municipal Income Taxes	<u>1,632,546</u>

Total 8,664,259

In the statement of activities, interest is accrued on outstanding bonds,
 whereas in governmental funds, an interest expenditure is reported when due. (348,193)

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

General Obligation Bonds	(55,404,819)
Special Assessment Bonds	(6,069,476)
OPWC Loans	(263,028)
Deferred Charges on Refunding	322,573
Compensated Absences	<u>(2,069,717)</u>

Total (63,484,467)

Net Position of Governmental Activities \$45,813,615

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, 2012

	General	Fire Department	Street Construction, Maintenance and Repair	Police	General Obligation Bond Retirement
Revenues					
Property Taxes	\$1,583,032	\$0	\$1,245,257	\$626,450	\$0
Payment in Lieu of Taxes	0	0	0	0	0
Municipal Income Taxes	6,143,850	3,763,596	0	557,651	0
Charges for Services	621,097	486,820	0	0	1,694,644
Licenses and Permits	645,364	0	0	0	0
Fines and Forfeitures	394,330	0	0	1,420	0
Intergovernmental	1,472,210	0	1,008,850	75,105	0
Special Assessments	0	0	0	0	0
Interest	74,165	0	3,530	0	72,382
Rentals	0	0	0	0	0
Miscellaneous	169,039	6,404	8,415	36,170	0
<i>Total Revenues</i>	<u>11,103,087</u>	<u>4,256,820</u>	<u>2,266,052</u>	<u>1,296,796</u>	<u>1,767,026</u>
Expenditures					
Current:					
General Government	3,090,290	0	0	0	5,824
Security of Persons and Property	0	3,995,247	0	4,754,769	0
Transportation	0	0	2,072,557	0	0
Community Environment	1,308,134	0	0	0	0
Basic Utility Services	0	0	8,587	0	0
Leisure Time Activities	20,868	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	120,000	0	1,440,337
Interest and Fiscal Charges	0	0	64,147	0	1,964,922
Bond Issuance Costs	0	0	0	0	176,242
<i>Total Expenditures</i>	<u>4,419,292</u>	<u>3,995,247</u>	<u>2,265,291</u>	<u>4,754,769</u>	<u>3,587,325</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,683,795</u>	<u>261,573</u>	<u>761</u>	<u>(3,457,973)</u>	<u>(1,820,299)</u>
Other Financing Sources (Uses)					
General Obligation Bonds Issued	0	0	0	0	2,535,000
Premium on General Obligation Bonds Issued	0	0	0	0	536,863
Special Assessment Bonds Issued	0	0	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0	(2,656,706)
OPWC Loans Issued	0	0	0	0	0
Transfers In	193,219	0	0	3,500,000	1,480,628
Transfers Out	(6,772,844)	0	0	0	(18,337)
<i>Total Other Financing Sources (Uses)</i>	<u>(6,579,625)</u>	<u>0</u>	<u>0</u>	<u>3,500,000</u>	<u>1,877,448</u>
Special Item					
I-90 Interchange Project	0	0	0	0	0
<i>Net Change in Fund Balances</i>	104,170	261,573	761	42,027	57,149
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>8,866,944</u>	<u>730,304</u>	<u>1,254,666</u>	<u>305,962</u>	<u>44,968</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$8,971,114</u>	<u>\$991,877</u>	<u>\$1,255,427</u>	<u>\$347,989</u>	<u>\$102,117</u>

(continued)

City of Avon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds (continued)
For the Year Ended December 31, 2012

	Special Assessment Bond Retirement	I-90 Interchange	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$0	\$0	\$933,436	\$4,388,175
Payment in Lieu of Taxes	0	0	2,150,075	2,150,075
Municipal Income Taxes	0	0	1,571,615	12,036,712
Charges for Services	0	80,000	135,479	3,018,040
Licenses and Permits	0	0	125,520	770,884
Fines and Forfeitures	0	0	3,860	399,610
Intergovernmental	0	0	397,434	2,953,599
Special Assessments	481,394	0	0	481,394
Interest	0	3,952	505	154,534
Rentals	0	0	391,088	391,088
Miscellaneous	0	385	81,810	302,223
<i>Total Revenues</i>	<u>481,394</u>	<u>84,337</u>	<u>5,790,822</u>	<u>27,046,334</u>
Expenditures				
Current:				
General Government	23,750	0	1,408,444	4,528,308
Security of Persons and Property	0	0	1,685	8,751,701
Transportation	0	0	163,037	2,235,594
Community Environment	0	0	130,885	1,439,019
Basic Utility Services	0	0	0	8,587
Leisure Time Activities	0	0	1,251,401	1,272,269
Capital Outlay	0	6,578,801	4,390,382	10,969,183
Debt Service:				
Principal Retirement	324,720	0	166,000	2,051,057
Interest and Fiscal Charges	84,890	204,344	62,224	2,380,527
Bond Issuance Costs	0	30,000	0	206,242
<i>Total Expenditures</i>	<u>433,360</u>	<u>6,813,145</u>	<u>7,574,058</u>	<u>33,842,487</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>48,034</u>	<u>(6,728,808)</u>	<u>(1,783,236)</u>	<u>(6,796,153)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	6,365,000	2,675,392	11,575,392
Premium on General Obligation Bonds Issued	0	0	0	536,863
Special Assessment Bonds Issued	0	3,175,000	559,608	3,734,608
Payments to Refunded Bond Escrow Agent	0	0	0	(2,656,706)
OPWC Loans Issued	0	0	97,167	97,167
Transfers In	0	0	3,237,016	8,410,863
Transfers Out	(16,185)	0	(1,577,486)	(8,384,852)
<i>Total Other Financing Sources (Uses)</i>	<u>(16,185)</u>	<u>9,540,000</u>	<u>4,991,697</u>	<u>13,313,335</u>
Special Item				
I-90 Interchange Project	0	(4,295,642)	0	(4,295,642)
<i>Net Change in Fund Balances</i>	31,849	(1,484,450)	3,208,461	2,221,540
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>234,216</u>	<u>(14,034,102)</u>	<u>(1,882,337)</u>	<u>(4,479,379)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$266,065</u>	<u>(\$15,518,552)</u>	<u>\$1,326,124</u>	<u>(\$2,257,839)</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, 2012*

Net Change in Fund Balances - Total Governmental Funds \$2,221,540

*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 exceeded depreciation in the current period:

Capital Asset Additions:	
Capital Outlays	\$9,123,305
Capital Contributions	491,628
Current Year Depreciation	<u>(4,522,806)</u>
Total	5,092,127

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

Delinquent Property Taxes	80,955
Intergovernmental	54,386
Special Assessments	3,428,885
Municipal Income Taxes	<u>318,079</u>
Total	3,882,305

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities:

Bonds Issued	(15,310,000)
Premium on Bonds Issued	(536,863)
OPWC Loans Issued	<u>(97,167)</u>
Total	(15,944,030)

Repayment of bond, note and loan principal are expenditures in the governmental funds, but the repayments reduce the long-term liabilities in the statement of net position. 4,707,763

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

Accrued Interest	(317,423)
Amortization of Loss on Refunding	(21,650)
Amortization of Bond Premium	<u>31,227</u>
Total	(307,846)

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. (97,754)

Change in Net Position of Governmental Activities (\$445,895)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$1,325,448	\$1,583,032	\$1,583,032	\$0
Municipal Income Taxes	4,953,892	5,798,400	5,916,619	118,219
Charges for Services	309,404	364,409	368,877	4,468
Licenses and Permits	540,353	641,934	645,364	3,430
Fines and Forfeitures	330,166	265,654	394,330	128,676
Intergovernmental	966,321	1,154,113	1,154,113	0
Interest	58,536	69,912	69,912	0
Miscellaneous	145,563	173,072	169,039	(4,033)
<i>Total Revenues</i>	<u>8,629,683</u>	<u>10,050,526</u>	<u>10,301,286</u>	<u>250,760</u>
Expenditures				
Current:				
General Government	2,857,269	3,643,106	3,177,884	465,222
Community Environment	1,293,193	1,482,437	1,315,293	167,144
Leisure Time Activities	20,130	20,130	19,410	720
<i>Total Expenditures</i>	<u>4,170,592</u>	<u>5,145,673</u>	<u>4,512,587</u>	<u>633,086</u>
<i>Excess of Revenues Over Expenditures</i>	<u>4,459,091</u>	<u>4,904,853</u>	<u>5,788,699</u>	<u>883,846</u>
Other Financing Sources (Uses)				
Advances In	615,404	735,000	735,000	0
Advances Out	(856,629)	(887,000)	(887,000)	0
Transfers In	5,401,113	193,219	193,219	0
Transfers Out	(11,574,213)	(5,855,263)	(5,769,570)	85,693
<i>Total Other Financing Sources (Uses)</i>	<u>(6,414,325)</u>	<u>(5,814,044)</u>	<u>(5,728,351)</u>	<u>85,693</u>
<i>Net Change in Fund Balance</i>	(1,955,234)	(909,191)	60,348	969,539
<i>Fund Balance Beginning of Year</i>	4,501,735	4,501,735	4,501,735	0
Prior Year Encumbrances Appropriated	77,104	77,104	77,104	0
<i>Fund Balance End of Year</i>	<u>\$2,623,605</u>	<u>\$3,669,648</u>	<u>\$4,639,187</u>	<u>\$969,539</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
Fire Department Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$3,349,881	\$3,662,483	\$3,662,483	\$0
Charges for Services	419,262	246,780	458,386	211,606
Miscellaneous	5,857	6,404	6,404	0
<i>Total Revenues</i>	3,775,000	3,915,667	4,127,273	211,606
Expenditures				
Current:				
Security of Persons and Property	3,901,925	4,073,925	3,988,529	85,396
<i>Net Change in Fund Balance</i>	(126,925)	(158,258)	138,744	297,002
<i>Fund Balance Beginning of Year</i>	506,907	506,907	506,907	0
Prior Year Encumbrances Appropriated	12,719	12,719	12,719	0
<i>Fund Balance End of Year</i>	<u>\$392,701</u>	<u>\$361,368</u>	<u>\$658,370</u>	<u>\$297,002</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$1,228,309	\$1,245,257	\$1,245,257	\$0
Intergovernmental	913,078	925,677	1,008,362	82,685
Interest	5,311	5,384	3,498	(1,886)
Miscellaneous	1,074	2,987	8,415	5,428
<i>Total Revenues</i>	<i>2,147,772</i>	<i>2,179,305</i>	<i>2,265,532</i>	<i>86,227</i>
Expenditures				
Current:				
Transportation	2,368,566	2,558,998	2,191,039	367,959
Basic Utilities Services	57,879	57,879	19,719	38,160
Debt Service:				
Principal Retirement	111,241	120,000	120,000	0
Interest and Fiscal Charges	64,149	69,200	64,147	5,053
<i>Total Expenditures</i>	<i>2,601,835</i>	<i>2,806,077</i>	<i>2,394,905</i>	<i>411,172</i>
<i>Net Change in Fund Balance</i>	<i>(454,063)</i>	<i>(626,772)</i>	<i>(129,373)</i>	<i>497,399</i>
<i>Fund Balance Beginning of Year</i>	<i>1,021,768</i>	<i>1,021,768</i>	<i>1,021,768</i>	<i>0</i>
Prior Year Encumbrances Appropriated	185,431	185,431	185,431	0
<i>Fund Balance End of Year</i>	<i>\$753,136</i>	<i>\$580,427</i>	<i>\$1,077,826</i>	<i>\$497,399</i>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$622,261	\$626,450	\$626,450	\$0
Municipal Income Taxes	543,608	547,267	547,267	0
Fines and Forfeitures	2,483	2,500	1,420	(1,080)
Intergovernmental	74,603	75,105	75,105	0
Miscellaneous	190,803	192,088	36,170	(155,918)
<i>Total Revenues</i>	1,433,758	1,443,410	1,286,412	(156,998)
Expenditures				
Current:				
Security of Persons and Property	5,070,060	5,070,060	4,771,204	298,856
<i>Excess of Revenues Under Expenditures</i>	(3,636,302)	(3,626,650)	(3,484,792)	141,858
Other Financing Sources				
Transfers In	3,476,597	3,500,000	3,500,000	0
<i>Net Change in Fund Balance</i>	(159,705)	(126,650)	15,208	141,858
<i>Fund Balance Beginning of Year</i>	428,220	428,220	428,220	0
Prior Year Encumbrances Appropriated	56,551	56,551	56,551	0
<i>Fund Balance End of Year</i>	<u>\$325,066</u>	<u>\$358,121</u>	<u>\$499,979</u>	<u>\$141,858</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$2,799,736	\$913,180	\$3,712,916
Accrued Interest Receivable	0	77,783	77,783
Materials and Supplies Inventory	574,695	42,254	616,949
Accounts Receivable	260,228	289,134	549,362
Prepaid Items	3,250	3,250	6,500
Special Assessments Receivable	396,715	876,898	1,273,613
<i>Total Current Assets</i>	<u>4,034,624</u>	<u>2,202,499</u>	<u>6,237,123</u>
<i>Noncurrent Assets</i>			
Non-Depreciable Capital Assets	0	7,580	7,580
Depreciable Capital Assets, Net	12,402,601	19,059,923	31,462,524
<i>Total Noncurrent Assets</i>	<u>12,402,601</u>	<u>19,067,503</u>	<u>31,470,104</u>
<i>Total Assets</i>	<u>16,437,225</u>	<u>21,270,002</u>	<u>37,707,227</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	42,619	28,634	71,253
Contracts Payable	2,712	0	2,712
Retainage Payable	10,000	0	10,000
Accrued Wages and Benefits	9,398	11,209	20,607
Intergovernmental Payable	94,975	50,769	145,744
Interfund Payable	176,000	26,750	202,750
Compensated Absences Payable	9,039	9,039	18,078
Accrued Interest Payable	28,640	126,070	154,710
Intergovernmental Payable	144,837	0	144,837
OWDA Loans	0	38,610	38,610
Bonds Payable	5,997	21,399	27,396
<i>Total Current Liabilities</i>	<u>524,217</u>	<u>312,480</u>	<u>836,697</u>
<i>Long-Term Liabilities (net of current portion)</i>			
Compensated Absences Payable	64,755	64,756	129,511
Intergovernmental Payable	539,171	0	539,171
Bonds Payable	1,580,848	3,267,729	4,848,577
<i>Total Long-Term Liabilities</i>	<u>2,184,774</u>	<u>3,332,485</u>	<u>5,517,259</u>
<i>Total Liabilities</i>	<u>2,708,991</u>	<u>3,644,965</u>	<u>6,353,956</u>
Net Postion			
Net Investment in Capital Assets	10,131,748	15,739,765	25,871,513
Unrestricted	3,596,486	1,885,272	5,481,758
<i>Total Net Postion</i>	<u>\$13,728,234</u>	<u>\$17,625,037</u>	<u>\$31,353,271</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, 2012*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$2,836,093	\$1,861,784	\$4,697,877
Other	119,903	3,361	123,264
<i>Total Operating Revenues</i>	<u>2,955,996</u>	<u>1,865,145</u>	<u>4,821,141</u>
Operating Expenses			
Personal Services	506,934	494,766	1,001,700
Materials and Supplies	1,208,478	351,385	1,559,863
Contractual Services	263,585	106,555	370,140
Other	22,065	3,802	25,867
Depreciation and Amortization	1,143,807	32,746	1,176,553
<i>Total Operating Expenses</i>	<u>3,144,869</u>	<u>989,254</u>	<u>4,134,123</u>
<i>Operating Income (Loss)</i>	<u>(188,873)</u>	<u>875,891</u>	<u>687,018</u>
Non-Operating Revenues (Expenses)			
Interest	1,109	605	1,714
Special Assessments	334,349	876,898	1,211,247
Interest and Fiscal Charges	(95,029)	(72,918)	(167,947)
Issuance Costs	0	(80,000)	(80,000)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>240,429</u>	<u>724,585</u>	<u>965,014</u>
<i>Income (Loss) Before Contributions and Transfers</i>	51,556	1,600,476	1,652,032
Capital Contributions	87,805	185,721	273,526
Transfers In	863,155	18,337	881,492
Transfers Out	(44,348)	(863,155)	(907,503)
<i>Change in Net Position</i>	958,168	941,379	1,899,547
<i>Net Position Beginning of Year Restated (See Note 3)</i>	<u>12,770,066</u>	<u>16,683,658</u>	<u>29,453,724</u>
<i>Net Position End of Year</i>	<u>\$13,728,234</u>	<u>\$17,625,037</u>	<u>\$31,353,271</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, 2012

	Business-Type Activities		
	Water	Sewer	Totals
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$2,649,007	\$1,681,328	\$4,330,335
Cash Payments to Suppliers for Materials and Supplies	(1,479,165)	(365,508)	(1,844,673)
Cash Payments for Employee Services and Benefits	(511,085)	(496,821)	(1,007,906)
Cash Payments for Contractual Services	(363,223)	(280,063)	(643,286)
Other Operating Revenues	119,903	3,361	123,264
Other Operating Expenses	(22,065)	(3,802)	(25,867)
<i>Net Cash Provided by Operating Activities</i>	<u>393,372</u>	<u>538,495</u>	<u>931,867</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	55,272	18,337	73,609
Advances Out	(50,000)	(35,000)	(85,000)
Transfers Out	(99,620)	0	(99,620)
<i>Net Cash Used for Noncapital Financing Activities</i>	<u>(94,348)</u>	<u>(16,663)</u>	<u>(111,011)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(1,222,854)	(638,471)	(1,861,325)
Bonds Issued	2,450,000	2,075,000	4,525,000
Principal Paid on GO Bonds	(33,600)	(46,818)	(80,418)
Interest Paid on GO Bonds	(16,511)	(28,295)	(44,806)
Principal Paid on OWDA Loans	0	(134,471)	(134,471)
Interest Paid on OWDA Loans	0	(13,692)	(13,692)
Principal Paid on Notes	(2,785,000)	(2,250,000)	(5,035,000)
Interfund Activity - Bonds	(7,000)	0	(7,000)
Special Assessments	36,485	0	36,485
Interest Paid to City of Avon Lake	(53,048)	0	(53,048)
Payments to City of Avon Lake	(107,951)	0	(107,951)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(1,739,479)</u>	<u>(1,036,747)</u>	<u>(2,776,226)</u>
Cash Flows from Investing Activities			
Interest on Investments	1,109	605	1,714
Net Decrease in Cash and Cash Equivalents	(1,439,346)	(514,310)	(1,953,656)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,239,082</u>	<u>1,427,490</u>	<u>5,666,572</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$2,799,736</u>	<u>\$913,180</u>	<u>\$3,712,916</u>

(continued)

City of Avon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2012

	Business-Type Activities		
	Water	Sewer	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	(\$188,873)	\$875,891	\$687,018
<i>Adjustments:</i>			
Depreciation and Amortization	1,143,807	32,746	1,176,553
(Increase) Decrease in Assets:			
Accounts Receivable	(187,086)	(180,456)	(367,542)
Materials and Supplies Inventory	(238,270)	(8,186)	(246,456)
Increase (Decrease) in Liabilities:			
Accounts Payable	35,106	24,146	59,252
Retainage Payable	(53,674)	(31,837)	(85,511)
Contracts Payable	0	(185,018)	(185,018)
Accrued Wages	2,646	4,762	7,408
Compensated Absences Payable	3,178	3,180	6,358
Intergovernmental Payable	(123,462)	3,267	(120,195)
<i>Total Adjustments</i>	582,245	(337,396)	244,849
<i>Net Cash Provided by Operating Activities</i>	\$393,372	\$538,495	\$931,867

Noncash Capital Financing Activities

During 2012, the water and sewer enterprise funds received water and sewer lines from developers valued at \$87,805 and \$185,721, respectively.

At December 31, 2012, the City had special assessments receivable related to the payments to the City of Avon Lake in the amount of \$29,739 in the water fund.

At December 31, 2012, the City had accounts and contracts payables related to the acquisition of capital assets of (\$463,850) in the water fund and (\$1,276) in the sewer fund.

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2012

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,502,317</u>
Liabilities	
Deposits Held and Due to Others	\$1,417,401
Intergovernmental Payable	<u>84,916</u>
<i>Total Liabilities</i>	<u><u>\$1,502,317</u></u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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. All of the Council members choose an at large 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 will be elected to serve four year terms in 2013, effective in 2014 and going forward. The three At-Large representatives will be 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, fire fighting 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. 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 17 and the Lorain County Healthcare Program, a shared risk pool presented in Note 18.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Avon 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 below.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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:

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 of Avon for any purpose provided it is expended or transferred according to the charter of the City of Avon and/or the general laws of Ohio.

Fire Department Special Revenue 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 Special Revenue 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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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 Debt Service 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.

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.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. 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 water lines.

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, the collection and distribution of sewer charges for North Ridgeville, subdivision deposits, Avon Lake sanitary sewer trunk fees, monies due to other organizations/entities and Mayor's Court.

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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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.

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.

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. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, special assessments, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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.

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 2012, investments were made in federal home loan mortgage corporation notes, federal home loan bank notes, federal farm credit bonds, federal national mortgage association notes, municipal bonds, government national mortgage association notes, and State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on December 31, 2012.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2012 amounted to \$74,165, which includes \$34,301 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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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, 2012 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.

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 fair market 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 amortized 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	10 - 15 years
Infrastructure	10 - 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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds 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 legally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

City Council assigned fund balance to cover a gap between estimated revenue and appropriations in the 2013 appropriated budget.

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-

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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.

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 received in the year the bonds are issued.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. During 2012, the City expensed \$10,874,443 for the I-90 interchange project recorded as a special item.

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 – Change in Accounting Principles and Restatement of Prior Year’s Net Position

Changes in Accounting Principles

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 64, "Derivative Instruments: Application of Hedge Accounting

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Termination Provisions – an amendment of GASB Statement No. 53,” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” and Statement No. 66, “Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the City’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the City’s financial statements.

Restatement in Prior Year’s Net Position

In 2012, the City is no longer recording deferred charges related to contractual agreements with the City of Avon Lake for two waterlines. An intangible asset has been recorded for these waterline rights. As a result, net position of the water fund/business type activities at December 31, 2011 increased by \$454,990 from \$12,315,076 to \$12,770,066 in the water fund and from \$28,998,734 to \$29,453,724 in total business type activities.

Note 4 – Accountability

At December 31, 2012, the I-90 interchange, park development, storm sewers, and municipal buildings funds had deficits of \$15,518,552, \$515,212, \$720,536 and \$577,767, respectively. The deficits in the park development and municipal buildings funds are due to interfund payables. The general fund is liable for any deficits in these funds and provides transfers when cash is required, rather than when accruals occur. The remaining funds 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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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. 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. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
4. 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.
5. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
6. Investments are reported at cost (budget) rather than fair value (GAAP).

The following tables summarize 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	\$104,170	\$261,573	\$761	\$42,027
Net Adjustment for Revenue Accruals	(1,051,734)	(101,113)	(488)	(10,384)
Advances In	735,000	0	0	0
Unrecorded Cash Beginning of Year	30,144	0	60	0
Unrecorded Cash End of Year	(1,775)	(28,434)	(92)	0
Beginning Fair Value Adjustment for Investments	248	0	0	0
Ending Fair Value Adjustment for Investments	(3,770)	0	0	0
Excess of revenues and other financing sources and over (under) expenditures and other financing uses:				
Avon Seniors	(31,047)	0	0	0
Community Center	2,281	0	0	0
Cemetery	(1,425)	0	0	0
Net Adjustment for Expenditure Accruals	1,405,667	11,693	(92,984)	29,299
Advances Out	(887,000)	0	0	0
Encumbrances	(240,411)	(4,975)	(36,630)	(45,734)
Budget Basis	<u>\$60,348</u>	<u>\$138,744</u>	<u>(\$129,373)</u>	<u>\$15,208</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Note 6 – 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 below:

Fund Balances	General	Fire Department	Street Construction, Maintenance and Repair	Police
<u>Nonspendable:</u>				
Inventory	\$0	\$19,152	\$121,902	\$27,504
Prepays	22,742	11,000	5,000	16,000
Interfund Loans	176,000	0	0	0
Unclaimed Funds	971,816	0	0	0
<i>Total Nonspendable</i>	<u>1,170,558</u>	<u>30,152</u>	<u>126,902</u>	<u>43,504</u>
<u>Restricted for:</u>				
Fire Department	0	961,725	0	0
Street Maintenance	0	0	1,074,303	0
Police	0	0	0	304,485
Debt Retirement	0	0	0	0
Recycling	0	0	0	0
Mayor's Court	0	0	0	0
Park Operating	0	0	0	0
Land Purchases	0	0	0	0
Equipment	0	0	0	0
<i>Total Restricted</i>	<u>0</u>	<u>961,725</u>	<u>1,074,303</u>	<u>304,485</u>
<u>Committed to:</u>				
Other Purposes	0	0	0	0
Recreation	0	0	0	0
Stadium Marquee	0	0	0	0
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Assigned to:</u>				
Purchases on Order	219,854	0	0	0
2013 Appropriations	1,522,626	0	0	0
Street Maintenance	0	0	54,222	0
Storm Water Detention	0	0	0	0
French Creek Restoration	0	0	0	0
Sidewalk and Roads Programs	0	0	0	0
Detroit Road Landscaping	0	0	0	0
<i>Total Assigned</i>	<u>1,742,480</u>	<u>0</u>	<u>54,222</u>	<u>0</u>
Unassigned (Deficit):	<u>6,058,076</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u><u>\$8,971,114</u></u>	<u><u>\$991,877</u></u>	<u><u>\$1,255,427</u></u>	<u><u>\$347,989</u></u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

General Obligation Bond Retirement	Special Assessment Bond Retirement	I-90 Interchange Study	Other Governmental Funds	Total
\$0	\$0	\$0	\$0	\$168,558
0	0	0	500	55,242
0	0	0	0	176,000
0	0	0	0	971,816
0	0	0	500	1,371,616
0	0	0	0	961,725
0	0	0	297,371	1,371,674
0	0	0	0	304,485
102,117	266,065	0	48,395	416,577
0	0	0	1,763	1,763
0	0	0	75,712	75,712
0	0	0	232,362	232,362
0	0	0	1,500,532	1,500,532
0	0	0	1,316,020	1,316,020
102,117	266,065	0	3,472,155	6,180,850
0	0	0	6,463	6,463
0	0	0	474,697	474,697
0	0	0	16,353	16,353
0	0	0	497,513	497,513
0	0	0	0	219,854
0	0	0	0	1,522,626
0	0	0	0	54,222
0	0	0	19,459	19,459
0	0	0	4,120	4,120
0	0	0	580,838	580,838
0	0	0	25,000	25,000
0	0	0	629,417	2,426,119
0	0	(15,518,552)	(3,273,461)	(12,733,937)
<u>\$102,117</u>	<u>\$266,065</u>	<u>(\$15,518,552)</u>	<u>\$1,326,124</u>	<u>(\$2,257,839)</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Note 7 – 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.

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 Notes, Bills, Bonds 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, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
7. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
8. The State Treasurer's investment pool (STAR Ohio); and
9. Commercial paper and bankers acceptances if training requirements have been met.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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

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

Investments 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.

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 moneys. 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 \$10,351,122 and the bank balance was \$10,668,792. Of the uninsured bank balance of \$3,644,032, all was collateralized with securities held by the pledging institution's trust department, not in the City's name.

Investments

Investments are reported at fair value. As of December 31, 2012, the City had the following investments:

	Fair Value	Investment Maturities (in Years)	
		Less than 1	3-5
Federal Home Loan Mortgage Corporation Notes	\$2,985,818	\$2,985,818	\$0
Federal Home Loan Mortgage Corporation Notes	999,500	0	999,500
Federal Home Loan Bank Notes	1,000,000	0	1,000,000
Federal Farm Credit Bonds	1,000,000	0	1,000,000
Federal National Mortgage Association Notes	1,000,000	0	1,000,000
Municipal Bonds	50,598	50,598	0
Government National Mortgage Association Notes	4,064,343	4,064,343	0
Total	\$11,100,259	\$7,100,759	\$3,999,500

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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 one year from the date of purchase and that the City’s investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/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 Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Note , Federal Farm Credit Bonds, Federal National Mortgage Association Notes and Government National Mortgage Association Notes all carry a rating of AAA by Standard and Poor’s. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The following is the City’s allocation as of December 31, 2012:

Investment	Percentage of Investments
Federal Home Loan Mortgage Corporation Notes	35.90 %
Federal Home Loan Bank Notes	9.01
Federal Farm Credit Bonds	9.01
Federal National Mortgage Association Notes	9.01
Government National Mortgage Association Notes	36.61

Note 8 – Receivables

Receivables at December 31, 2012, consisted primarily of municipal income taxes, property taxes, payment 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 \$5,724,969 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding at year-end is \$102,533.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012 was \$9.23 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$591,340,020
Commercial Industrial/Public Utility	170,542,580
Public Utility Property	<u>10,591,870</u>
Total Valuation	<u><u>\$772,474,470</u></u>

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Avon. The County Fiscal Officer 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, 2012, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows or 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.

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, fire department special revenue fund, police department special revenue fund, and the recreation income tax capital projects fund.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Intergovernmental Receivables

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

	<u>Amount</u>
Inheritance Tax	\$585,361
Homestead and Rollback	263,840
Gasoline Excise Tax	234,645
Gasoline Tax	113,964
Local Government	99,282
Motor Vehicle Registration	76,002
Permissive Tax	51,066
Miscellaneous	4,941
Electric Deregulation	2,913
Total	<u><u>\$1,432,014</u></u>

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.

Note 9 – 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 40 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.

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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Note 10 – Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$5,433,221	\$120,985	\$0	\$5,554,206
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	725,407	18,053	0	743,460
Buildings and Improvements	44,945,132	31,538	0	44,976,670
Machinery and Equipment	1,956,327	561,319	(5,994)	2,511,652
Vehicles	4,211,150	888,879	(318,886)	4,781,143
Infrastructure:				
Park Improvements	1,158,693	0	0	1,158,693
Streets	53,644,952	4,488,005	0	58,132,957
Bridges and Culverts	2,143,634	0	0	2,143,634
Traffic Signals	2,250,099	1,666,987	0	3,917,086
Storm Sewer	21,667,603	1,839,167	0	23,506,770
Water Lines	2,066,621	0	0	2,066,621
<i>Total Capital Assets, Being Depreciated</i>	<u>134,769,618</u>	<u>9,493,948</u>	<u>(324,880)</u>	<u>143,938,686</u>
Less Accumulated Depreciation:				
Land Improvements	(502,481)	(45,884)	0	(548,365)
Buildings and Improvements	(3,283,997)	(952,138)	0	(4,236,135)
Machinery and Equipment	(954,414)	(195,307)	5,994	(1,143,727)
Vehicles	(2,320,181)	(366,961)	318,886	(2,368,256)
Infrastructure:				
Park Improvements	(344,227)	(38,623)	0	(382,850)
Streets	(28,122,563)	(2,086,963)	0	(30,209,526)
Bridges and Culverts	(427,996)	(61,247)	0	(489,243)
Traffic Signals	(858,428)	(165,889)	0	(1,024,317)
Storm Sewer	(4,852,735)	(558,128)	0	(5,410,863)
Water Lines	(388,089)	(51,666)	0	(439,755)
<i>Total Accumulated Depreciation</i>	<u>(42,055,111)</u>	<u>(4,522,806) *</u>	<u>324,880</u>	<u>(46,253,037)</u>
Total Capital Assets, Being Depreciated, Net	<u>92,714,507</u>	<u>4,971,142</u>	<u>0</u>	<u>97,685,649</u>
Governmental Activities Capital Assets, Net	<u>\$98,147,728</u>	<u>\$5,092,127</u>	<u>\$0</u>	<u>\$103,239,855</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$7,580	\$0	\$0	\$7,580
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	93,196	0	0	93,196
Buildings and Improvements	1,704,541	8,025	0	1,712,566
Machinery and Equipment	245,849	10,200	0	256,049
Vehicles	145,671	0	0	145,671
Waterline Rights	2,024,462	0	0	2,024,462
Infrastructure:				
Water Lines	17,916,564	842,797	0	18,759,361
Sewer Lines	23,740,740	808,703	0	24,549,443
<i>Total Capital Assets, Being Depreciated</i>	<u>45,871,023</u>	<u>1,669,725</u>	<u>0</u>	<u>47,540,748</u>
Less Accumulated Depreciation:				
Land Improvements	(93,196)	0	0	(93,196)
Buildings and Improvements	(696,016)	(35,368)	0	(731,384)
Machinery and Equipment	(116,938)	(15,692)	0	(132,630)
Vehicles	(70,156)	(13,108)	0	(83,264)
Waterline Rights	(609,810)	(41,016)	0	(650,826)
Infrastructure:				
Water Lines	(7,047,375)	(403,659)	0	(7,451,034)
Sewer Lines	(6,268,180)	(667,710)	0	(6,935,890)
<i>Total Accumulated Depreciation</i>	<u>(14,901,671)</u>	<u>(1,176,553)</u>	<u>0</u>	<u>(16,078,224)</u>
Total Capital Assets, Being Depreciated, Net	<u>30,969,352</u>	<u>493,172</u>	<u>0</u>	<u>31,462,524</u>
Business-Type Activities Capital Assets, Net	<u>\$30,976,932</u>	<u>\$493,172</u>	<u>\$0</u>	<u>\$31,470,104</u>

During 2012, the City received street improvements from developers valued at \$358,950, and storm sewer and water improvements from developers valued at \$132,678 in governmental funds. The water and sewer enterprise funds received water and sewer lines from developers valued at \$87,805 and \$185,721, respectively.

* Depreciation expense was charged to governmental functions as follows:

General Government	\$721,543
Security of Persons and Property	495,893
Transportation	2,527,235
Community Environment	14,807
Leisure Time Activities	609,794
Basic Utility Services	153,534
Total Depreciation Expense	<u>\$4,522,806</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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 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 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 11 – Contingencies

Grants

The City received financial assistance from Ohio Cultural Facilities Commission 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 a party to various legal proceedings, some of which could result in liability for money damages. Specifically, the City is involved in appropriation proceedings that could result in the expenditure of funds for the acquisition of property for road improvements. That aside, the City management, including the Law Director, is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City and the City has adequate revenues and liability insurance coverage to protect itself against material loss.

Note 12 – Note Debt

A summary of note transactions for the year ended December 31, 2012 follows:

Governmental Activities	Balance 12/31/11	Additions	Deletions	Balance 12/31/12
Road and Bridges Fund	\$1,740,000	\$0	\$1,740,000	\$0
Storm Sewers Fund	805,000	795,000	805,000	795,000
Land Purchases Fund	1,520,000	0	1,520,000	0
I-90 Interchange Fund	24,880,000	18,695,000	24,880,000	18,695,000
Total Governmental Funds	\$28,945,000	\$19,490,000	\$28,945,000	\$19,490,000
Business-Type Activities				
Water Fund	\$2,785,000	\$0	\$2,785,000	\$0
Sewer Fund	2,250,000	0	2,250,000	0
Total Business-Type Funds	\$5,035,000	\$0	\$5,035,000	\$0

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

In 2012, the City issued \$795,000 and \$18,695,000 in bond anticipation notes to help finance the storm sewers and I-90 interchange study funds, respectively. These notes will mature on June 27, 2013 and have an interest rate of 1.00 percent. The I-90 Interchange note proceeds are being spent to construct a new interchange on interstate 90. This interchange will be owned by the State of Ohio, and therefore is not a capital asset of the City.

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.

Note 13 – 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
<i>General Obligation Bonds:</i>			
Detroit Road Park Refunding - 2006	3.45-4.25 %	\$163,000	December 1, 2016
Library Improvement Refunding - 2006	3.45-4.25	600,000	December 1, 2014
Northgate Sewer Improvement Refunding - 2006	3.45-4.25	271,000	December 1, 2016
New City Hall Refunding - 2006	3.45-4.25	626,000	December 1, 2017
Schneider Court Improvements Serial - 2006	3.45-4.25	111,132	December 1, 2026
Veteran's Park - 2003	1.50-4.70	1,590,000	December 1, 2023
Service Garage Term - 2004	2.00-5.00	2,500,000	December 1, 2024
Water/Sewer Refunding Bonds - 2004	2.00-3.25	114,000	December 1, 2012
Various Purpose Bonds - 2008	3.00-5.25	6,910,000	December 1, 2027
Various Purpose Bonds - 2009A	4.573-5.784	4,190,000	December 1, 2023
Various Purpose Bonds - 2009B	2.00-5.00	28,700,000	December 1, 2038
YMCA Bonds Series 2011	2.00-4.50	5,760,000	December 1, 2031
Refunding Bonds 2011	1.50-4.00	604,477	December 1, 2021
Various Purpose Bonds - 2012A	1.00-3.625	2,448,725	December 1, 2037
Various Purpose Bonds - 2012B	1.00-3.50	6,591,667	December 1, 2037
Refunding Bonds - 2012C	2.00-4.00	2,535,000	December 1, 2024
<i>Ohio Public Works Commission Loans:</i>			
Center Road Extension - 2007	0.00	92,152	December 1, 2017
Jaycox Road/Center Improvements	0.00	145,194	December 1, 2027
Detroit Road Improvement, Phase I	0.00	97,167	December 1, 2037
<i>Special Assessment Bonds:</i>			
Route 83 Sewer Improvements - 1995	4.20-6.50	520,000	December 1, 2015
Schneider Court Improvements	3.45-4.25	903,868	December 1, 2026
Refunding Bonds 2011	1.50-4.00	2,015,523	December 1, 2021
Various Purpose Bonds - 2012A	1.00-3.625	1,606,275	December 1, 2037
Various Purpose Bonds - 2012B	1.00-3.50	2,128,333	December 1, 2037
<i>Ohio Water Development Loans:</i>			
Sanitary Sewer Addition - 1989	7.65	687,406	January 1, 2013
Sanitary Sewer Construction - 1989	2.00	1,536,998	January 1, 2013

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Enterprise General Obligation Bonds:</i>			
Water Construction Refunding Bonds - 2004	2.00-3.25	239,400	December 1, 2012
Various Purpose Bonds - 2012A	1.00-3.625	863,981	December 1, 2037
Various Purpose Bonds - 2012B	1.00-3.50	425,000	December 1, 2037
Various Purpose Bonds - 2008	3.00-5.25	330,000	December 1, 2027
Sewer Construction Refunding Bonds - 2004	2.00-3.25	239,400	December 1, 2012
Various Purpose Bonds - 2012A	1.00-3.625	2,141,257	December 1, 2037
<i>Enterprise Special Assessment Bonds:</i>			
Various Purpose Bonds - 2012A	1.00-3.625	297,864	December 1, 2037
Various Purpose Bonds - 2012A	1.00-3.625	876,898	December 1, 2037

Changes in bonds and other long-term obligations of the City during 2012 were as follows:

	Principal Outstanding 12/31/11	Additions	Deletions	Principal Outstanding 12/31/12	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Detroit Road Park Refunding	\$91,000	\$0	\$16,000	\$75,000	\$16,000
Unamortized Premium	116	0	10	106	0
Library Improvement Refunding	210,000	0	70,000	140,000	70,000
Unamortized Premium	9,208	0	3,114	6,094	0
Northgate Sewer Improvement Refunding	141,000	0	26,000	115,000	26,000
Unamortized Premium	187	0	14	173	0
New City Hall Refunding	388,000	0	58,000	330,000	63,000
Schneider Court Improvements Serial	91,423	0	4,380	87,043	4,927
Unamortized Premium	365	0	25	340	0
Veteran's Park	1,100,000	0	1,025,000	75,000	75,000
Service Garage Term	1,825,000	0	1,590,000	235,000	115,000
Unamortized Premium	6,758	0	5,719	1,039	0
Water/Sewer Refunding Bonds	12,800	0	12,800	0	0
Unamortized Premium	58	0	58	0	0
Various Purpose Bonds, 2008	5,950,809	0	276,782	5,674,027	281,554
Various Purpose Bonds, 2009A	3,610,000	0	155,000	3,455,000	245,000
Various Purpose Bonds, 2009B	27,255,000	0	605,000	26,650,000	780,000
Unamortized Premium	339,010	0	12,556	326,454	0
YMCA Bonds Series 2011 - Serial	3,340,000	0	210,000	3,130,000	215,000
YMCA Bonds Series 2011 - Term	2,420,000	0	0	2,420,000	0
Unamortized Premium	71,446	0	3,572	67,874	0
Refunding Bonds 2011	532,027	0	75,900	456,127	76,169
Unamortized Premium	13,263	0	1,421	11,842	0
Various Purpose Bonds, 2012A	0	2,448,725	0	2,448,725	7,217
Unamortized Premium	0	208,357	0	208,357	0
Various Purpose Bonds, 2012B	0	6,591,667	0	6,591,667	61,268
Unamortized Premium	0	153,623	0	153,623	0
Refunding Bonds 2012C	0	2,535,000	20,000	2,515,000	25,000
Unamortized Premium	0	174,883	0	174,883	0
<i>Total General Obligation Bonds</i>	<u>\$47,407,470</u>	<u>\$12,112,255</u>	<u>\$4,171,351</u>	<u>\$55,348,374</u>	<u>\$2,061,135</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

	Principal Outstanding 12/31/11	Additions	Deletions	Principal Outstanding 12/31/12	Due Within One Year
Governmental Activities (cont.)					
<i>OPWC Loans</i>					
Center Road Extension	\$55,292	\$0	\$9,215	\$46,077	\$9,215
Jaycox Road/Chester Improvements	127,044	0	7,260	119,784	7,260
Detroit Road Improvement, Phase I	0	97,167	0	97,167	3,886
<i>Total OPWC Loans</i>	<u>182,336</u>	<u>97,167</u>	<u>16,475</u>	<u>263,028</u>	<u>20,361</u>
<i>Special Assessment Bonds:</i>					
Route 83 Sewer Improvements	160,000	0	35,000	125,000	40,000
Schneider Court Improvements	743,577	0	35,620	707,957	40,073
Refunding Bonds 2011	1,772,973	0	254,100	1,518,873	253,831
Unamortized Premium	44,221	0	4,738	39,483	0
Various Purpose Bonds, 2012A	0	1,606,275	0	1,606,275	7,783
Various Purpose Bonds, 2012B	0	2,128,333	0	2,128,333	19,782
<i>Total Special Assessment Bonds</i>	<u>2,720,771</u>	<u>3,734,608</u>	<u>329,458</u>	<u>6,125,921</u>	<u>361,469</u>
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,971,963	199,003	101,249	2,069,717	109,812
<i>Total Governmental Activities</i>	<u>\$52,282,540</u>	<u>\$16,143,033</u>	<u>\$4,618,533</u>	<u>\$63,807,040</u>	<u>\$2,552,777</u>
Business-Type Activities					
<i>Ohio Water Development Loans:</i>					
Sanitary Sewer Addition	\$115,034	\$0	\$76,424	\$38,610	\$38,610
Sanitary Sewer Construction	58,047	0	58,047	0	0
<i>Total Ohio Water Development Loans</i>	<u>173,081</u>	<u>0</u>	<u>134,471</u>	<u>38,610</u>	<u>38,610</u>
<i>General Obligation Bonds:</i>					
Water Construction Refunding Bonds	33,600	0	33,600	0	0
Unamortized Premium	116	0	116	0	0
Various Purpose Bonds, 2012A	0	863,981	0	863,981	1,521
Various Purpose Bonds, 2012B	0	425,000	0	425,000	3,950
Various Purpose Bonds 2008	284,191	0	13,218	270,973	13,446
Sewer Construction Refunding Bonds	33,600	0	33,600	0	0
Unamortized Premium	116	0	116	0	0
Various Purpose Bonds, 2012A	0	2,141,257	0	2,141,257	5,530
<i>Total General Obligation Bonds</i>	<u>351,623</u>	<u>3,430,238</u>	<u>80,650</u>	<u>3,701,211</u>	<u>24,447</u>
<i>Special Assessment Bonds:</i>					
Water Various Purpose Bonds, 2012A	0	297,864	0	297,864	526
Sewer Various Purpose Bonds, 2012A	0	876,898	0	876,898	2,423
<i>Total Special Assessment Bonds</i>	<u>\$0</u>	<u>\$1,174,762</u>	<u>\$0</u>	<u>\$1,174,762</u>	<u>\$2,949</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

	Principal Outstanding 12/31/11	Additions	Deletions	Principal Outstanding 12/31/12	Due Within One Year
Business-Type Activities (cont.)					
<i>Intergovernmental Payable</i>					
Avon Lake Waterline 1994	\$372,292	\$0	\$116,690	\$255,602	\$123,600
Avon Lake Waterline 2009	449,406	0	21,000	428,406	21,237
<i>Total Intergovernmental Payable</i>	<u>821,698</u>	<u>0</u>	<u>137,690</u>	<u>684,008</u>	<u>144,837</u>
Compensated Absences	141,231	24,722	18,364	147,589	18,078
<i>Total Business-Type Activities</i>	<u>\$1,487,633</u>	<u>\$4,629,722</u>	<u>\$371,175</u>	<u>\$5,746,180</u>	<u>\$228,921</u>

General obligation bonds, except as listed below, will be paid from the general obligation bond retirement debt service fund. The Veteran’s Park general obligation bonds will be paid from the park development special revenue fund. The Library Improvement General Obligation Bond will be paid from the library bond retirement debt service fund. The Ohio Public Works Commission Loans will be paid from the special assessment bond retirement fund and the general obligation debt service fund. General Obligation Bonds and OWDA loans reported in the enterprise funds will be paid from charges for services revenue in the 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.

The City has pledged future revenues to repay the OWDA Loans. The loans are payable solely from revenues generated by the ownership and operation of the sewer utility system and are payable through 2013. Revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments of the loans are expected to require less than 10 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$39,360. Principal and interest paid for the current year were \$148,163.

Compensated absences will be paid from the general fund, the street construction, maintenance and repair special revenue fund, the police special revenue fund, and the water and sewer enterprise funds.

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 2.0 to 4.0 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 special revenue funds.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

	Outstanding at December 31, 2011	Amount Refunded	Principal Payment on Non-Refunded Portion	Outstanding at December 31, 2012
Veteran's Park	\$1,100,000	(\$955,000)	(\$70,000)	\$75,000
Service Garage Term	1,825,000	(1,480,000)	(110,000)	235,000
Total Amount Refunded	\$2,925,000	(\$2,435,000)	(\$180,000)	\$310,000

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.

Although the refunding will result in the recognition of an accounting loss of \$221,706, the City in effect decreased its aggregated debt service payments by \$214,521 over the next 12 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$194,171.

On June 28, 2012, the City issued \$8,235,000 in governmental general obligation bonds with a maturity date of December 1, 2037 and interest rates varying from 1.0-3.625 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.

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 governmental general obligation bonds with a maturity date of December 1, 2037 and interest rates varying from 1.0-3.5 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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Mandatory Sinking Fund Redemption The bonds maturing on December 1, 2021 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 below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2020	\$140,000

If retired only by such mandatory redemption prior to their stated maturity, there would remain \$150,000 in principal amount of the bonds to be paid at maturity on December 1, 2021.

The bonds maturing on December 1, 2023 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 below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2022	\$155,000

If retired only by such mandatory redemption prior to their stated maturity, there would remain \$165,000 in principal amount of the YMCA bonds to be paid at maturity on December 1, 2023.

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 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 1.50 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 bonds maturing on December 1, 2026 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 below:

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Year	Principal Amount to be Redeemed
2024	\$305,000
2025	320,000

If retired only by such mandatory redemption prior to their stated maturity, there would remain \$330,000 in principal amount of the YMCA bonds to be paid at maturity on December 1, 2026.

The YMCA bonds maturing on December 1, 2028 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 below:

Year	Principal Amount to be Redeemed
2027	\$345,000

If retired only by such mandatory redemption prior to their stated maturity, there would remain \$360,000 in principal amount of the YMCA bonds to be paid at maturity on December 1, 2028.

The YMCA bonds maturing on December 1, 2030 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 below:

Year	Principal Amount to be Redeemed
2029	\$370,000

If retired only by such mandatory redemption prior to their stated maturity, there would remain \$390,000 in principal amount of the YMCA bonds to be paid at maturity on December 1, 2030.

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 4.0 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 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 3.4 percent to 4.0 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, 2012 is \$340,000.

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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

On September 15, 2004, the City issued \$570,000 in general obligation refunding bonds and \$2,500,000 in service garage construction term bonds at interest rates varying from 2.0 percent to 5.0 percent. Proceeds were used to refund \$600,000 of the outstanding 1992 water and sewer construction bonds. As a result, \$600,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the basic financial statements.

The term bonds for the service garage were issued for an 11 year period with a final maturity at December 1, 2012. The bonds are being retired from the general obligation bond retirement fund.

Optional Redemption The service garage term bonds maturing on and after December 1, 2015 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, 2014, 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.

Mandatory Sinking Fund Redemption The term bonds maturing on December 1, 2019 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 below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2015	\$120,000
2016	125,000
2017	130,000
2018	140,000

If retired only by such mandatory redemption prior to their stated maturity, there would remain \$145,000 in principal amount of the bonds maturing on December 1, 2019 to be paid at maturity.

The bonds maturing on December 1, 2024 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 below:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2020	\$150,000
2021	155,000
2022	165,000
2023	170,000

If retired only by such mandatory redemption prior to their stated maturity, there would remain \$180,000 in principal amount of the bonds maturing on December 1, 2024 to be paid at maturity.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

The City's overall legal debt margin was \$63,334,876 and an unvoted debt margin of \$24,711,153 at December 31, 2012. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2012 are as follows:

Governmental Activities:

Years	General Obligation Bonds		Special Assessment Bonds		OPWC	Total	
	Principal	Interest	Principal	Interest	Loans	Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2013	\$2,061,135	\$2,306,350	\$361,469	\$242,537	\$20,361	\$2,442,965	\$2,548,887
2014	2,224,763	2,139,268	366,334	186,353	20,362	2,611,459	2,325,621
2015	2,210,233	2,076,485	375,180	176,649	20,362	2,605,775	2,253,134
2016	2,273,408	2,014,369	346,777	165,856	20,363	2,640,548	2,180,225
2017	2,263,723	1,947,019	271,009	156,351	20,362	2,555,094	2,103,370
2018-2022	12,067,273	8,487,198	732,507	679,723	55,729	12,855,509	9,166,921
2023-2027	13,443,880	5,584,671	1,159,450	541,712	55,733	14,659,063	6,126,383
2028-2032	9,219,839	2,941,622	1,245,161	121,626	30,322	10,495,322	3,063,248
2033-2037	7,483,335	1,298,700	1,228,551	42,910	19,434	8,731,320	1,341,610
2038-2042	1,150,000	57,500	0	0	0	1,150,000	57,500
Total	<u>\$54,397,589</u>	<u>\$28,853,182</u>	<u>\$6,086,438</u>	<u>\$2,313,717</u>	<u>\$263,028</u>	<u>\$60,747,055</u>	<u>\$31,166,899</u>

Business-Type Activities:

Years	OWDA Loans		Avon Lake	
	Principal	Interest	Principal	Interest
2013	\$38,610	\$750	\$144,837	\$39,650
2014	0	0	153,722	31,018
2015	0	0	24,437	21,873
2016	0	0	25,060	20,528
2017	0	0	26,481	19,106
2018-2022	0	0	156,713	71,223
2023-2027	0	0	152,758	32,485
Total	<u>\$38,610</u>	<u>\$750</u>	<u>\$684,008</u>	<u>\$235,883</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Years	General Obligation Bonds		Special Assessment Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$24,447	\$147,942	\$2,949	\$23,660	\$210,843	\$212,002
2014	26,949	106,551	2,949	17,466	183,620	155,035
2015	27,633	105,936	2,949	17,441	55,019	145,250
2016	27,861	105,282	2,949	17,417	55,870	143,227
2017	37,415	101,654	5,897	20,339	69,793	141,099
2018-2022	258,412	446,232	73,713	144,180	488,838	661,635
2023-2027	968,021	165,024	276,766	337,030	1,397,545	534,539
2028-2032	1,102,722	321,369	371,757	321,369	1,474,479	642,738
2033-2037	1,227,751	134,039	434,833	134,039	1,662,584	268,078
Total	<u>\$3,701,211</u>	<u>\$1,634,029</u>	<u>\$1,174,762</u>	<u>\$1,032,941</u>	<u>\$5,598,591</u>	<u>\$2,903,603</u>

Avon Lake Contractual Agreements

During 1994, the City of Avon 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. The project was financed mainly by General Obligation Bonds which were issued in 1994 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 is a capital asset of the City of Avon Lake. The total amount owed to the City of Avon Lake as of December 31, 2012 is \$255,602. 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 ranges from 4.3 percent to 6.5 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 2012, a payment was made to the City of Avon Lake in the amount of \$116,690; \$29,739 from the special assessment debt service fund and \$86,951 from the enterprise water fund. The current year capital contribution related to this debt is \$29,739.

Of the amount owed to Avon Lake, \$95,279 will be repaid from special assessments levied against property owners. The remainder of the amount owed to the City of Avon Lake will be repaid with water fund revenues.

During 2009, the City of Avon entered into another 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. In 2012, \$21,000 was paid from the water enterprise fund. The total amount owed to the City of Avon Lake as of December 31, 2012 is \$428,406. 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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Note 14 – 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 2012, 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/\$2,000,000 general liability insurance policy, a \$1,000,000 police professional liability policy with a \$10,000 deductible, a \$1,000,000 public officials policy with a \$7,500 deductible, a \$1,000,000 employment practice liability policy with a \$7,500 deductible, a \$61,462,974 blanket building and contents policy, an inland marine coverage of \$2,514,416, a crime coverage blanket bond of \$100,000 all with \$1,000 deductibles, an automobile insurance policy of \$1,000,000 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

The City participates in the Lorain County Healthcare Program (the Program), a shared risk pool (Note 18) to provide insurance benefits for the employees of the City. The Program uses the SuperMed Classic Healthcare Plan with Medical Mutual of Ohio as the administrator to provide insurance coverage which includes health (hospitalization and surgical), prescription drug, dental and vision benefits.

The City pays monthly contributions to the Program, which is used to cover claims and administrative costs and to purchase excess loss insurance for the plan. The Program has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the program for medical claims paid for an individual in excess of \$10,000 per year, with no individual lifetime maximum. The aggregate excess loss coverage has been structured to indemnify the program for aggregate claims paid in excess of 115 percent of projected claims. In the event that the losses of the Program in any year exceeds amounts paid to the Program, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which the claim was made.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Note 15 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The City participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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 statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$432,481, \$406,542, and \$350,350, respectively. For 2012, 89.56 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$11,966 made by the City and \$8,547 made by plan members.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$315,161 and \$405,854 for the year ended December 31, 2012, \$311,805 and \$389,915 for the year ended December 31, 2011, and \$335,850 and \$389,759 for the year ended December 31, 2010, respectively. For 2012, 71.79 percent for police and 72.55 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 16 – Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$172,992, \$162,617, and \$226,697, respectively. For 2012, 89.56 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

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

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$166,850 and \$158,812 for the year ended December 31, 2012, \$165,073 and \$152,576 for the year ended December 31, 2011, and \$177,803 and \$151,341 for the year ended December 31, 2010. For 2012, 71.79 percent has been contributed for police and 72.55 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 17 – Jointly Governed Organizations

Lorain County General Health District

The City participates in the Lorain County General 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 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 \$107,853 during 2012 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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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 is currently comprised of over 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while 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 of Avon did not contribute to NOPEC during 2012. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20 Solon, Ohio 44139 or at the website www.nopecinfo.org.

Note 18 – Shared Risk Pool

The City participates in the Lorain County Healthcare Program, a shared risk pool under the direction of the Lorain County Commissioners, which provides the insurance coverage for all full-time employees who wish to participate in the plan. The Commissioners entered into an agreement with Medical Mutual of Ohio for stop-loss coverage. The pool consists of 19 political subdivisions that pool risk for health (hospitalization and surgical), prescription drug, dental and vision coverage. Financial information can be obtained by contacting the Lorain County Commissioners, 226 Middle Avenue, Elyria, Ohio 44035.

Note 19 – Interfund Transfers and Balances

Interfund Transfers

Transfers are primarily from the general fund to various funds within the City. Income tax revenues are collected in the general fund and then transferred to the police fund to cover daily operating expenses and to cover the cost of street improvement projects within the capital improvements fund. 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.

Transfers are also made to cover the various debt obligations of the City from the general fund and street construction, maintenance and repair special revenue fund to the debt service funds.

During the year, various projects were completed and the balance remaining in the respective funds was transferred to the general fund.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

Transfers made during the year ended December 31, 2012, were as follows:

Transfer To	Transfer From					Totals
	<i>Governmental Activities</i>					
	General	Obligation Bond Retirement	Special Assessment Bond Retirement	Other Governmental Funds	Water	
	General	Retirement	Retirement	Funds	Water	
General	\$0	\$0	\$16,185	\$140,186	\$36,848	\$193,219
Police	3,500,000	0	0	0	0	3,500,000
General Obligation Bond Retirement	655,628	0	0	825,000	0	1,480,628
Sewer	0	18,337	0	0	0	18,337
Other Governmental Funds	2,617,216	0	0	612,300	7,500	3,237,016
Total	\$6,772,844	\$18,337	\$16,185	\$1,577,486	\$44,348	\$8,429,200

Interfund Balances

On the fund financial statements interfund balances at December 31, 2012, were:

	Receivables		Payable	
	Manuscript Bonds	Advances To Other Funds	Manuscript Bonds	Advances From Other Funds
Major Funds				
General	\$176,000	\$2,533,288	\$0	\$0
I-90 Interchange	0	0	0	775,000
Water	0	0	176,000	0
Sewer	0	0		26,750
Nonmajor Funds				
Park Development	0	0	0	622,500
Recreation Complex	0	0	0	43,000
Road and Bridge Programs	0	0	0	452,038
Municipal Buildings	0	0	0	614,000
Total	\$176,000	\$2,533,288	\$176,000	\$2,533,288

As of December 31, 2012, the general fund had \$2,533,288 interfund receivable due to the timing of the receipt of grant monies by the nonmajor funds, and the sewer enterprise fund had \$26,750 interfund payable, respectively.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

The Jaycox Road Watermain Improvement interfund balance of \$176,000 represents a manuscript bond that was issued on September 2, 2008 at 5.10 percent. This bond is due on December 1, 2028 and was used for the purpose of the cost of construction of a watermain extension on Jaycox Road.

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 sewerline. 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 2012, the City has pledged tap-in-fees in the amount of \$14,560 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 20 – Significant Commitments

Contractual Commitments

At December 31, 2012, the various projects within the City had contractual commitments consisting of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Schwartz Road Park Soccer Fields	\$170,412	\$165,114	\$5,298
2012 Asphalt Road Program	653,451	527,120	126,331
I-90 Interchange	17,720,891	15,027,878	2,693,013
Nagel District Improvements	2,387,787	2,382,787	5,000
Water main Extension	416,311	316,236	100,075
Schwartz-Nagel Intersection	32,500	26,856	5,644
Detroit Road Improvements	192,469	138,082	54,387
	\$21,573,821	\$18,584,073	\$2,989,748

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2012

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	\$240,411
Fire Department	4,975
Street Construction, Maintenance and Repair	36,630
Police	45,734
I-90 Interchange	4,972,002
Water	168,053
Sewer	59,846
Other Governmental Funds	495,041
Total	<u><u>\$6,022,692</u></u>

Note 21 – 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, 2012, the accumulated depreciation is \$104,500, leaving a carrying amount of \$1,503,197.

During 2009, the City entered into an operating lease with Avon Baseball L.L.C, 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 L.L.C. 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, 2012, the accumulated depreciation is \$895,293, leaving a carrying amount of \$12,878,453.

**Combining Statements
and Individual Fund Schedules**

Combining Statements - Nonmajor Governmental 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.

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 City and 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 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 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)

Combining Statements - Nonmajor Governmental 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.

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.

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. This fund did not have any budgetary activity in 2012; therefore, budgetary information is not provided.

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.

Recreation Complex Fund This fund accounts for and reports restricted bond proceeds that will be used for 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.

Detroit Road Landscaping Fund - This fund accounts for and reports assigned monies from transfers in for costs associated with the purchase and installation of new landscaping along Detroit Road in the center of Avon. This fund did not have any budgetary activity in 2012; therefore, budgetary information is not provided.

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$778,369	\$48,395	\$2,926,424	\$3,753,188
Intergovernmental Receivable	101,204	4,079	35,656	140,939
Prepaid Items	500	0	0	500
Municipal Income Taxes Receivable	0	0	482,360	482,360
Property Taxes Receivable	290,864	55,191	578,270	924,325
Payments in Lieu of Taxes Receivable	0	813,774	0	813,774
<i>Total Assets</i>	<u>\$1,170,937</u>	<u>\$921,439</u>	<u>\$4,022,710</u>	<u>\$6,115,086</u>
Liabilities				
Accounts Payable	\$21,782	\$0	\$6,863	\$28,645
Contracts Payable	0	0	131,251	131,251
Accrued Wages and Benefits	8,836	0	0	8,836
Interfund Payable	622,500	0	1,109,038	1,731,538
Intergovernmental Payable	15,311	0	0	15,311
Retainage Payable	2,000	0	0	2,000
Accrued Interest Payable	0	0	4,130	4,130
Notes Payable	0	0	795,000	795,000
<i>Total Liabilities</i>	<u>670,429</u>	<u>0</u>	<u>2,046,282</u>	<u>2,716,711</u>
Deferred Inflows of Resources				
Property Taxes	280,797	52,862	558,789	892,448
Payments in Lieu of Taxes	0	813,774	0	813,774
Unavailable Revenue	83,634	6,408	275,987	366,029
<i>Total Deferred Inflows of Resources</i>	<u>364,431</u>	<u>873,044</u>	<u>834,776</u>	<u>2,072,251</u>
Fund Balances				
Nonspendable	500	0	0	500
Restricted	607,208	48,395	2,816,552	3,472,155
Committed	43,581	0	453,932	497,513
Assigned	0	0	629,417	629,417
Unassigned (Deficit)	(515,212)	0	(2,758,249)	(3,273,461)
<i>Total Fund Balances</i>	<u>136,077</u>	<u>48,395</u>	<u>1,141,652</u>	<u>1,326,124</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,170,937</u>	<u>\$921,439</u>	<u>\$4,022,710</u>	<u>\$6,115,086</u>

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$294,929	\$68,829	\$569,678	\$933,436
Payment in Lieu of Taxes	0	2,150,075	0	2,150,075
Municipal Income Taxes	0	0	1,571,615	1,571,615
Charges for Services	101,568	0	33,911	135,479
Licenses and Permits	125,520	0	0	125,520
Fines and Forfeitures	3,860	0	0	3,860
Intergovernmental	205,137	8,157	184,140	397,434
Interest	505	0	0	505
Rentals	0	0	391,088	391,088
Miscellaneous	32,531	0	49,279	81,810
<i>Total Revenues</i>	<u>764,050</u>	<u>2,227,061</u>	<u>2,799,711</u>	<u>5,790,822</u>
Expenditures				
Current:				
General Government	0	1,408,444	0	1,408,444
Security of Persons and Property	1,685	0	0	1,685
Transportation	163,037	0	0	163,037
Community Environment	130,885	0	0	130,885
Leisure Time Activities	1,251,401	0	0	1,251,401
Capital Outlay	15,767	0	4,374,615	4,390,382
Debt Service:				
Principal Retirement	96,000	70,000	0	166,000
Interest and Fiscal Charges	42,655	11,113	8,456	62,224
<i>Total Expenditures</i>	<u>1,701,430</u>	<u>1,489,557</u>	<u>4,383,071</u>	<u>7,574,058</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(937,380)</u>	<u>737,504</u>	<u>(1,583,360)</u>	<u>(1,783,236)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	0	2,675,392	2,675,392
Special Assessment Bonds Issued	0	0	559,608	559,608
OPWC Loans Issued	0	0	97,167	97,167
Transfers In	917,300	0	2,319,716	3,237,016
Transfers Out	0	(740,000)	(837,486)	(1,577,486)
<i>Total Other Financing Sources (Uses)</i>	<u>917,300</u>	<u>(740,000)</u>	<u>4,814,397</u>	<u>4,991,697</u>
<i>Net Change in Fund Balances</i>	(20,080)	(2,496)	3,231,037	3,208,461
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>156,157</u>	<u>50,891</u>	<u>(2,089,385)</u>	<u>(1,882,337)</u>
<i>Fund Balances End of Year</i>	<u>\$136,077</u>	<u>\$48,395</u>	<u>\$1,141,652</u>	<u>\$1,326,124</u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Recycling	State Highway	Permissive Tax	Mayor's Court Computer
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$11,089	\$221,776	\$55,088	\$75,712
Intergovernmental Receivable	0	31,845	51,066	0
Prepaid Items	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$11,089</u>	<u>\$253,621</u>	<u>\$106,154</u>	<u>\$75,712</u>
Liabilities				
Accounts Payable	\$9,290	\$0	\$7,130	\$0
Accrued Wages and Benefits	32	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	4	0	0	0
Retainage Payable	0	0	0	0
<i>Total Liabilities</i>	<u>9,326</u>	<u>0</u>	<u>7,130</u>	<u>0</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Unavailable Revenue	0	21,230	34,044	0
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>21,230</u>	<u>34,044</u>	<u>0</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	1,763	232,391	64,980	75,712
Committed	0	0	0	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>1,763</u>	<u>232,391</u>	<u>64,980</u>	<u>75,712</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,089</u>	<u>\$253,621</u>	<u>\$106,154</u>	<u>\$75,712</u>

<u>Recreation</u>	<u>Park Operating</u>	<u>Park Development</u>	<u>Donations</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$37,891	\$261,062	\$109,288	\$6,463	\$778,369
0	18,293	0	0	101,204
0	500	0	0	500
0	290,864	0	0	290,864
<u>\$37,891</u>	<u>\$570,719</u>	<u>\$109,288</u>	<u>\$6,463</u>	<u>\$1,170,937</u>
\$0	\$5,362	\$0	\$0	\$21,782
678	8,126	0	0	8,836
0	0	622,500	0	622,500
95	15,212	0	0	15,311
0	0	2,000	0	2,000
<u>773</u>	<u>28,700</u>	<u>624,500</u>	<u>0</u>	<u>670,429</u>
0	280,797	0	0	280,797
0	28,360	0	0	83,634
<u>0</u>	<u>309,157</u>	<u>0</u>	<u>0</u>	<u>364,431</u>
0	500	0	0	500
0	232,362	0	0	607,208
37,118	0	0	6,463	43,581
0	0	(515,212)	0	(515,212)
<u>37,118</u>	<u>232,862</u>	<u>(515,212)</u>	<u>6,463</u>	<u>136,077</u>
<u>\$37,891</u>	<u>\$570,719</u>	<u>\$109,288</u>	<u>\$6,463</u>	<u>\$1,170,937</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, 2012

	Recycling	State Highway	Permissive Tax	Mayor's Court Computer
Revenues				
Property 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	3,860
Intergovernmental	0	66,407	102,143	0
Interest	0	501	4	0
Miscellaneous	50	0	967	0
<i>Total Revenues</i>	<u>50</u>	<u>66,908</u>	<u>103,114</u>	<u>3,860</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Transportation	0	547	162,490	0
Community Environment	130,885	0	0	0
Leisure Time Activities	0	0	0	0
Capital Outlay	0	0	0	15,767
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>130,885</u>	<u>547</u>	<u>162,490</u>	<u>15,767</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(130,835)	66,361	(59,376)	(11,907)
Other Financing Sources				
Transfers In	100,000	0	80,000	0
<i>Net Change in Fund Balances</i>	(30,835)	66,361	20,624	(11,907)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>32,598</u>	<u>166,030</u>	<u>44,356</u>	<u>87,619</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,763</u>	<u>\$232,391</u>	<u>\$64,980</u>	<u>\$75,712</u>

Recreation	Park Operating	Park Development	Donations	Total Nonmajor Special Revenue Funds
\$0	\$294,929	\$0	\$0	\$294,929
101,568	0	0	0	101,568
0	0	125,520	0	125,520
0	0	0	0	3,860
0	36,587	0	0	205,137
0	0	0	0	505
0	30,927	0	587	32,531
<u>101,568</u>	<u>362,443</u>	<u>125,520</u>	<u>587</u>	<u>764,050</u>
0	0	0	1,685	1,685
0	0	0	0	163,037
0	0	0	0	130,885
126,831	790,199	334,371	0	1,251,401
0	0	0	0	15,767
0	0	96,000	0	96,000
0	0	42,655	0	42,655
<u>126,831</u>	<u>790,199</u>	<u>473,026</u>	<u>1,685</u>	<u>1,701,430</u>
(25,263)	(427,756)	(347,506)	(1,098)	(937,380)
<u>0</u>	<u>525,000</u>	<u>212,300</u>	<u>0</u>	<u>917,300</u>
(25,263)	97,244	(135,206)	(1,098)	(20,080)
<u>62,381</u>	<u>135,618</u>	<u>(380,006)</u>	<u>7,561</u>	<u>156,157</u>
<u>\$37,118</u>	<u>\$232,862</u>	<u>(\$515,212)</u>	<u>\$6,463</u>	<u>\$136,077</u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2012

	Library Bond Retirement	Tax Increment Financing	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$29,604	\$18,791	\$48,395
Intergovernmental Receivable	4,079	0	4,079
Property Taxes Receivable	55,191	0	55,191
Payments in Lieu of Taxes Receivable	0	813,774	813,774
<i>Total Assets</i>	<u>\$88,874</u>	<u>\$832,565</u>	<u>\$921,439</u>
Deferred Inflows of Resources			
Property Taxes	\$52,862	\$0	\$52,862
Payments in Lieu of Taxes	0	813,774	813,774
Unavailable Revenue	6,408	0	6,408
<i>Total Deferred Inflows of Resources</i>	59,270	813,774	873,044
Fund Balances			
Restricted	29,604	18,791	48,395
<i>Total Deferred Inflows of Resources and Fund Balances</i>	<u>\$88,874</u>	<u>\$832,565</u>	<u>\$921,439</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, 2012

	Library Bond Retirement	Tax Increment Financing	Total Nonmajor Debt Service Funds
Revenues			
Property Taxes	\$68,829	\$0	\$68,829
Payment in Lieu of Taxes	0	2,150,075	2,150,075
Intergovernmental	8,157	0	8,157
<i>Total Revenues</i>	<u>76,986</u>	<u>2,150,075</u>	<u>2,227,061</u>
Expenditures			
Current:			
General Government	1,030	1,407,414	1,408,444
Debt Service:			
Principal Retirement	70,000	0	70,000
Interest and Fiscal Charges	11,113	0	11,113
<i>Total Expenditures</i>	<u>82,143</u>	<u>1,407,414</u>	<u>1,489,557</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,157)	742,661	737,504
Other Financing Uses			
Transfers Out	0	(740,000)	(740,000)
<i>Net Change in Fund Balances</i>	(5,157)	2,661	(2,496)
<i>Fund Balances Beginning of Year</i>	<u>34,761</u>	<u>16,130</u>	<u>50,891</u>
<i>Fund Balances End of Year</i>	<u><u>\$29,604</u></u>	<u><u>\$18,791</u></u>	<u><u>\$48,395</u></u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	<u>Equipment</u>	<u>Storm Water Detention</u>	<u>Road and Bridges</u>	<u>Land Purchases</u>
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$1,321,538	\$19,459	\$1,159,529	\$40,586
Intergovernmental Receivable	35,656	0	0	0
Municipal Income Taxes Receivable	0	0	0	0
Property Taxes Receivable	578,270	0	0	0
<i>Total Assets</i>	<u>\$1,935,464</u>	<u>\$19,459</u>	<u>\$1,159,529</u>	<u>\$40,586</u>
Liabilities				
Accounts Payable	\$5,518	\$0	\$1,345	\$0
Contracts Payable	0	0	131,251	0
Interfund Payable	0	0	452,038	0
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>5,518</u>	<u>0</u>	<u>584,634</u>	<u>0</u>
Deferred Inflows of Resources				
Property Taxes	558,789	0	0	0
Unavailable Revenue	55,137	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>613,926</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Restricted	1,316,020	0	0	1,500,532
Committed	0	0	0	0
Assigned	0	19,459	574,895	0
Unassigned (Deficit)	0	0	0	(1,459,946)
<i>Total Fund Balances (Deficit)</i>	<u>1,316,020</u>	<u>19,459</u>	<u>574,895</u>	<u>40,586</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,935,464</u>	<u>\$19,459</u>	<u>\$1,159,529</u>	<u>\$40,586</u>

<u>French Creek Restoration</u>	<u>Sidewalk Programs</u>	<u>Storm Sewers</u>	<u>Municipal Buildings</u>
\$4,120	\$5,943	\$78,594	\$36,233
0	0	0	0
0	0	0	0
0	0	0	0
<u>\$4,120</u>	<u>\$5,943</u>	<u>\$78,594</u>	<u>\$36,233</u>
\$0	\$0	\$0	\$0
0	0	0	0
0	0	0	614,000
0	0	4,130	0
0	0	795,000	0
<u>0</u>	<u>0</u>	<u>799,130</u>	<u>614,000</u>
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0
0	0	0	0
4,120	5,943	0	0
0	0	(720,536)	(577,767)
<u>4,120</u>	<u>5,943</u>	<u>(720,536)</u>	<u>(577,767)</u>
<u>\$4,120</u>	<u>\$5,943</u>	<u>\$78,594</u>	<u>\$36,233</u>

(continued)

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2012

	Recreation Complex	Stadium Marquee	Detroit Road Landscaping	Total Nonmajor Capital Projects Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$219,069	\$16,353	\$25,000	\$2,926,424
Intergovernmental Receivable	0	0	0	35,656
Municipal Income Taxes Receivable	482,360	0	0	482,360
Property Taxes Receivable	0	0	0	578,270
<i>Total Assets</i>	<u>\$701,429</u>	<u>\$16,353</u>	<u>\$25,000</u>	<u>\$4,022,710</u>
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$6,863
Contracts Payable	0	0	0	131,251
Interfund Payable	43,000	0	0	1,109,038
Accrued Interest Payable	0	0	0	4,130
Notes Payable	0	0	0	795,000
<i>Total Liabilities</i>	<u>43,000</u>	<u>0</u>	<u>0</u>	<u>2,046,282</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	558,789
Unavailable Revenue	220,850	0	0	275,987
<i>Total Deferred Inflows of Resources</i>	<u>220,850</u>	<u>0</u>	<u>0</u>	<u>834,776</u>
Fund Balances				
Restricted	0	0	0	2,816,552
Committed	437,579	16,353	0	453,932
Assigned	0	0	25,000	629,417
Unassigned (Deficit)	0	0	0	(2,758,249)
<i>Total Fund Balances (Deficit)</i>	<u>437,579</u>	<u>16,353</u>	<u>25,000</u>	<u>1,141,652</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$701,429</u>	<u>\$16,353</u>	<u>\$25,000</u>	<u>\$4,022,710</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, 2012

	Equipment	Storm Water Detention	Road and Bridges	Land Purchases
Revenues				
Property Taxes	\$569,678	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0
Charges for Services	0	18,911	15,000	0
Intergovernmental	74,016	0	110,124	0
Rentals	0	0	0	0
Miscellaneous	45,239	0	1,040	0
<i>Total Revenues</i>	<u>688,933</u>	<u>18,911</u>	<u>126,164</u>	<u>0</u>
Expenditures				
Current:				
General Government	0	0	0	0
Capital Outlay	1,010,660	0	1,409,358	16,355
Debt Service:				
Interest and Fiscal Charges	0	0	0	8,010
<i>Total Expenditures</i>	<u>1,010,660</u>	<u>0</u>	<u>1,409,358</u>	<u>24,365</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(321,727)</u>	<u>18,911</u>	<u>(1,283,194)</u>	<u>(24,365)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	0	1,175,392	1,500,000
Special Assessment Bonds Issued	0	0	559,608	0
OPWC Loans Issued	0	0	97,167	0
Transfers In	0	0	1,002,216	7,500
Transfers Out	0	0	(167,516)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>2,666,867</u>	<u>1,507,500</u>
<i>Net Change in Fund Balances</i>	<u>(321,727)</u>	<u>18,911</u>	<u>1,383,673</u>	<u>1,483,135</u>
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>1,637,747</u>	<u>548</u>	<u>(808,778)</u>	<u>(1,442,549)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,316,020</u>	<u>\$19,459</u>	<u>\$574,895</u>	<u>\$40,586</u>

(continued)

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds (continued)
For the Year Ended December 31, 2012

	French Creek Restoration	Sidewalk Programs	Storm Sewers
Revenues			
Property Taxes	\$0	\$0	\$0
Municipal Income Taxes	0	0	0
Charges for Services	0	0	0
Intergovernmental	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures			
Current:			
General Government	0	0	0
Capital Outlay	0	6,409	5,581
Debt Service:			
Interest and Fiscal Charges	0	0	446
<i>Total Expenditures</i>	<u>0</u>	<u>6,409</u>	<u>6,027</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(6,409)</u>	<u>(6,027)</u>
Other Financing Sources (Uses)			
General Obligation Bonds Issued	0	0	0
Special Assessment Bonds Issued	0	0	0
OPWC Loans Issued	0	0	0
Transfers In	0	10,000	0
Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>10,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	3,591	(6,027)
<i>Fund Balances (Deficit)</i>			
<i>Beginning of Year</i>	<u>4,120</u>	<u>2,352</u>	<u>(714,509)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$4,120</u></u>	<u><u>\$5,943</u></u>	<u><u>(\$720,536)</u></u>

Municipal Buildings	Recreation Complex	Stadium Marquee	Detroit Road Landscaping	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$569,678
0	1,571,615	0	0	1,571,615
0	0	0	0	33,911
0	0	0	0	184,140
391,088	0	0	0	391,088
3,000	0	0	0	49,279
<u>394,088</u>	<u>1,571,615</u>	<u>0</u>	<u>0</u>	<u>2,799,711</u>
0	0	0	0	0
423,617	1,010,112	492,523	0	4,374,615
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,456</u>
<u>423,617</u>	<u>1,010,112</u>	<u>492,523</u>	<u>0</u>	<u>4,383,071</u>
<u>(29,529)</u>	<u>561,503</u>	<u>(492,523)</u>	<u>0</u>	<u>(1,583,360)</u>
0	0	0	0	2,675,392
0	0	0	0	559,608
0	0	0	0	97,167
0	1,000,000	300,000	0	2,319,716
<u>0</u>	<u>(669,970)</u>	<u>0</u>	<u>0</u>	<u>(837,486)</u>
<u>0</u>	<u>330,030</u>	<u>300,000</u>	<u>0</u>	<u>4,814,397</u>
(29,529)	891,533	(192,523)	0	3,231,037
<u>(548,238)</u>	<u>(453,954)</u>	<u>208,876</u>	<u>25,000</u>	<u>(2,089,385)</u>
<u>(\$577,767)</u>	<u>\$437,579</u>	<u>\$16,353</u>	<u>\$25,000</u>	<u>\$1,141,652</u>

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. 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.

North Ridgeville Sewer Fund – This fund accounts for the billing and collection of sewer charges that are then distributed to the City of North Ridgeville.

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
December 31, 2012

	Beginning Balance 12/31/11	Additions	Deductions	Ending Balance 12/31/12
Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$176,987	\$556,182	\$546,557	\$186,612
Liabilities				
Deposits Held and Due to Others	\$176,987	\$556,182	\$546,557	\$186,612
 Lorain Public Library				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$430,333	\$430,295	\$38
Liabilities				
Intergovernmental Payable	\$0	\$430,333	\$430,295	\$38
 North Ridgeville Sewer				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$21,592	\$1,732,905	\$1,669,619	\$84,878
Liabilities				
Intergovernmental Payable	\$21,592	\$1,732,905	\$1,669,619	\$84,878
 Avon Lake Sanitary Sewer Trunk Fees				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$13,656	\$26,574	\$0	\$40,230
Liabilities				
Deposits Held and Due to Others	\$13,656	\$26,574	\$0	\$40,230

(continued)

City of Avon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
December 31, 2012

	Beginning Balance 12/31/11	Additions	Deductions	Ending Balance 12/31/12
Clearing Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$69,688	\$69,688	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$69,688	\$69,688	\$0
Subdivisions				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,522,226	\$159,316	\$490,983	\$1,190,559
Liabilities				
Deposits Held and Due to Others	\$1,522,226	\$159,316	\$490,983	\$1,190,559
Mayor's Court				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$93,602	\$93,602	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$93,602	\$93,602	\$0
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,734,461	\$2,974,998	\$3,207,142	\$1,502,317
Cash and Cash Equivalents in Segregated Accounts	0	93,602	93,602	0
Total Assets	\$1,734,461	\$3,068,600	\$3,300,744	\$1,502,317
Liabilities				
Deposits Held and Due to Others	\$1,712,869	\$905,362	\$1,200,830	\$1,417,401
Intergovernmental Payable	21,592	2,163,238	2,099,914	84,916
Total Liabilities	\$1,734,461	\$3,068,600	\$3,300,744	\$1,502,317

**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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$1,325,448	\$1,583,032	\$1,583,032	\$0
Municipal Income Taxes	4,953,892	5,798,400	5,916,619	118,219
Charges for Services	309,404	364,409	368,877	4,468
Licenses and Permits	540,353	641,934	645,364	3,430
Fines and Forfeitures	330,166	265,654	394,330	128,676
Intergovernmental	966,321	1,154,113	1,154,113	0
Interest	58,536	69,912	69,912	0
Miscellaneous	145,563	173,072	169,039	(4,033)
<i>Total Revenues</i>	8,629,683	10,050,526	10,301,286	250,760
Expenditures				
Current:				
General Government:				
Mayor:				
Personal Services	247,878	264,546	256,767	7,779
Materials and Supplies	5,049	6,650	5,303	1,347
Contractual Services	54,211	87,200	57,113	30,087
<i>Total Mayor</i>	307,138	358,396	319,183	39,213
Finance:				
Personal Services	380,016	423,439	400,770	22,669
Materials and Supplies	1,008	8,600	2,502	6,098
Contractual Services	18,617	40,475	24,351	16,124
<i>Total Finance</i>	399,641	472,514	427,623	44,891
Treasurer:				
Personal Services	20,709	22,278	21,443	835
Materials and Supplies	679	1,200	762	438
Contractual Services	1,056	1,100	1,094	6
<i>Total Treasurer</i>	22,444	24,578	23,299	1,279
Law Director:				
Personal Services	149,907	158,838	156,510	2,328
Materials and Supplies	2,078	2,800	2,355	445
Contractual Services	225,579	251,400	237,505	13,895
<i>Total Law Director</i>	\$377,564	\$413,038	\$396,370	\$16,668

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Council:				
Personal Services	\$183,797	\$201,041	\$190,313	\$10,728
Materials and Supplies	7,796	15,882	9,907	5,975
Contractual Services	22,091	27,784	24,691	3,093
Total Council	213,684	244,707	224,911	19,796
City Hall:				
Personal Services	30,560	35,745	31,643	4,102
Materials and Supplies	44,950	51,745	49,139	2,606
Contractual Services	193,933	237,800	203,141	34,659
Capital Outlay	52,831	60,000	54,704	5,296
Other	12,272	29,100	12,707	16,393
Total City Hall	334,546	414,390	351,334	63,056
Civil Service:				
Personal Services	4,046	5,915	4,189	1,726
Materials and Supplies	0	100	0	100
Contractual Services	24,008	44,000	27,470	16,530
Other	38	100	40	60
Total Civil Service	28,092	50,115	31,699	18,416
Records:				
Personal Services	7,712	9,875	7,985	1,890
Materials and Supplies	0	500	0	500
Contractual Services	0	1,000	0	1,000
Total Records	7,712	11,375	7,985	3,390
Statutory Accounts:				
Personal Services	61,181	101,100	63,350	37,750
Material and Supplies	253,004	322,310	261,974	60,336
Contractual Services	0	5,000	0	5,000
Total Statutory Accounts	314,185	428,410	325,324	103,086
Legal:				
Personal Services	2,951	3,495	3,056	439
Materials and Supplies	0	500	0	500
Capital Outlay	24	500	25	475
Total Legal	\$2,975	\$4,495	\$3,081	\$1,414

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Engineer:				
Personal Services	\$119,633	\$149,741	\$124,478	\$25,263
Materials and Supplies	3,518	6,569	3,643	2,926
Contractual Services	238,930	537,877	446,679	91,198
Total Engineer	362,081	694,187	574,800	119,387
Internet Technology:				
Personal Services	94,190	94,190	90,488	3,702
Materials and Supplies	6,000	8,000	5,154	2,846
Contractual Services	16,000	16,000	12,460	3,540
Total Internet Technology	116,190	118,190	108,102	10,088
Grant Coordinator:				
Contractual Services	20,801	35,000	21,538	13,462
Project Coordinator:				
Personal Services	94,889	109,049	98,253	10,796
Materials and Supplies	3,523	3,798	3,648	150
Contractual Services	5,186	5,500	5,370	130
Total Project Coordinator	103,598	118,347	107,271	11,076
Income Tax Department:				
Contractual Services	170,026	176,057	176,057	0
Unclaimed Monies:				
Unclaimed Monies	76,592	79,307	79,307	0
Total General Government	2,857,269	3,643,106	3,177,884	465,222
Community Environment:				
Avon Seniors:				
Personal Services	195,456	195,456	183,661	11,795
Materials and Supplies	28,903	28,903	20,756	8,147
Contractual Services	31,707	31,707	22,283	9,424
Capital Outlay	11,624	11,624	7,742	3,882
Total Avon Seniors	267,690	267,690	234,442	33,248
Planning Commission:				
Personal Services	174,237	196,503	180,414	16,089
Materials and Supplies	2,143	4,050	2,985	1,065
Contractual Services	16,470	22,750	19,954	2,796
Other	821	2,000	850	1,150
Total Planning Commission	\$193,671	\$225,303	\$204,203	\$21,100

(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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Cemetery:				
Contractual Services	\$2,500	\$2,500	\$1,425	\$1,075
Building Inspector:				
Personal Services	592,815	661,765	614,860	46,905
Materials and Supplies	27,538	51,412	29,899	21,513
Contractual Services	90,659	135,432	104,337	31,095
Capital Outlay	52,349	63,740	57,818	5,922
Other	311	2,500	322	2,178
Total Building Inspector	763,672	914,849	807,236	107,613
Safety Director/Zoning Officer:				
Personal Services	65,418	69,695	67,737	1,958
Materials and Supplies	145	150	150	0
Contractual Services	97	2,250	100	2,150
Total Safety Director/Zoning Officer	65,660	72,095	67,987	4,108
Total Community Environment	1,293,193	1,482,437	1,315,293	167,144
Leisure Time Activities:				
Community Center:				
Personal Services	15,630	15,630	15,578	52
Materials and Supplies	1,000	1,000	901	99
Contractual Services	3,255	3,255	2,686	569
Other	245	245	245	0
Total Leisure Time Activities	20,130	20,130	19,410	720
<i>Total Expenditures</i>	4,170,592	5,145,673	4,512,587	633,086
<i>Excess of Revenues Over Expenditures</i>	4,459,091	4,904,853	5,788,699	883,846
Other Financing Sources (Uses)				
Advances In	615,404	735,000	735,000	0
Advances Out	(856,629)	(887,000)	(887,000)	0
Transfers In	5,401,113	193,219	193,219	0
Transfers Out	(11,574,213)	(5,855,263)	(5,769,570)	85,693
Total Other Financing Sources (Uses)	(6,414,325)	(5,814,044)	(5,728,351)	85,693
<i>Net Change in Fund Balance</i>	(1,955,234)	(909,191)	60,348	969,539
<i>Fund Balance Beginning of Year</i>	4,501,735	4,501,735	4,501,735	0
Prior Year Encumbrances Appropriated	77,104	77,104	77,104	0
<i>Fund Balance End of Year</i>	\$2,623,605	\$3,669,648	\$4,639,187	\$969,539

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$3,349,881	\$3,662,483	\$3,662,483	\$0
Charges for Services	419,262	246,780	458,386	211,606
Miscellaneous	5,857	6,404	6,404	0
<i>Total Revenues</i>	<u>3,775,000</u>	<u>3,915,667</u>	<u>4,127,273</u>	<u>211,606</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Personal Services	3,503,499	3,604,943	3,576,793	28,150
Materials and Supplies	159,887	182,489	166,570	15,919
Contractual Services	238,539	286,493	245,166	41,327
<i>Total Expenditures</i>	<u>3,901,925</u>	<u>4,073,925</u>	<u>3,988,529</u>	<u>85,396</u>
<i>Net Change in Fund Balance</i>	(126,925)	(158,258)	138,744	297,002
<i>Fund Balance Beginning of Year</i>	506,907	506,907	506,907	0
Prior Year Encumbrances Appropriated	<u>12,719</u>	<u>12,719</u>	<u>12,719</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$392,701</u>	<u>\$361,368</u>	<u>\$658,370</u>	<u>\$297,002</u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$1,228,309	\$1,245,257	\$1,245,257	\$0
Intergovernmental	913,078	925,677	1,008,362	82,685
Interest	5,311	5,384	3,498	(1,886)
Miscellaneous	1,074	2,987	8,415	5,428
<i>Total Revenues</i>	2,147,772	2,179,305	2,265,532	86,227
Expenditures				
Current:				
Transportation:				
Street Department:				
Personal Services	1,092,680	1,178,715	1,113,397	65,318
Materials and Supplies	735,411	793,315	567,519	225,796
Contractual Services	204,472	220,572	150,375	70,197
Capital Outlay	336,003	366,396	359,748	6,648
Total Transportation	2,368,566	2,558,998	2,191,039	367,959
Basic Utilities Services:				
Drainage:				
Materials and Supplies	56,597	56,597	18,437	38,160
Contractual Services	1,282	1,282	1,282	0
Total Basic Utilities Services	57,879	57,879	19,719	38,160
Debt Service:				
Principal Retirement	111,241	120,000	120,000	0
Interest and Fiscal Charges	64,149	69,200	64,147	5,053
Total Debt Service	175,390	189,200	184,147	5,053
<i>Total Expenditures</i>	2,601,835	2,806,077	2,394,905	411,172
<i>Net Change in Fund Balance</i>	(454,063)	(626,772)	(129,373)	497,399
<i>Fund Balance Beginning of Year</i>	1,021,768	1,021,768	1,021,768	0
Prior Year Encumbrances Appropriated	185,431	185,431	185,431	0
<i>Fund Balance End of Year</i>	\$753,136	\$580,427	\$1,077,826	\$497,399

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$622,261	\$626,450	\$626,450	\$0
Municipal Income Taxes	543,608	547,267	547,267	0
Fines and Forfeitures	2,483	2,500	1,420	(1,080)
Intergovernmental	74,603	75,105	75,105	0
Miscellaneous	190,803	192,088	36,170	(155,918)
<i>Total Revenues</i>	<u>1,433,758</u>	<u>1,443,410</u>	<u>1,286,412</u>	<u>(156,998)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	4,397,267	4,397,267	4,155,900	241,367
Materials and Supplies	287,348	287,348	249,108	38,240
Contractual Services	385,445	385,445	366,196	19,249
<i>Total Expenditures</i>	<u>5,070,060</u>	<u>5,070,060</u>	<u>4,771,204</u>	<u>298,856</u>
<i>Excess of Revenues Under Expenditures</i>	(3,636,302)	(3,626,650)	(3,484,792)	141,858
Other Financing Sources				
Transfers In	3,476,597	3,500,000	3,500,000	0
<i>Net Change in Fund Balance</i>	(159,705)	(126,650)	15,208	141,858
<i>Fund Balance Beginning of Year</i>	428,220	428,220	428,220	0
Prior Year Encumbrances Appropriated	56,551	56,551	56,551	0
<i>Fund Balance End of Year</i>	<u>\$325,066</u>	<u>\$358,121</u>	<u>\$499,979</u>	<u>\$141,858</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Charges for Services	\$1,823,432	\$1,771,081	\$1,799,644	\$28,563
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Material and Supplies	6,613	6,500	5,824	676
Debt Service:				
Principal Retirement	1,633,348	1,525,401	1,545,337	(19,936)
Interest and Fiscal Charges	1,910,191	1,957,508	1,964,922	(7,414)
Total Debt Service	3,543,539	3,482,909	3,510,259	(27,350)
<i>Total Expenditures</i>	3,550,152	3,489,409	3,516,083	(26,674)
<i>Excess of Revenues Under Expenditures</i>	(1,726,720)	(1,718,328)	(1,716,439)	1,889
Other Financing Sources (Uses)				
Premium on General Obligation Bonds Issued	267,213	238,915	238,915	0
Premium on General Obligation Notes Issued	80,955	72,382	72,382	0
Transfers In	1,813,528	1,480,628	1,480,628	0
Transfers Out	(55,957)	(55,000)	(18,337)	36,663
<i>Total Other Financing Sources (Uses)</i>	2,105,739	1,736,925	1,773,588	36,663
<i>Net Change in Fund Balance</i>	379,019	18,597	57,149	38,552
<i>Fund Balance Beginning of Year</i>	44,968	44,968	44,968	0
<i>Fund Balance End of Year</i>	\$423,987	\$63,565	\$102,117	\$38,552

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Special Assessments	\$457,220	\$517,879	\$517,879	\$0
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement:				
Contractual Services	23,331	23,500	23,469	31
Debt Service:				
Principal Retirement	351,916	354,464	354,459	5
Interest and Fiscal Charges	90,977	91,636	91,636	0
Total Debt Service	442,893	446,100	446,095	5
<i>Total Expenditures</i>	466,224	469,600	469,564	36
<i>Excess of Revenues Over (Under) Expenditures</i>	(9,004)	48,279	48,315	36
Other Financing Uses				
Transfers Out	(17,096)	(17,220)	(16,185)	1,035
<i>Net Change in Fund Balance</i>	(26,100)	31,059	32,130	1,071
<i>Fund Balance Beginning of Year</i>	237,256	237,256	237,256	0
<i>Fund Balance End of Year</i>	\$211,156	\$268,315	\$269,386	\$1,071

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$4,148	\$4,700	\$4,619	(\$81)
Miscellaneous	346	385	385	0
<i>Total Revenues</i>	4,494	5,085	5,004	(81)
Expenditures				
Capital Outlay:				
I-90 Interchange:				
Capital Outlay	5,948,717	6,578,801	6,578,801	0
Debt Service:				
Principal Retirement	22,424,783	24,800,000	24,800,000	0
Interest and Fiscal Charges	219,908	243,200	243,200	0
<i>Total Expenditures</i>	28,593,408	31,622,001	31,622,001	0
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(28,588,914)	(31,616,916)	(31,616,997)	(81)
Other Financing Sources (Uses)				
General Obligation Notes Issued	16,788,647	18,695,000	18,695,000	0
General Obligation Bonds Issued	5,365,253	6,335,000	6,335,000	0
Special Assessment Bonds Issued	3,175,000	3,175,000	3,175,000	0
Advances In	516,367	575,000	575,000	0
Advances Out	(587,746)	(650,000)	(650,000)	0
<i>Total Other Financing Sources (Uses)</i>	25,257,521	28,130,000	28,130,000	0
Special Item				
I-90 Interchange Project	(8,253,011)	(9,127,164)	(9,068,267)	58,897
<i>Net Change in Fund Balance</i>	(11,584,404)	(12,614,080)	(12,555,264)	58,816
<i>Fund Balance Beginning of Year</i>	939,224	939,224	939,224	0
Prior Year Encumbrances Appropriated	11,694,260	11,694,260	11,694,260	0
<i>Fund Balance End of Year</i>	\$1,049,080	\$19,404	\$78,220	\$58,816

City of Avon, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$2,706,253	\$2,751,851	\$2,649,007	(\$102,844)
Interest	1,390	1,413	1,413	0
Other Operating Revenues	119,456	119,868	119,903	35
General Obligation Bonds Issued	2,111,540	2,152,136	2,152,136	0
Special Assessment Bonds Issued	297,864	297,864	297,864	0
<i>Total Revenues</i>	<u>5,236,503</u>	<u>5,323,132</u>	<u>5,220,323</u>	<u>(102,809)</u>
Expenses				
Personal Services	489,895	538,810	513,572	25,238
Materials and Supplies	1,495,625	1,644,962	1,502,453	142,509
Contractual Services	326,922	359,565	336,907	22,658
Other	20,912	23,000	22,065	935
Capital Outlay	1,510,714	1,661,557	1,361,709	299,848
Debt Service:				
Principal Retirement	2,669,821	2,936,400	2,916,551	19,849
Interest and Fiscal Charges	74,476	81,912	72,813	9,099
<i>Total Expenses</i>	<u>6,588,365</u>	<u>7,246,206</u>	<u>6,726,070</u>	<u>520,136</u>
<i>Excess of Revenues Under Expenses Before Advances and Transfers</i>	(1,351,862)	(1,923,074)	(1,505,747)	417,327
Advances Out	(45,461)	(50,000)	(50,000)	0
Transfers In	84,365	55,272	55,272	0
Transfers Out	(87,605)	(99,620)	(99,620)	0
<i>Net Change in Fund Equity</i>	(1,400,563)	(2,017,422)	(1,600,095)	417,327
<i>Fund Equity Beginning of Year</i>	3,177,123	3,177,123	3,177,123	0
Prior Year Encumbrances Appropriated	1,078,655	1,078,655	1,078,655	0
<i>Fund Equity End of Year</i>	<u>\$2,855,215</u>	<u>\$2,238,356</u>	<u>\$2,655,683</u>	<u>\$417,327</u>

City of Avon, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$1,905,461	\$1,725,221	\$1,681,328	(\$43,893)
Interest	835	760	760	0
Other	3,694	3,361	3,361	0
General Obligation Bonds Issued	1,403,569	1,198,102	1,198,102	0
Special Assessment Bonds Issued	876,898	876,898	876,898	0
<i>Total Revenues</i>	<u>4,190,457</u>	<u>3,804,342</u>	<u>3,760,449</u>	<u>(43,893)</u>
Expenses				
Personal Services	543,918	528,925	499,383	29,542
Materials and Supplies	536,931	491,131	370,242	120,889
Contractual Services	126,790	323,295	305,222	18,073
Other	6,684	6,500	3,802	2,698
Capital Outlay	652,857	665,862	665,862	0
Debt Service:				
Principal Retirement	2,500,234	2,431,318	2,431,289	29
Interest and Fiscal Charges	43,581	42,380	41,987	393
<i>Total Expenses</i>	<u>4,410,995</u>	<u>4,489,411</u>	<u>4,317,787</u>	<u>171,624</u>
<i>Excess of Revenues Under Expenses Before Advances and Transfers</i>	(220,538)	(685,069)	(557,338)	127,731
Advances Out	(35,992)	(35,000)	(35,000)	0
Transfers In	209,913	15,319	18,337	3,018
Transfers Out	(591,299)	(199,319)	0	199,319
<i>Net Change in Fund Equity</i>	(637,916)	(904,069)	(574,001)	330,068
<i>Fund Equity Beginning of Year</i>	2,791,682	2,791,682	2,791,682	0
Prior Year Encumbrances Appropriated	516,888	516,888	516,888	0
<i>Fund Equity End of Year</i>	<u>\$2,670,654</u>	<u>\$2,404,501</u>	<u>\$2,734,569</u>	<u>\$330,068</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Miscellaneous	\$0	\$50	\$50	\$0
Expenditures				
Current:				
Community Environment:				
Recycling:				
Personal Services	6,000	6,000	5,994	6
Material and Supplies	4,508	4,508	4,120	388
Contractual Services	115,940	115,940	111,878	4,062
<i>Total Expenditures</i>	126,448	126,448	121,992	4,456
<i>Excess of Revenues Under Expenditures</i>	(126,448)	(126,398)	(121,942)	4,456
Other Financing Sources				
Transfers In	130,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	3,552	(26,398)	(21,942)	4,456
<i>Fund Balance Beginning of Year</i>	32,515	32,515	32,515	0
Prior Year Encumbrances Appropriated	508	508	508	0
<i>Fund Balance End of Year</i>	\$36,575	\$6,625	\$11,081	\$4,456

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$59,877	\$60,471	\$66,367	\$5,896
Interest	594	600	490	(110)
<i>Total Revenues</i>	<u>60,471</u>	<u>61,071</u>	<u>66,857</u>	<u>5,786</u>
Expenditures				
Current:				
Transportation:				
State Highway:				
Material and Supplies	2,746	2,746	547	2,199
Contractual Services	88,474	88,474	0	88,474
<i>Total Expenditures</i>	<u>91,220</u>	<u>91,220</u>	<u>547</u>	<u>90,673</u>
<i>Net Change in Fund Balance</i>	(30,749)	(30,149)	66,310	96,459
<i>Fund Balance Beginning of Year</i>	144,227	144,227	144,227	0
Prior Year Encumbrances Appropriated	<u>11,220</u>	<u>11,220</u>	<u>11,220</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$124,698</u></u>	<u><u>\$125,298</u></u>	<u><u>\$221,757</u></u>	<u><u>\$96,459</u></u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$101,846	\$101,846	\$102,177	\$331
Interest	0	10	4	(6)
Miscellaneous	0	0	967	967
<i>Total Revenues</i>	101,846	101,856	103,148	1,292
Expenditures				
Current:				
Transportation:				
Permissive Tax:				
Contractual Services	185,658	185,658	164,605	21,053
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(83,812)	(83,802)	(61,457)	22,345
Other Financing Sources				
Transfers In	80,000	80,000	80,000	0
<i>Net Change in Fund Balance</i>	(3,812)	(3,802)	18,543	22,345
<i>Fund Balance Beginning of Year</i>	36,545	36,545	36,545	0
<i>Fund Balance End of Year</i>	\$32,733	\$32,743	\$55,088	\$22,345

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeitures	\$3,000	\$3,000	\$3,860	\$860
Expenditures				
Current:				
Capital Outlay:				
Mayor's Court Computer:				
Capital Outlay	25,000	25,000	15,767	9,233
<i>Net Change in Fund Balance</i>	(22,000)	(22,000)	(11,907)	10,093
<i>Fund Balance Beginning of Year</i>	87,619	87,619	87,619	0
<i>Fund Balance End of Year</i>	<u>\$65,619</u>	<u>\$65,619</u>	<u>\$75,712</u>	<u>\$10,093</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$90,000	\$100,437	\$101,568	\$1,131
Expenditures				
Current:				
Leisure Time Activities:				
Recreation Department:				
Personal Services	32,808	32,808	28,042	4,766
Materials and Supplies	3,250	3,250	3,246	4
Contractual Services	18,767	18,767	16,861	1,906
Other	1,000	1,000	60	940
Total Recreation Department	55,825	55,825	48,209	7,616
Adult Volleyball:				
Materials and Supplies	1,000	3,000	112	2,888
Men's Basketball:				
Materials and Supplies	500	500	0	500
Youth Basketball:				
Materials and Supplies	15,000	15,000	14,932	68
Little Eagles:				
Materials and Supplies	9,000	9,000	8,295	705
Tennis Camp				
Materials and Supplies	5,000	5,000	5,000	0
Adult Softball:				
Materials and Supplies	3,000	3,000	2,294	706
Little Scientist:				
Materials and Supplies	2,300	2,300	0	2,300
Youth Baseball:				
Materials and Supplies	6,000	6,000	5,230	770
T-Ball:				
Materials and Supplies	7,500	7,500	5,085	2,415
Flag Football:				
Materials and Supplies	\$10,000	\$10,000	\$9,843	\$157

(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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Safety Town:				
Materials and Supplies	\$6,500	\$6,500	\$6,227	\$273
Fishing:				
Materials and Supplies	1,200	1,200	1,200	0
Youth Football:				
Materials and Supplies	9,000	9,000	9,000	0
Running Club:				
Materials and Supplies	3,000	3,000	1,400	1,600
Fitness Camp:				
Materials and Supplies	4,000	4,000	4,000	0
Theater:				
Materials and Supplies	2,500	2,500	2,500	0
Educational:				
Materials and Supplies	4,000	4,000	3,915	85
<i>Total Expenditures</i>	<u>145,325</u>	<u>147,325</u>	<u>127,242</u>	<u>20,083</u>
<i>Net Change in Fund Balance</i>	(55,325)	(46,888)	(25,674)	21,214
<i>Fund Balance Beginning of Year</i>	62,953	62,953	62,953	0
Prior Year Encumbrances Appropriated	<u>17</u>	<u>17</u>	<u>17</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,645</u>	<u>\$16,082</u>	<u>\$37,296</u>	<u>\$21,214</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$285,930	\$294,928	\$294,929	\$1
Intergovernmental	35,471	36,587	36,587	0
Miscellaneous	5,286	5,452	30,927	25,475
<i>Total Revenues</i>	<u>326,687</u>	<u>336,967</u>	<u>362,443</u>	<u>25,476</u>
Expenditures				
Current:				
Leisure Time Activities:				
Park Operating:				
Personal Services	509,104	524,420	509,776	14,644
Materials and Supplies	73,830	76,051	72,573	3,478
Contractual Services	149,871	154,380	141,003	13,377
Capital Outlay	98,124	101,076	61,951	39,125
Other	49	50	50	0
<i>Total Expenditures</i>	<u>830,978</u>	<u>855,977</u>	<u>785,353</u>	<u>70,624</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(504,291)	(519,010)	(422,910)	96,100
Other Financing Sources				
Transfers In	508,983	525,000	525,000	0
<i>Net Change in Fund Balance</i>	4,692	5,990	102,090	96,100
<i>Fund Balance Beginning of Year</i>	148,556	148,556	148,556	0
Prior Year Encumbrances Appropriated	5,574	5,574	5,574	0
<i>Fund Balance End of Year</i>	<u>\$158,822</u>	<u>\$160,120</u>	<u>\$256,220</u>	<u>\$96,100</u>

City of Avon, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Development Fund
For the Year Ended December 31, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Licenses and Permits	\$48,920	\$123,520	\$125,520	\$2,000
Expenditures				
Current:				
Leisure Time Activities:				
Park Development:				
Contractual Services	7,720	14,300	14,060	240
Capital Outlay	181,557	336,300	323,608	12,692
Total Leisure Time Activities	189,277	350,600	337,668	12,932
Debt Service:				
Principal Retirement	51,921	96,173	96,000	173
Interest and Fiscal Charges	23,494	43,519	42,655	864
Total Debt Service	75,415	139,692	138,655	1,037
<i>Total Expenditures</i>	264,692	490,292	476,323	13,969
<i>Excess of Revenues Under Expenditures</i>	(215,772)	(366,772)	(350,803)	15,969
Other Financing Sources				
Transfers In	84,080	212,300	212,300	0
<i>Net Change in Fund Balance</i>	(131,692)	(154,472)	(138,503)	15,969
<i>Fund Balance Beginning of Year</i>	117,494	117,494	117,494	0
Prior Year Encumbrances Appropriated	125,000	125,000	125,000	0
<i>Fund Balance End of Year</i>	\$110,802	\$88,022	\$103,991	\$15,969

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Miscellaneous	\$1,000	\$1,000	\$587	(\$413)
Expenditures				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Contractual Services	<u>2,519</u>	<u>2,519</u>	<u>1,685</u>	<u>834</u>
<i>Net Change in Fund Balance</i>	(1,519)	(1,519)	(1,098)	421
<i>Fund Balance Beginning of Year</i>	7,542	7,542	7,542	0
Prior Year Encumbrances Appropriated	<u>19</u>	<u>19</u>	<u>19</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,042</u></u>	<u><u>\$6,042</u></u>	<u><u>\$6,463</u></u>	<u><u>\$421</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$76,686	\$68,829	\$68,829	\$0
Intergovernmental	9,088	8,157	8,157	0
<i>Total Revenues</i>	<u>85,774</u>	<u>76,986</u>	<u>76,986</u>	<u>0</u>
Expenditures				
Current:				
General Government:				
Contractual Services	1,500	1,500	1,030	470
Debt Service:				
Principal Retirement	70,000	70,000	70,000	0
Interest and Fiscal Charges	11,113	11,113	11,113	0
<i>Total Debt Service</i>	<u>81,113</u>	<u>81,113</u>	<u>81,113</u>	<u>0</u>
<i>Total Expenditures</i>	<u>82,613</u>	<u>82,613</u>	<u>82,143</u>	<u>470</u>
<i>Net Change in Fund Balance</i>	3,161	(5,627)	(5,157)	470
<i>Fund Balance Beginning of Year</i>	<u>34,761</u>	<u>34,761</u>	<u>34,761</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$37,922</u></u>	<u><u>\$29,134</u></u>	<u><u>\$29,604</u></u>	<u><u>\$470</u></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, 2012*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Payment in Lieu of Taxes	\$1,055,663	\$2,150,075	\$2,150,075	\$0
Expenditures				
Current:				
General Government	<u>620,427</u>	<u>1,418,623</u>	<u>1,407,414</u>	<u>11,209</u>
<i>Excess of Revenues Over Expenditures</i>	435,236	731,452	742,661	11,209
Other Financing Uses				
Transfers Out	<u>(325,571)</u>	<u>(744,426)</u>	<u>(740,000)</u>	<u>4,426</u>
<i>Net Change in Fund Balance</i>	109,665	(12,974)	2,661	15,635
<i>Fund Balance Beginning of Year</i>	<u>16,130</u>	<u>16,130</u>	<u>16,130</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$125,795</u></u>	<u><u>\$3,156</u></u>	<u><u>\$18,791</u></u>	<u><u>\$15,635</u></u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$534,352	\$569,678	\$569,678	\$0
Intergovernmental	69,426	74,016	74,016	0
Miscellaneous	42,434	25,722	45,239	19,517
<i>Total Revenues</i>	<u>646,212</u>	<u>669,416</u>	<u>688,933</u>	<u>19,517</u>
Expenditures				
Capital Outlay:				
Equipment:				
Materials and Supplies	5,063	5,000	4,896	104
Contractual Services	3,731	4,100	3,608	492
Capital Outlay	1,056,399	1,056,093	1,051,357	4,736
<i>Total Expenditures</i>	<u>1,065,193</u>	<u>1,065,193</u>	<u>1,059,861</u>	<u>5,332</u>
<i>Net Change in Fund Balance</i>	(418,981)	(395,777)	(370,928)	24,849
<i>Fund Balance Beginning of Year</i>	1,581,625	1,581,625	1,581,625	0
Prior Year Encumbrances Appropriated	81,093	81,093	81,093	0
<i>Fund Balance End of Year</i>	<u>\$1,243,737</u>	<u>\$1,266,941</u>	<u>\$1,291,790</u>	<u>\$24,849</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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$10,000	\$18,000	\$18,911	\$911
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	10,000	18,000	18,911	911
<i>Fund Balance Beginning of Year</i>	<u>548</u>	<u>548</u>	<u>548</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,548</u></u>	<u><u>\$18,548</u></u>	<u><u>\$19,459</u></u>	<u><u>\$911</u></u>

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, 2012

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Intergovernmental	\$117,112	\$110,124	\$110,124	\$0
Interest	18	17	17	0
Miscellaneous	1,075	1,040	1,040	0
<i>Total Revenues</i>	<u>118,205</u>	<u>111,181</u>	<u>111,181</u>	<u>0</u>
Expenditures				
Capital Outlay:				
Road and Bridge Programs:				
Capital Outlay	2,341,013	2,429,463	1,914,186	515,277
Debt Service:				
Principal Retirement	1,662,197	1,725,000	1,725,000	0
Interest and Fiscal Charges	8,456	8,775	8,775	0
<i>Total Debt Service</i>	<u>1,670,653</u>	<u>1,733,775</u>	<u>1,733,775</u>	<u>0</u>
<i>Total Expenditures</i>	<u>4,011,666</u>	<u>4,163,238</u>	<u>3,647,961</u>	<u>515,277</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	<u>(3,893,461)</u>	<u>(4,052,057)</u>	<u>(3,536,780)</u>	<u>515,277</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	1,233,883	1,175,392	1,175,392	0
Special Assessment Bonds Issued	559,608	559,608	559,608	0
OPWC Loans Issued	97,167	97,167	97,167	0
Advances In	322,518	312,000	312,000	0
Transfers In	1,032,619	998,942	998,942	0
Transfers Out	(161,417)	(167,516)	(167,516)	0
<i>Total Other Financing Sources (Uses)</i>	<u>3,084,378</u>	<u>2,975,593</u>	<u>2,975,593</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(809,083)	(1,076,464)	(561,187)	515,277
<i>Fund Balance Beginning of Year</i>	531,232	531,232	531,232	0
Prior Year Encumbrances Appropriated	734,933	734,933	734,933	0
<i>Fund Balance End of Year</i>	<u>\$457,082</u>	<u>\$189,701</u>	<u>\$704,978</u>	<u>\$515,277</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Land Purchases:				
Capital Outlay	11,405	23,539	16,355	7,184
Debt Service:				
Principal Retirement	1,569,295	1,520,000	1,520,000	0
Interest and Fiscal Charges	19,559	18,945	15,153	3,792
Total Debt Service	1,588,854	1,538,945	1,535,153	3,792
<i>Total Expenditures</i>	1,600,259	1,562,484	1,551,508	10,976
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(1,600,259)	(1,562,484)	(1,551,508)	10,976
Other Financing Sources				
General Obligation Bonds Issued	1,540,000	1,500,000	1,500,000	0
Transfers In	7,500	7,500	7,500	0
<i>Total Other Financing Sources</i>	1,547,500	1,507,500	1,507,500	0
<i>Net Change in Fund Balance</i>	(52,759)	(54,984)	(44,008)	10,976
<i>Fund Balance Beginning of Year</i>	81,794	81,794	81,794	0
Prior Year Encumbrances Appropriated	2,800	2,800	2,800	0
<i>Fund Balance End of Year</i>	\$31,835	\$29,610	\$40,586	\$10,976

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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Improvements:				
Capital Outlay	1,556	13,756	7,834	5,922
<i>Excess of Revenues Under Expenditures</i>	(1,556)	(13,756)	(7,834)	5,922
Other Financing Sources				
Transfers In	10,000	10,000	10,000	0
<i>Net Change in Fund Balance</i>	8,444	(3,756)	2,166	5,922
<i>Fund Balance Beginning of Year</i>	3,777	3,777	3,777	0
<i>Fund Balance End of Year</i>	\$12,221	\$21	\$5,943	\$5,922

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Storm Sewers:				
Capital Outlay	171,967	165,463	86,871	78,592
Debt Service:				
Principal Retirement	836,643	805,000	805,000	0
Interest and Fiscal Charges	102	98	98	0
Total Debt Service	836,745	805,098	805,098	0
<i>Total Expenditures</i>	1,008,712	970,561	891,969	78,592
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(1,008,712)	(970,561)	(891,969)	78,592
Other Financing Sources				
General Obligation Notes Issued	850,000	795,000	795,000	0
<i>Net Change in Fund Balance</i>	(158,712)	(175,561)	(96,969)	78,592
<i>Fund Balance Beginning of Year</i>	17,500	17,500	17,500	0
Prior Year Encumbrances Appropriated	158,063	158,063	158,063	0
<i>Fund Balance End of Year</i>	\$16,851	\$2	\$78,594	\$78,592

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Rentals	\$380,000	\$380,000	\$391,088	\$11,088
Miscellaneous	3,000	3,000	3,000	0
<i>Total Revenues</i>	383,000	383,000	394,088	11,088
Expenditures				
Capital Outlay:				
Municipal Buildings:				
Capital Outlay	405,065	428,711	428,664	47
<i>Net Change in Fund Balance</i>	(22,065)	(45,711)	(34,576)	11,135
<i>Fund Balance Beginning of Year</i>	45,744	45,744	45,744	0
Prior Year Encumbrances Appropriated	25,065	25,065	25,065	0
<i>Fund Balance End of Year</i>	\$48,744	\$25,098	\$36,233	\$11,135

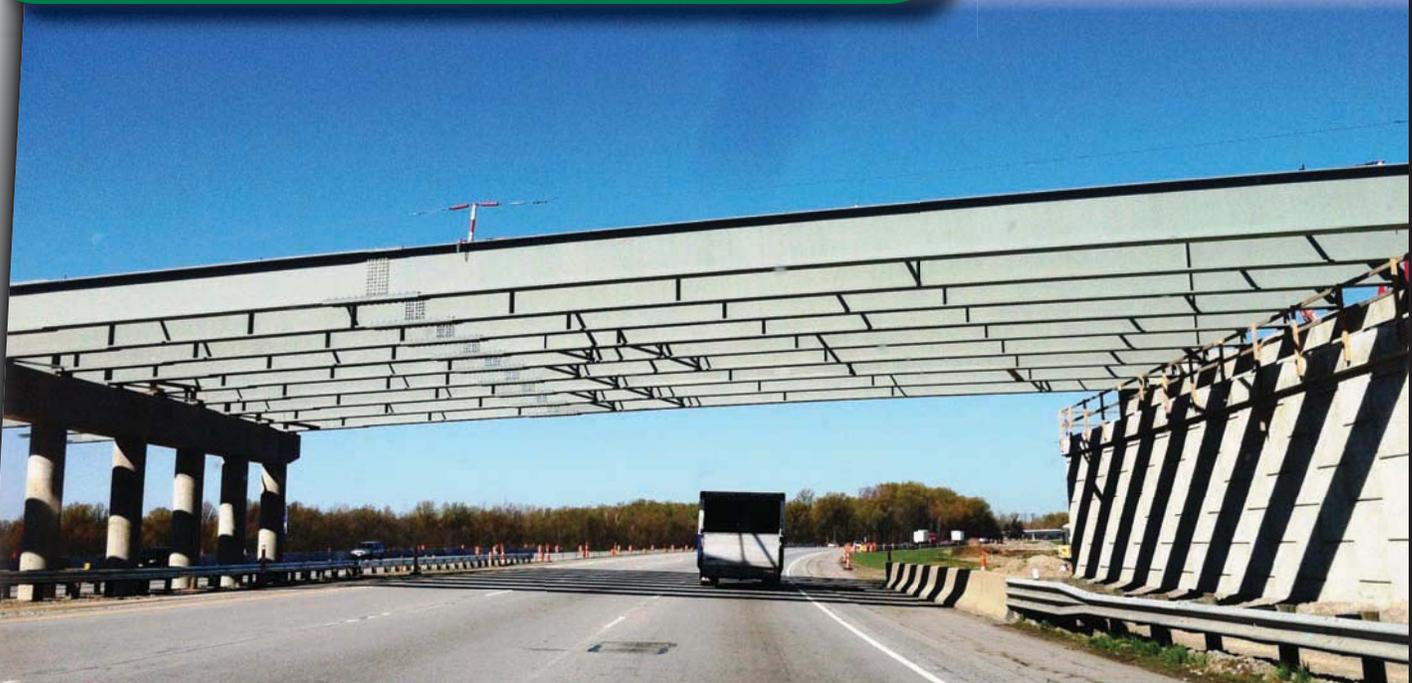
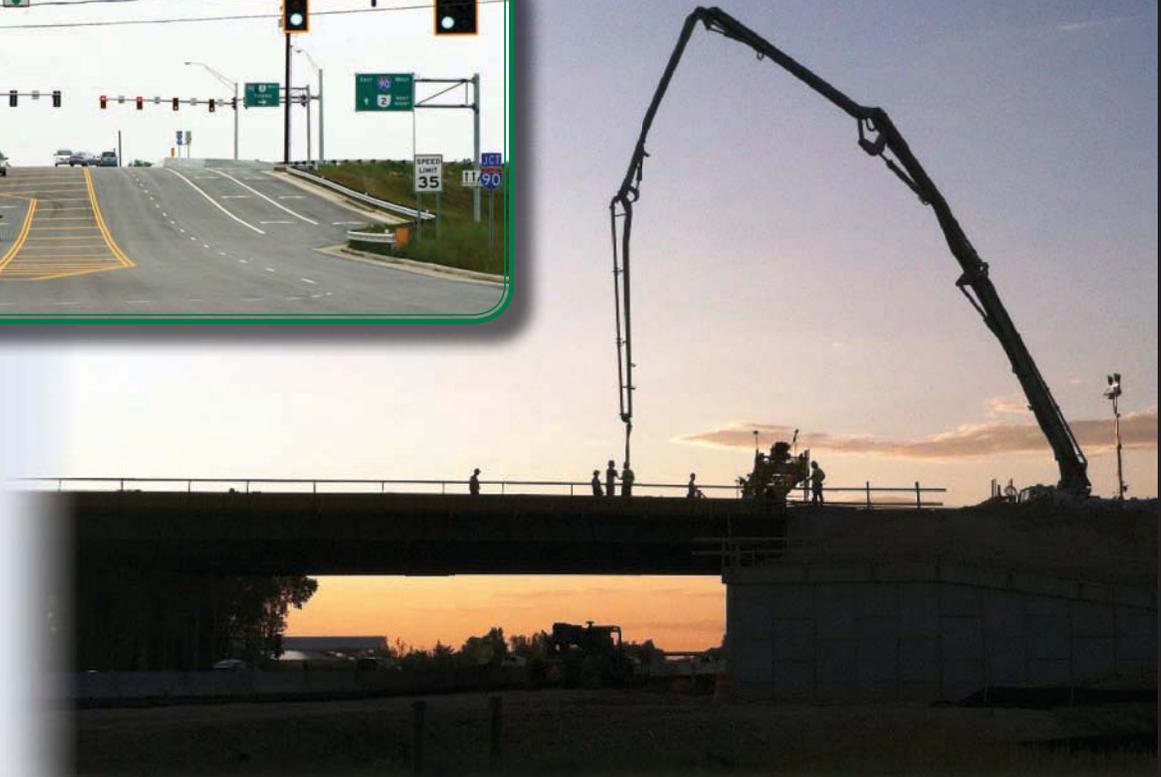
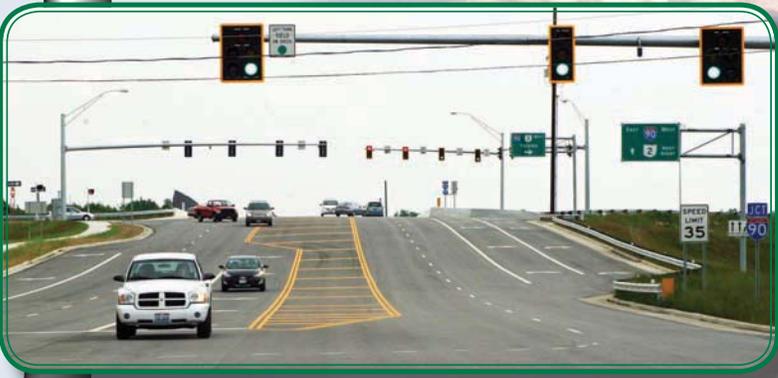
City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Complex Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$1,344,000	\$1,444,000	\$1,518,078	\$74,078
Expenditures				
General Government:				
Recreation Complex:				
Capital Outlay	950,000	1,010,444	1,010,444	0
<i>Excess of Revenues Over Expenditures</i>	394,000	433,556	507,634	74,078
Other Financing Uses				
Transfers Out	(539,659)	(706,638)	(669,970)	36,668
<i>Net Change in Fund Balance</i>	(145,659)	(273,082)	(162,336)	110,746
<i>Fund Balance Beginning of Year</i>	381,405	381,405	381,405	0
<i>Fund Balance End of Year</i>	\$235,746	\$108,323	\$219,069	\$110,746

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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Leisure Time Activities:				
Stadium Marquee:				
Capital Outlay	15,000	508,876	492,523	16,353
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(15,000)	(508,876)	(492,523)	16,353
Other Financing Sources				
Transfers In	12,500	312,500	300,000	(12,500)
<i>Net Change in Fund Balance</i>	(2,500)	(196,376)	(192,523)	3,853
<i>Fund Balance Beginning of Year</i>	208,876	208,876	208,876	0
<i>Fund Balance End of Year</i>	<u>\$206,376</u>	<u>\$12,500</u>	<u>\$16,353</u>	<u>\$3,853</u>

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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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2-S13
Revenue Capacity 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.	S14-S25
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S26-S32
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S33-S37
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S38-S43

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)

	2012	2011	2010	2009	2008
Governmental Activities					
Net Investment in Capital Assets	\$42,052,213	\$48,907,059	\$54,276,654	\$46,612,947	\$47,659,906
Restricted:					
Capital Projects	2,865,172	1,890,372	0	1,129,478	0
Debt Service	5,139,122	2,015,083	1,347,716	1,445,051	1,714,977
Fire Department	1,035,146	710,228	376,263	1,297,579	1,876,277
Street Construction, Maintenance and Repair	1,471,867	1,440,649	1,760,913	1,368,224	1,072,610
Other Purposes	665,960	44,024	488,915	849,084	936,764
Unrestricted (Deficit)	(7,415,865)	(8,747,905)	(1,799,650)	6,779,793	5,976,457
<i>Total Governmental Activities</i>					
<i>Net Position</i>	<u>45,813,615</u>	<u>46,259,510</u>	<u>56,450,811</u>	<u>59,482,156</u>	<u>59,236,991</u>
Business Type - Activities					
Net Investment in Capital Assets	25,871,513	29,636,176	26,368,440	27,616,704	27,306,773
Unrestricted	<u>5,481,758</u>	<u>(182,452)</u>	<u>3,170,654</u>	<u>3,559,010</u>	<u>3,980,420</u>
<i>Total Business-Type Activities</i>					
<i>Net Position</i>	<u>31,353,271</u>	<u>29,453,724</u>	<u>29,539,094</u>	<u>31,175,714</u>	<u>31,287,193</u>
Primary Government					
Net Investment in Capital Assets	67,923,726	78,543,235	80,645,094	74,229,651	74,966,679
Restricted	11,177,267	6,100,356	3,973,807	6,089,416	5,600,628
Unrestricted	<u>(1,934,107)</u>	<u>(8,930,357)</u>	<u>1,371,004</u>	<u>10,338,803</u>	<u>9,956,877</u>
<i>Total Primary Government Net Position</i>	<u>\$77,166,886</u>	<u>\$75,713,234</u>	<u>\$85,989,905</u>	<u>\$90,657,870</u>	<u>\$90,524,184</u>

2007	2006	2005	2004	2003
\$50,184,764	\$50,319,254	\$48,545,323	\$43,240,483	\$39,981,775
2,474,044	2,213,629	3,231,787	5,411,319	2,124,737
2,255,097	1,407,892	1,444,688	2,339,940	2,156,992
3,369,930	2,613,979	1,884,793	815,856	2,275,314
836,575	734,079	752,640	906,927	1,051,272
884,183	1,034,770	1,235,143	988,785	754,244
2,488,208	2,805,147	771,107	(58,200)	745,443
62,492,801	61,128,750	57,865,481	53,645,110	49,089,777
25,494,999	24,570,995	23,504,509	20,753,823	17,442,509
5,272,777	6,414,575	6,767,325	6,200,193	7,082,882
30,767,776	30,985,570	30,271,834	26,954,016	24,525,391
75,679,763	74,890,249	72,049,832	63,994,306	57,424,284
9,819,829	8,004,349	8,549,051	10,462,827	8,362,559
7,760,985	9,219,722	7,538,432	6,141,993	7,828,325
\$93,260,577	\$92,114,320	\$88,137,315	\$80,599,126	\$73,615,168

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

	2012	2011	2010	2009
Program Revenues				
Governmental Activities:				
Charges for Services and Operating Assessments:				
General Government	\$6,766,870	\$1,628,202	\$1,122,652	\$1,420,788
Security of Persons and Property	488,240	1,816	2,340	1,771
Transportation	95,000	0	0	0
Community Environment	885,991	394,643	457,238	429,764
Basic Utility Services	18,911	0	0	20,052
Leisure Time Activities	234,889	221,838	272,808	219,656
Subtotal - Charges for Services	<u>8,489,901</u>	<u>2,246,499</u>	<u>1,855,038</u>	<u>2,092,031</u>
Operating Grants and Contributions:				
General Government	7,851	9,033	150,827	8,810
Security of Persons and Property	75,479	10,448	230,744	150,203
Transportation	1,177,492	1,112,132	1,239,397	1,178,652
Community Environment	0	11,955	87,280	81,575
Basic Utility Services	0	0	0	0
Leisure Time Activities	24,594	21,675	65,314	56,530
Subtotal - Operating Grants and Contributions	<u>1,285,416</u>	<u>1,165,243</u>	<u>1,773,562</u>	<u>1,475,770</u>
Capital Grants and Contributions:				
General Government	74,772	325,251	0	105,407
Security of Persons and Property	0	0	0	0
Transportation	110,124	246,075	0	1,142,925
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Subtotal - Capital Grants and Contributions	<u>184,896</u>	<u>571,326</u>	<u>0</u>	<u>1,248,332</u>
<i>Total Governmental Activities Program Revenues</i>	<u>9,960,213</u>	<u>3,983,068</u>	<u>3,628,600</u>	<u>4,816,133</u>
Business-Type Activities:				
Charges for Services:				
Water	3,170,442	2,105,969	2,613,627	2,007,943
Sewer	2,738,682	1,644,692	1,356,918	1,628,898
Subtotal - Charges for Services	<u>5,909,124</u>	<u>3,750,661</u>	<u>3,970,545</u>	<u>3,636,841</u>
Capital Grants and Contributions				
Water	87,805	77,010	0	0
Sewer	185,721	63,408	310,925	453,148
Subtotal - Capital Grants and Contributions	<u>273,526</u>	<u>140,418</u>	<u>310,925</u>	<u>453,148</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>6,182,650</u>	<u>3,891,079</u>	<u>4,281,470</u>	<u>4,089,989</u>
<i>Total Primary Government Program Revenues</i>	<u>\$16,142,863</u>	<u>\$7,874,147</u>	<u>\$7,910,070</u>	<u>\$8,906,122</u>

2008	2007	2006	2005	2004	2003
\$1,109,333	\$2,058,970	\$367,172	\$1,186,202	\$1,343,467	\$1,068,732
88,885	11,871	10,213	10,036	9,223	37,214
0	0	50	750	530	20
470,431	555,772	1,272,496	681,953	839,327	558,460
30,219	450	16,828	32,247	34,000	52,556
296,925	333,573	365,727	454,726	461,048	365,797
1,995,793	2,960,636	2,032,486	2,365,914	2,687,595	2,082,779
131,238	51,326	0	0	0	0
175,872	101,026	0	32,081	30,565	17,148
1,382,026	1,017,795	991,097	860,389	763,940	561,904
163,341	70,429	70,429	68,001	100,527	113,505
150,000	0	0	0	0	0
56,496	20,246	42,815	13,893	17,982	2,784
2,058,973	1,260,822	1,104,341	974,364	913,014	695,341
0	0	0	22,480	0	0
0	0	0	0	22,078	60,000
0	0	1,816,365	3,988,681	5,163,299	6,709,012
0	0	0	217,267	0	0
0	0	0	573,019	0	209,514
0	0	0	0	0	80,000
0	0	1,816,365	4,801,447	5,185,377	7,058,526
4,054,766	4,221,458	4,953,192	8,141,725	8,785,986	9,836,646
2,144,366	2,350,121	2,137,300	2,258,379	2,046,470	1,962,762
1,322,418	1,267,601	1,143,598	1,021,487	826,192	769,285
3,466,784	3,617,722	3,280,898	3,279,866	2,872,662	2,732,047
507,811	121,800	276,477	1,540,005	1,290,440	612,910
587,409	242,036	406,870	2,012,709	2,243,380	2,712,519
1,095,220	363,836	683,347	3,552,714	3,533,820	3,325,429
4,562,004	3,981,558	3,964,245	6,832,580	6,406,482	6,057,476
\$8,616,770	\$8,203,016	\$8,917,437	\$14,974,305	\$15,192,468	\$15,894,122

(continued)

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

	2012	2011	2010	2009
Expenses				
<i>Governmental Activities:</i>				
General Government	\$5,244,263	\$4,525,898	\$4,349,901	\$3,042,622
Security of Persons and Property	9,315,052	8,769,685	8,611,264	7,948,875
Transportation	6,284,978	4,150,279	6,025,615	5,140,893
Community Environment	1,521,616	1,320,973	1,236,395	1,406,060
Basic Utility Services	618,381	682,667	862,479	495,523
Leisure Time Activities	1,432,240	1,464,779	1,104,319	1,130,300
Interest and Fiscal Charges	2,688,373	2,300,130	2,211,663	1,669,318
<i>Total Governmental Activities Expenses</i>	<u>27,104,903</u>	<u>23,214,411</u>	<u>24,401,636</u>	<u>20,833,591</u>
<i>Business-Type Activities</i>				
Water	3,239,898	2,338,775	3,924,685	2,392,503
Sewer	1,142,172	1,662,416	1,871,978	2,127,598
<i>Total Business-Type Activities Expenses</i>	<u>4,382,070</u>	<u>4,001,191</u>	<u>5,796,663</u>	<u>4,520,101</u>
<i>Total Primary Government Program Expenses</i>	<u>31,486,973</u>	<u>27,215,602</u>	<u>30,198,299</u>	<u>25,353,692</u>
Net (Expense)/Revenue				
Governmental Activities	(17,144,690)	(19,231,343)	(20,773,036)	(16,017,458)
Business-Type Activities	1,800,580	(110,112)	(1,515,193)	(430,112)
<i>Total Primary Government Net Expense</i>	<u>(\$15,344,110)</u>	<u>(\$19,341,455)</u>	<u>(\$22,288,229)</u>	<u>(\$16,447,570)</u>

2008	2007	2006	2005	2004	2003
\$2,968,222	\$2,269,262	\$2,739,914	\$1,919,159	\$1,935,275	\$1,695,377
7,572,725	6,789,884	5,739,141	5,462,030	4,532,738	3,932,378
6,638,018	4,449,451	3,824,122	5,285,670	4,470,599	3,288,035
1,680,851	1,256,537	1,272,107	1,395,945	1,222,720	1,091,550
848,296	430,858	419,887	379,953	395,185	22,007
1,217,094	829,313	1,173,141	811,918	1,052,267	1,131,505
1,761,494	757,830	671,474	619,472	522,343	479,473
<u>22,686,700</u>	<u>16,783,135</u>	<u>15,839,786</u>	<u>15,874,147</u>	<u>14,131,127</u>	<u>11,640,325</u>
2,594,517	2,757,452	1,505,362	2,235,003	2,630,729	1,852,642
1,725,241	2,008,071	2,224,019	1,548,860	1,442,009	1,228,483
<u>4,319,758</u>	<u>4,765,523</u>	<u>3,729,381</u>	<u>3,783,863</u>	<u>4,072,738</u>	<u>3,081,125</u>
<u>27,006,458</u>	<u>21,548,658</u>	<u>19,569,167</u>	<u>19,658,010</u>	<u>18,203,865</u>	<u>14,721,450</u>
(18,631,934)	(12,561,677)	(10,886,594)	(7,732,422)	(5,345,141)	(1,803,679)
242,246	(783,965)	234,864	3,048,717	2,333,744	2,976,351
<u>(\$18,389,688)</u>	<u>(\$13,345,642)</u>	<u>(\$10,651,730)</u>	<u>(\$4,683,705)</u>	<u>(\$3,011,397)</u>	<u>\$1,172,672</u>

(continued)

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

	2012	2011	2010	2009
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$1,612,249	\$1,566,237	\$1,496,579	\$1,520,272
Streets	1,268,453	1,228,341	1,223,635	1,268,806
Police	637,761	629,793	613,253	411,556
Police Pension	0	0	0	198,297
Park Operating	300,430	293,924	289,808	297,378
Library Bond Retirement	69,927	74,421	78,640	72,822
Equipment	580,310	568,618	559,583	559,752
Other Purposes	0	0	0	0
Debt Service	0	0	0	0
Capital Projects	0	0	0	0
Municipal Income Taxes levied for:				
General Purposes	6,336,213	5,478,107	4,692,358	4,726,399
Police	564,936	143,118	0	0
Fire Department	3,839,955	4,164,144	3,386,770	3,343,630
Recreation Complex	1,613,687	1,413,615	1,179,680	1,172,927
Grants and Entitlements not Restricted to				
Specific Programs	1,537,673	1,223,337	1,837,467	979,590
Investment Earnings	154,534	64,712	293,374	315,399
Payment in Lieu of Taxes	2,150,075	1,701,068	1,319,031	668,139
Gain on Sale of Capital Assets	0	0	0	0
Net Gain on the Loss of Impaired Asset	0	0	0	0
Miscellaneous	302,223	453,527	607,322	1,165,347
<i>Total Governmental Activities</i>	<u>20,968,426</u>	<u>19,002,962</u>	<u>17,577,500</u>	<u>16,700,314</u>
Business-Type Activities				
Investment Earnings	1,714	3,818	8,309	7,499
Miscellaneous	123,264	2,696	34,455	16,746
<i>Total Business-Type Activities</i>	<u>124,978</u>	<u>6,514</u>	<u>42,764</u>	<u>24,245</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>21,093,404</u>	<u>19,009,476</u>	<u>17,620,264</u>	<u>16,724,559</u>
Transfers				
Governmental Activities	26,011	(18,228)	164,191	(294,388)
Business-Type Activities	(26,011)	18,228	(164,191)	294,388
Special Item				
I-90 Interchange Project	(4,295,642)	(9,944,692)	0	0
Change in Net Position				
Governmental Activities	(445,895)	(10,191,301)	(3,031,345)	388,468
Business-Type Activities	1,899,547	(85,370)	(1,636,620)	(111,479)
<i>Total Primary Government Change in Net Position</i>	<u>\$1,453,652</u>	<u>(\$10,276,671)</u>	<u>(\$4,667,965)</u>	<u>\$276,989</u>

2008	2007	2006	2005	2004	2003
\$1,520,015	\$1,543,962	\$1,333,155	\$1,217,503	\$1,037,165	\$870,500
776,504	806,201	788,160	725,131	654,620	693,349
433,011	464,321	461,994	431,013	391,964	0
198,262	201,386	173,609	153,362	0	0
244,631	251,185	244,487	222,397	0	0
71,874	86,093	98,426	85,628	0	0
575,854	414,954	405,525	372,103	0	0
0	0	0	0	343,569	660,143
0	0	0	0	79,395	83,291
0	0	0	0	336,020	356,914
4,639,884	4,326,837	4,933,050	4,278,546	3,643,042	4,019,591
0	0	0	0	0	0
3,519,526	3,466,344	3,155,090	3,204,104	2,223,953	2,727,351
1,256,991	0	0	0	0	0
1,139,985	940,842	1,257,304	404,963	507,009	275,722
865,425	1,151,966	1,001,612	541,233	525,863	291,920
0	0	0	0	0	0
0	0	0	0	0	647,650
0	0	0	203,748	0	0
185,009	501,637	297,451	218,412	178,207	96,670
15,426,971	14,155,728	14,149,863	12,058,143	9,920,807	10,723,101
49,163	261,204	423,066	109,830	44,133	27,272
33,858	74,967	55,806	53,921	30,415	44,801
83,021	336,171	478,872	163,751	74,548	72,073
15,509,992	14,491,899	14,628,735	12,221,894	9,995,355	10,795,174
(194,150)	(230,000)	0	18,533	(20,333)	3,627
194,150	230,000	0	(18,533)	20,333	(3,627)
0	0	0	0	0	0
(3,399,113)	1,364,051	3,263,269	4,344,254	4,555,333	8,923,049
519,417	(217,794)	713,736	3,193,935	2,428,625	3,044,797
(\$2,879,696)	\$1,146,257	\$3,977,005	\$7,538,189	\$6,983,958	\$11,967,846

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

	2012	2011	2010	2009
General Fund				
Nonspendable	\$1,170,558	\$1,250,272	\$25,615	\$23,773
Restricted	0	0	974,616	973,798
Assigned	1,742,480	107,024	83,948	50,844
Unassigned	6,058,076	7,509,648	8,632,072	6,854,374
Reserved	N/A	N/A	N/A	N/A
Unreserved	N/A	N/A	N/A	N/A
Total General Fund	8,971,114	8,866,944	9,716,251	7,902,789
All Other Governmental Funds				
Nonspendable	201,058	178,349	166,340	151,638
Restricted	6,180,850	4,539,257	8,171,553	8,058,375
Committed	497,513	565,102	186,029	598,223
Assigned	683,639	39,389	86,605	214,528
Unassigned (Deficit)	(18,792,013)	(18,668,420)	(10,782,800)	(159,044)
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)	(11,228,953)	(13,346,323)	(2,172,273)	8,863,720
Total Governmental Funds (Deficit)	(\$2,257,839)	(\$4,479,379)	\$7,543,978	\$16,766,509

Note: During 2010, the City implemented GASB 54.

2008	2007	2006	2005	2004	2003
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$178,261	\$189,529	\$170,059	\$27,802	\$47,714	\$31,677
6,319,932	6,577,416	6,558,172	5,556,819	4,692,475	4,618,368
6,498,193	6,766,945	6,728,231	5,584,621	4,740,189	4,650,045
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
25,344,685	3,799,554	1,171,829	1,001,146	3,468,055	2,721,875
3,083,916	3,990,801	3,579,484	3,096,126	2,266,290	3,259,084
643,228	531,928	371,855	369,923	1,239,564	34,992
1,684,436	(347,899)	986,929	(320,766)	411,653	914,847
30,756,265	7,974,384	6,110,097	4,146,429	7,385,562	6,930,798
\$37,254,458	\$14,741,329	\$12,838,328	\$9,731,050	\$12,125,751	\$11,580,843

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

	2012	2011	2010	2009
Revenues				
Property Taxes	\$4,388,175	\$4,506,378	\$4,248,951	\$4,330,690
Payment in Lieu of Taxes	2,150,075	1,701,068	1,319,031	668,139
Municipal Income Taxes	12,036,712	10,555,273	9,710,548	9,378,759
Charges for Services	3,018,040	811,160	617,297	903,298
Licenses and Permits	770,884	742,571	1,090,059	745,232
Fines and Forfeitures	399,610	203,505	147,987	115,165
Intergovernmental	2,953,599	3,286,920	3,296,064	3,672,996
Special Assessments	481,394	410,752	249,816	240,379
Interest	154,534	64,712	293,374	315,399
Contributions and Donations	0	625	5,000	6,575
Rentals	391,088	380,000	380,000	328,361
Miscellaneous	302,223	453,527	227,322	1,165,347
<i>Total Revenues</i>	<u>27,046,334</u>	<u>23,116,491</u>	<u>21,585,449</u>	<u>21,870,340</u>
Expenditures				
Current:				
General Government	4,528,308	3,644,554	3,451,160	2,824,337
Security of Persons and Property	8,751,701	8,403,805	7,834,770	7,526,545
Transportation	2,235,594	2,474,040	2,035,160	1,982,203
Community Environment	1,439,019	1,268,823	1,204,080	1,386,408
Basic Utility Services	8,587	46,497	15,286	14,838
Leisure Time Activities	1,272,269	1,350,087	840,942	986,909
Capital Outlay	10,969,183	3,816,253	11,799,587	23,767,231
Debt Service:				
Principal Retirement	2,051,057	7,530,941	7,326,169	40,432,357
Interest and Fiscal Charges	2,380,527	2,363,849	2,191,887	2,009,751
Bond Issuance Costs	206,242	178,073	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
<i>Total Expenditures</i>	<u>33,842,487</u>	<u>31,076,922</u>	<u>36,699,041</u>	<u>80,930,579</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(6,796,153)</u>	<u>(7,960,431)</u>	<u>(15,113,592)</u>	<u>(59,060,239)</u>
Other Financing Sources (Uses)				
Current Refunding Bonds Issued	0	2,620,000	0	0
Sale of Capital Assets	0	0	0	0
Bonds Issued	0	0	0	32,890,000
Insurance Recovery	0	0	0	0
Refunding Notes Issued	0	0	0	0
Payment to Refund Notes	0	0	0	0
General Obligation Bonds Issued	11,575,392	5,760,000	0	0
Refunding Principal	0	0	0	0
Special Assessment Bonds Issued	3,734,608	0	0	0
Notes Issued	0	0	5,675,000	5,600,000
Loans Received	97,167	0	0	0
Bond Premium	536,863	133,036	0	376,678
Payment to Refunded Bond Escrow Agent	(2,656,706)	(2,613,042)	0	0
Note Premium	0	0	51,870	0
Transfers In	8,410,863	9,652,720	11,341,838	8,676,343
Transfers Out	(8,384,852)	(9,670,948)	(11,177,647)	(8,970,731)
<i>Total Other Financing Sources (Uses)</i>	<u>13,313,335</u>	<u>5,881,766</u>	<u>5,891,061</u>	<u>38,572,290</u>
Special Item	(4,295,642)	(9,944,692)	0	0
<i>Net Change in Fund Balances</i>	<u>\$2,221,540</u>	<u>(\$12,023,357)</u>	<u>(\$9,222,531)</u>	<u>(\$20,487,949)</u>
Debt Service as a Percentage of Noncapital Expenditures	17.9%	37.1%	33.4%	73.2%

2008	2007	2006	2005	2004	2003
\$3,854,146	\$3,702,610	\$3,451,462	\$3,214,250	\$2,778,596	\$2,671,095
0	0	0	0	0	0
9,294,659	7,681,269	7,688,999	7,437,862	6,434,671	6,181,819
814,606	832,369	711,413	383,550	437,346	516,302
974,480	1,068,752	1,268,486	1,640,246	1,913,733	1,282,688
206,707	212,817	183,256	335,448	329,848	277,121
3,581,433	2,137,538	2,293,477	2,117,906	1,350,819	1,270,445
243,986	227,188	202,342	196,332	188,089	184,848
853,783	1,151,966	1,001,612	541,233	525,863	291,920
40,650	0	0	230	1,762	85,775
0	0	0	0	0	0
185,009	501,637	297,451	218,412	178,207	96,670
20,049,459	17,516,146	17,098,498	16,085,469	14,138,934	12,858,683
2,664,209	2,169,720	2,247,763	1,830,143	1,632,580	1,740,913
7,134,465	6,268,041	5,513,657	5,197,175	4,257,571	3,468,294
1,632,598	1,649,383	1,649,507	1,650,577	1,463,490	1,101,163
1,282,138	1,239,252	1,275,204	1,321,262	1,125,113	920,261
99,491	22,410	24,473	19,997	26,022	22,007
1,071,323	1,134,764	1,058,069	609,671	783,976	705,439
20,549,738	7,163,756	3,566,729	4,853,222	4,799,799	3,827,534
7,729,043	1,205,994	575,200	524,442	404,039	361,333
1,354,369	581,977	575,686	645,962	574,113	495,534
0	0	59,145	0	0	0
0	0	585	0	0	0
43,517,374	21,435,297	16,546,018	16,652,451	15,066,703	12,642,478
(23,467,915)	(3,919,151)	552,480	(566,982)	(927,769)	216,205
0	(1,100,000)	0	0	0	0
0	0	0	0	0	1,097,650
6,910,000	0	2,675,000	0	0	0
0	0	0	203,748	0	0
0	0	0	200,000	0	0
0	0	0	(2,250,000)	(3,870,000)	(1,870,000)
0	0	0	0	2,614,000	1,590,000
0	0	(200,000)	0	0	0
0	0	0	0	0	0
39,120,000	6,910,000	1,700,000	0	2,600,000	3,870,000
145,194	242,152	0	0	0	45,000
0	0	27,558	0	11,000	0
0	0	(1,647,760)	0	(131,990)	0
0	0	0	0	0	0
14,475,111	6,912,643	6,110,550	6,125,523	7,088,602	5,604,836
(14,669,261)	(7,142,643)	(6,110,550)	(6,106,990)	(7,108,935)	(5,601,209)
45,981,044	5,822,152	2,554,798	(1,827,719)	1,202,677	4,736,277
0	0	0	0	0	0
\$22,513,129	\$1,903,001	\$3,107,278	(\$2,394,701)	\$274,908	\$4,952,482
33.8%	11.5%	9.9%	11.9%	13.6%	30.5%

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
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
2006	453,889,000	138,900,170	1,693,683,343	10,162,370	11,548,148
2005	408,693,210	115,980,310	1,499,067,200	10,714,700	12,175,795
2004	367,405,730	100,851,970	1,337,879,143	10,960,870	12,455,534
2003	305,013,530	76,136,110	1,088,998,971	10,647,860	12,099,841

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

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was phased out beginning in 2006.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Lorain County, Ohio; County Auditor

Tangible Personal Property

General Business		Total		Ratio	Total Direct Tax Rate (mills)	Weighted Average (mills)
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
\$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	7.10
34,724,120	277,792,960	747,082,240	2,295,626,569	32.54	9.47	6.44
37,150,490	198,135,947	640,102,030	1,903,367,436	33.63	9.47	6.28
34,856,395	151,549,543	570,244,615	1,662,792,538	34.29	9.48	6.85
30,871,010	134,221,783	510,089,580	1,484,556,460	34.36	9.35	6.97
25,843,840	107,682,667	417,641,340	1,208,781,479	34.55	9.40	5.04

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

	2012	2011	2010	2009
Unvoted Millage				
Operating	\$2.30000	\$2.30000	\$2.30000	\$2.30000
Police Pension	0.30000	0.30000	0.30000	0.30000
<i>Total Unvoted Millage</i>	2.60000	2.60000	2.60000	2.60000
Voted Millage - by levy				
1994 Bond	0.0800	0.1000	0.1200	0.1100
2002 Fire - 5 years (2)				
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Residential/Agricultural Real	0.4098	0.3759	0.3771	0.3622
Commercial/Industrial and Public Utility Real	0.2600	0.2690	0.3160	0.3187
1996 Library				
General Business and Public Utility Personal	1.2000	1.2000	1.2000	1.2000
Residential/Agricultural Real	0.6113	0.5606	0.5625	0.5403
Commercial/Industrial and Public Utility Real	0.4880	0.5129	0.6025	0.6076
2008 Park & Recreation - 5 years (3)				
General Business and Public Utility Personal	0.4500	0.4500	0.4500	0.4500
Residential/Agricultural Real	0.4500	0.4485	0.4500	0.4495
Commercial/Industrial and Public Utility Real	0.3490	0.3668	0.4309	0.4345
1984 Police				
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Residential/Agricultural Real	0.6022	0.5523	0.5541	0.5323
Commercial/Industrial and Public Utility Real	0.6634	0.6972	0.8190	0.8259
2007 Police - 10 years (4)				
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Residential/Agricultural Real	0.5000	0.4984	0.5000	0.4957
Commercial/Industrial and Public Utility Real	0.3878	0.4076	0.4788	0.4828
2008 Street Improvement - 10 years (5)				
General Business and Public Utility Personal	1.9000	1.9000	1.9000	1.9000
Residential/Agricultural Real	1.9000	1.8938	1.9000	1.8979
Commercial/Industrial and Public Utility Real	1.4736	1.5488	1.8193	1.8347
<i>Total Voted Millage by Type of Property</i>				
General Business and Public Utility Personal	6.63000	6.65000	6.67000	6.66000
Residential/Agricultural Real	4.55330	4.42947	4.46370	4.38790
Commercial/Industrial and Public Utility Real	3.70180	3.90234	4.58650	4.61421
<i>Total Millage by Type of Property</i>				
General Business and Public Utility Personal	9.23000	9.25000	9.27000	9.26000
Residential/Agricultural Real	7.15330	7.02947	7.06370	6.98790
Commercial/Industrial and Public Utility Real	6.30180	6.50234	7.18650	7.21421
<i>Total Weighted Average Tax Rate</i>				
	6.99000	6.93000	7.12000	7.07000

2008	2007	2006	2005	2004	2003
\$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
0.1100	0.1700	0.1700	0.1800	0.2000	0.2500
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.3627	0.4103	0.4217	0.4349	0.4876	0.3206
0.3300	0.3769	0.3985	0.4133	0.4724	0.3972
1.2000	1.2000	1.2000	1.2000	1.2000	1.2000
0.5409	0.6119	0.6289	0.6486	0.7273	0.7458
0.6292	0.7186	0.7599	0.7879	0.9007	0.9533
0.5000	0.5000	0.5000	0.5000	0.3500	0.3500
0.3719	0.4207	0.4324	0.4459	0.2785	0.2855
0.3493	0.3989	0.4218	0.4374	0.2627	0.2780
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
0.5329	0.6028	0.6195	0.6389	0.7164	0.7346
0.8553	0.9768	1.0329	1.0711	1.2244	1.2959
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.4963	0.2630	0.2704	0.2788	0.3126	0.3206
0.5000	0.2994	0.3166	0.3283	0.3753	0.3972
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
1.1835	1.3388	1.3760	1.4191	1.5912	1.6316
1.0486	1.1976	1.2664	1.3132	1.5012	1.5888
4.31000	3.87000	3.87000	3.88000	3.90000	3.95000
2.04273	1.79500	1.84010	1.90240	2.13130	2.05100
2.42452	2.24230	2.36130	2.45230	2.79750	2.89640
6.91000	6.47000	6.47000	6.48000	6.50000	6.55000
4.64273	4.39500	4.44010	4.50240	4.73130	4.65100
5.02452	4.84230	4.96130	5.05230	5.39750	5.49640
7.10000	6.44000	6.28000	6.85000	6.97000	5.04000

(continued)

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

	2012	2011	2010	2009
<i>Overlapping Rates by Taxing District</i>				
Avon Local School District				
General Business and Public Utility Personal	\$57.2800	\$56.5700	\$50.4900	\$50.4400
Residential/Agricultural Real	41.9729	39.8338	33.8055	33.1312
Commercial/Industrial and Public Utility Real	39.7042	39.0337	33.0959	33.0539
Lorain County Voted Millage				
General Business and Public Utility Personal	13.6550	13.6900	13.3900	13.3900
Residential/Agricultural Real	12.8534	12.2226	11.5346	10.9380
Commercial/Industrial and Public Utility Real	12.5193	12.4841	11.9718	11.8436
Special Taxing Districts (1)				
General Business and Public Utility Personal	3.4500	3.4500	3.4500	3.4500
Residential/Agricultural Real	3.3161	3.1184	3.1154	2.9949
Commercial/Industrial and Public Utility Real	2.9847	2.9779	3.0120	2.9847

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.

- (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.

2008	2007	2006	2005	2004	2003
\$50.4900	\$43.7000	\$42.1000	\$37.2200	\$38.0100	\$37.0500
33.1825	26.5292	24.9620	20.1200	20.9100	19.9501
33.2053	26.4900	24.9555	20.1200	20.9100	20.4623
13.3900	13.4900	13.1900	12.8900	12.8900	12.8900
10.9618	12.1746	10.7597	10.1212	10.5495	10.6199
11.9061	12.7798	12.0306	11.6676	11.9922	12.0564
3.4500	3.4500	3.4500	3.4500	3.4500	3.4500
2.9975	2.6080	2.6148	2.6222	2.6927	2.6990
3.0056	2.7675	2.7831	2.7967	2.8769	2.9046

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

Tax Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections
2011	\$4,931,999	\$4,858,738	98.51 %	\$93,250
2010	5,208,709	5,509,845	105.78	35,867
2009	4,935,250	4,667,972	94.58	94,251
2008	4,936,187	4,675,241	94.71	144,098
2007	4,311,718	3,851,783	89.33	140,881
2006	4,118,715	3,697,890	89.78	127,526
2005	3,550,966	3,495,653	98.44	65,689
2004	3,216,199	3,127,969	97.26	49,128
2003	2,995,687	2,877,724	96.06	60,579
2002	2,486,377	2,431,912	97.81	56,519

Source: Lorain County, Ohio; County Auditor

Note: The County does not identify delinquent collections by the year for which the tax was levied.

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

<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$4,951,988	100.41%	\$148,792	3.02%
5,545,712	106.47	73,805	1.42
4,762,223	96.49	231,539	4.69
4,819,339	97.63	190,617	3.86
3,992,664	92.60	268,151	6.22
3,825,416	92.88	309,555	7.52
3,561,342	100.29	121,001	3.41
3,177,097	98.78	129,729	4.03
2,938,303	98.08	137,819	4.60
2,488,431	100.08	66,901	2.69

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

2012		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Real Property Assessed Valuation
First Interstate Avon, LTD.	\$17,907,050	2.35 %
SIR Properties Trust	9,710,516	1.27
AERC Avon	6,822,431	0.90
V & V Lakeshore LTD.	4,755,559	0.62
Chester Properties	4,336,147	0.57
First Interstate Avon	4,188,608	0.55
Lowes Home Center, Inc.	3,952,890	0.52
Timberlake Apartments	3,849,321	0.51
Wal Mart Real Estate Business Trust	3,817,881	0.50
Comprehensive Healthcare	3,661,609	0.48
Total	\$63,002,012	8.27 %
Total Real Property Assessed Valuation	\$761,882,600	

2004		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Real Property Assessed Valuation
First Interstate Avon, LTD.	\$15,011,340	3.21 %
AERC Avon	6,919,500	1.48
Comprehensive Healthcare	6,037,500	1.29
F I BJS	4,457,640	0.95
Manco Incorporated	3,932,730	0.84
Timberlake Apartments	3,827,180	0.82
JS Avon North	3,073,990	0.65
Caravan Golf Company	2,648,290	0.56
Avon Oaks Country Club	2,197,590	0.47
David Kirschenbaum (Good Samaritan)	1,999,180	0.43
Total	\$50,104,940	10.70 %
Total Real Property Assessed Valuation	\$468,257,700	

Source: Lorain County, Ohio; County Auditor

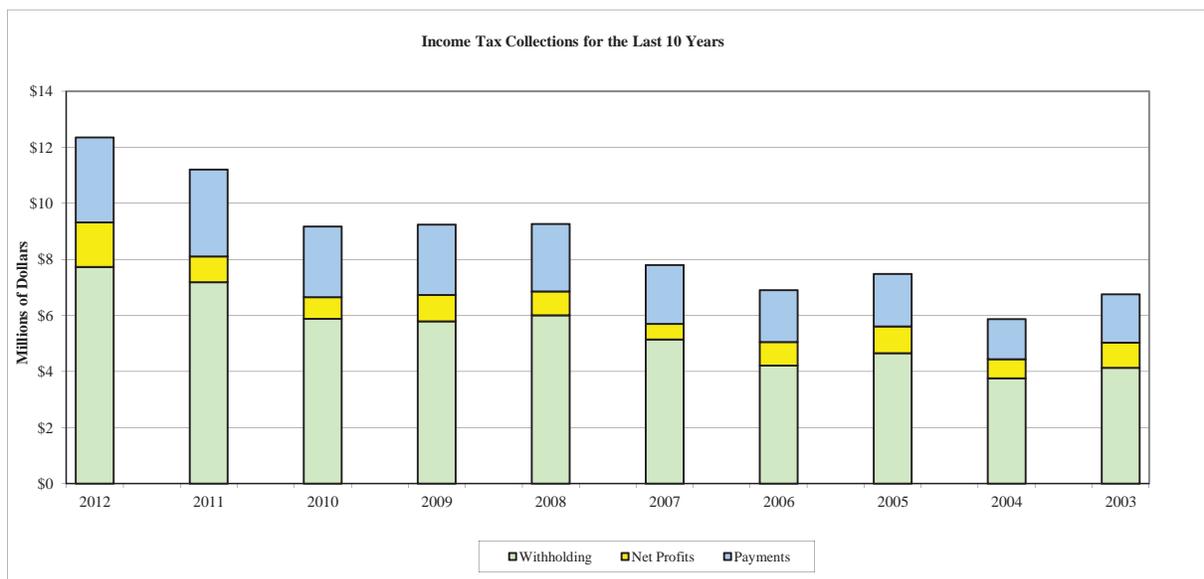
(1) The amounts presented represent the assessed values upon which 2012 and 2003 collections were based.

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

Tax 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
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	7,184,148	64.15	916,077	8.18	3,098,759	27.67
2010	1.75	9,258,808	5,873,788	63.44	776,814	8.39	2,516,544	27.18
2009	1.75	9,242,956	5,792,561	62.67	940,933	10.18	2,509,463	27.15
2008	1.75	9,416,401	6,006,449	63.79	845,059	8.97	2,413,019	25.63
2007	1.50	7,793,181	5,139,025	65.94	561,016	7.20	2,093,140	26.86
2006	1.50	8,088,140	4,209,739	56.26	838,805	11.21	1,854,201	24.78
2005	1.50	7,482,650	4,650,467	62.15	960,024	12.83	1,872,159	25.02
2004	1.50	5,866,995	3,754,290	63.99	676,465	11.53	1,436,240	24.48
2003	1.50	6,746,942	4,131,827	61.24	895,994	13.28	1,719,121	25.48

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

Tax Year	Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
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>	
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	<u>2,370</u>	35.21	<u>440,989,347</u>	71.25
	Total	<u>6,730</u>		<u>\$618,926,260</u>	
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	<u>2,251</u>	33.72	<u>400,195,682</u>	68.86
	Total	<u>6,674</u>		<u>\$581,130,726</u>	
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	<u>2,203</u>	33.07	<u>377,157,371</u>	67.49
	Total	<u>6,661</u>		<u>\$558,810,159</u>	
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	<u>2,062</u>	31.46	<u>348,394,384</u>	65.75
	Total	<u>6,555</u>		<u>\$529,954,869</u>	
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	<u>1,878</u>	30.49	<u>326,560,796</u>	65.56
	Total	<u>6,160</u>		<u>\$498,159,891</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
2005	\$0 - 24,999	1,666	28.43 %	\$15,728,218	3.35 %
2005	25,000 - 49,999	909	15.51	33,990,464	7.23
2005	50,000 - 74,999	882	15.05	55,326,557	11.78
2005	75,000 - 99,999	827	14.11	72,287,420	15.39
2005	Over 100,000	<u>1,577</u>	26.91	<u>292,492,967</u>	62.26
	Total	<u>5,861</u>		<u>\$469,825,626</u>	
2004	\$0 - 24,999	1,636	29.15 %	\$14,815,608	3.91 %
2004	25,000 - 49,999	900	16.03	31,741,150	8.38
2004	50,000 - 74,999	857	15.27	51,278,424	13.53
2004	75,000 - 99,999	795	14.16	66,822,259	17.63
2004	Over 100,000	<u>1,425</u>	25.39	<u>214,276,863</u>	56.55
	Total	<u>5,613</u>		<u>\$378,934,304</u>	
2003	\$0 - 24,999	1,535	29.96 %	\$14,383,257	4.33 %
2003	25,000 - 49,999	845	16.49	30,316,444	9.12
2003	50,000 - 74,999	831	16.22	49,714,424	14.95
2003	75,000 - 99,999	741	14.46	62,547,823	18.81
2003	Over 100,000	<u>1,172</u>	22.87	<u>175,541,667</u>	52.79
	Total	<u>5,124</u>		<u>\$332,503,615</u>	
2002	\$0 - 24,999	1,394	29.30 %	\$12,651,259	4.27 %
2002	25,000 - 49,999	866	18.20	30,643,037	10.35
2002	50,000 - 74,999	810	17.02	48,550,536	16.39
2002	75,000 - 99,999	677	14.23	57,253,860	19.33
2002	Over 100,000	<u>1,011</u>	21.25	<u>147,086,590</u>	49.66
	Total	<u>4,758</u>		<u>\$296,185,282</u>	

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, 2012, year 2012 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)	Governmental Activities Debt				
				General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Bond Anticipation Notes	
2012	\$59,049,585	2.70 %	\$2,786.28	\$55,348,374	\$6,125,921	\$263,028	\$0	
2011	47,759,093	2.16	2,253.53	47,407,470	2,720,771	182,336	0	
2010	43,406,999	2.03	2,048.18	42,987,841	2,959,042	198,811	5,726,870	
2009	44,931,915	2.09	2,496.22	44,441,334	3,208,858	215,286	5,600,000	
2008	12,809,258	0.58	1,117.15	12,251,682	3,449,237	223,523	39,120,000	
2007	7,008,741	0.31	\$611.26	6,717,363	2,866,244	242,044	6,910,000	
2006	7,438,804	0.39	\$648.77	7,096,708	3,073,713	13,500	1,700,000	
2005	6,809,227	0.41	\$593.86	6,412,213	3,263,227	22,500	2,873,650	
2004	7,013,499	0.47	\$611.68	6,565,767	3,596,389	56,540	3,805,000	
2003	4,787,189	0.40	\$417.51	4,283,189	3,777,810	90,580	3,870,000	
Business-Type Activities Debt								
Year	General Obligation Bonds	Special Assessment Bonds	Avon Lake Debt	Bond Anticipation Notes	OWDA Loans	Total Debt (3)	Percentage of Personal Income (2)	Per Capita (2)
2012	\$3,701,211	\$1,174,762	\$684,008	\$0	\$38,610	\$67,335,914	9.20 %	\$3,177
2011	351,623	0	821,698	0	173,081	51,656,979	7.06	2,437
2010	419,158	0	952,191	0	301,923	53,545,836	7.32	2,527
2009	490,581	0	1,074,817	0	425,464	55,456,340	10.87	3,081
2008	557,576	0	683,979	0	544,006	56,830,003	17.52	4,956
2007	291,378	0	776,103	730,000	657,830	19,190,962	5.92	1,674
2006	342,096	0	863,621	0	767,198	13,856,836	4.27	1,209
2005	397,014	0	946,533	991,350	872,356	15,778,843	4.87	1,379
2004	447,732	0	1,024,120	1,470,000	973,532	17,939,080	5.53	1,580
2003	504,000	0	1,099,312	1,400,000	1,071,526	16,096,417	4.96	1,418

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

(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.

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City of Avon, Ohio

Legal Debt Margin

Last Ten Years

	2012	2011	2010	2009
Total Assessed Property Value	\$772,474,470	\$779,763,250	\$754,402,597	\$758,875,486
General Bonded Debt Outstanding:				
General Obligation Notes/Bonds	\$58,098,800	\$47,348,171	\$42,987,841	\$44,441,334
General Obligation Revenue Notes/Bonds	0	67,200	130,200	193,200
Special Assessment Bonds	7,261,200	2,657,553	2,959,042	3,208,858
Bond Anticipation Notes	0	0	5,675,000	5,600,000
Bond Anticipation Notes Enterprise	0	0	0	0
OPWC Loans	263,028	182,336	198,811	215,286
OWDA Loans	38,610	173,081	301,923	425,464
Contractual Debt Obligation	684,008	821,698	952,191	1,074,817
Total Gross Indebtedness	66,345,646	51,250,039	53,205,008	55,158,959
Less:				
General Obligation Bonds	(40,484,768)	(30,865,000)	(31,675,000)	(32,970,000)
General Obligation Revenue Notes/Bonds	0	(67,200)	(130,200)	(193,200)
Special Assessment Bonds	(7,261,200)	(2,657,553)	(2,959,042)	(3,208,858)
Bond Anticipation Notes	0	0	(5,675,000)	(5,600,000)
Bond Anticipation Notes Enterprise	0	0	0	0
OWDA Loans	(38,610)	(173,081)	(301,923)	(425,464)
Contractual Debt Obligation	(684,008)	(821,698)	(952,191)	(1,074,817)
General Obligation Bond Retirement Fund Balance	(102,117)	(44,968)	(64,469)	(52,292)
Total Net Debt Applicable to Debt Limit	17,774,943	16,620,539	11,447,183	11,634,328
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	81,109,819	81,875,141	79,212,273	79,681,926
Legal Debt Margin Within 10 ½ % Limitations	\$63,334,876	\$65,254,602	\$67,765,090	\$68,047,598
Legal Debt Margin as a Percentage of the Debt Limit	78.09%	79.70%	85.55%	85.40%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	\$42,486,096	\$42,886,979	\$41,492,143	\$41,738,152
Total Gross Indebtedness	66,345,646	51,250,039	53,205,008	55,158,959
Less:				
General Obligation Bonds	(40,484,768)	(30,865,000)	(31,675,000)	(32,970,000)
General Obligation Revenue Notes/Bonds	0	(67,200)	(130,200)	(193,200)
Special Assessment Bonds	(7,261,200)	(2,657,553)	(2,959,042)	(3,208,858)
Bond Anticipation Notes	0	0	(5,675,000)	(5,600,000)
Bond Anticipation Notes Enterprise	0	0	0	0
OWDA Loans	(38,610)	(173,081)	(301,923)	(425,464)
Contractual Debt Obligation	(684,008)	(821,698)	(952,191)	(1,074,817)
General Obligation Bond Retirement Fund Balance	(102,117)	(44,968)	(64,469)	(52,292)
Net Debt Within 5 ½ % Limitations	17,774,943	16,620,539	11,447,183	11,634,328
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$24,711,153	\$26,266,440	\$30,044,960	\$30,103,824
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	58.16%	61.25%	72.41%	72.13%

Source: City Financial Records and Prior Year CAFR'S.

2008	2007	2006	2005	2004	2003
<u>\$753,674,210</u>	<u>\$747,082,240</u>	<u>\$640,102,030</u>	<u>\$570,244,615</u>	<u>\$510,089,580</u>	<u>\$417,641,340</u>
\$12,251,682	\$6,780,967	\$7,165,884	\$6,286,816	\$6,565,767	\$4,283,189
252,000	310,800	365,400	424,200	456,000	504,000
3,449,237	2,866,244	3,073,713	3,263,227	3,596,389	3,777,810
39,120,000	6,910,000	2,110,000	2,873,650	3,805,000	3,870,000
0	1,530,000	1,150,000	991,350	1,470,000	1,400,000
223,523	242,044	13,500	22,500	56,540	90,580
544,006	657,830	767,198	872,356	974,117	1,071,526
683,979	776,103	863,621	946,533	1,024,845	1,099,312
56,524,427	20,073,988	15,509,316	15,680,632	17,948,658	16,096,417
0	0	0	0	0	0
(252,000)	(310,800)	(365,400)	(424,200)	(456,000)	(504,000)
(3,449,237)	(2,866,244)	(3,073,713)	(3,406,724)	(3,596,389)	(3,777,810)
(39,120,000)	0	0	0	0	0
0	(1,530,000)	(1,150,000)	(991,350)	(1,470,000)	(1,400,000)
(544,006)	(657,830)	(767,198)	(872,356)	(974,117)	(1,071,526)
(683,979)	(776,103)	(863,621)	(946,533)	(1,024,120)	(1,099,312)
(48,136)	(168,549)	(26,725)	(23,992)	(95,356)	0
<u>12,427,069</u>	<u>13,764,462</u>	<u>9,262,659</u>	<u>9,015,477</u>	<u>10,332,676</u>	<u>8,243,769</u>
79,135,792	78,443,635	67,210,713	59,875,685	53,559,406	43,852,341
<u>\$66,708,723</u>	<u>\$64,679,173</u>	<u>\$57,948,054</u>	<u>\$50,860,208</u>	<u>\$43,226,730</u>	<u>\$35,608,572</u>
84.30%	82.45%	86.22%	84.94%	80.71%	81.20%
<u>\$41,452,082</u>	<u>\$41,089,523</u>	<u>\$35,205,612</u>	<u>\$31,363,454</u>	<u>\$28,054,927</u>	<u>\$22,970,274</u>
56,524,427	20,073,988	15,509,316	15,680,632	17,948,658	16,096,417
0	0	0	0	0	0
(252,000)	(310,800)	(365,400)	(424,200)	(456,000)	(504,000)
(3,449,237)	(2,866,244)	(3,073,713)	(3,406,724)	(3,596,389)	(3,777,810)
(39,120,000)	0	0	0	0	0
0	(1,530,000)	(1,150,000)	(991,350)	(1,470,000)	(1,400,000)
(544,006)	(657,830)	(767,198)	(872,356)	(974,117)	(1,071,526)
(683,979)	(776,103)	(863,621)	(946,533)	(1,024,845)	(1,099,312)
(48,136)	(168,549)	(26,725)	(23,992)	(95,356)	0
<u>12,427,069</u>	<u>13,764,462</u>	<u>9,262,659</u>	<u>9,015,477</u>	<u>10,331,951</u>	<u>8,243,769</u>
<u>\$29,025,013</u>	<u>\$27,325,061</u>	<u>\$25,942,953</u>	<u>\$22,347,977</u>	<u>\$17,722,976</u>	<u>\$14,726,505</u>
70.02%	66.50%	73.69%	71.25%	63.17%	64.11%

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	
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)
2006	1,396,730	1,028,961	367,769	105,158	33,908	2.64
2005	1,098,603	1,007,297	91,306	101,176	37,665	0.66
2004	855,744	921,824	(66,080)	97,409	32,166	(0.51)
2003	788,956	883,600	(94,644)	93,845	45,977	(0.68)

(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

Computation of Direct and Overlapping Governmental Activities Debt

December 31, 2012

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Amount Applicable to the City of Avon</u>
Direct - City of Avon			
General Obligation Bonds	\$55,348,374	100.00%	\$55,348,374
Special Assessment Bonds	6,125,921	100.00%	6,125,921
OPWC Loans	263,028	100.00%	263,028
<i>Total Direct Debt</i>	<u>61,737,323</u>		<u>61,737,323</u>
Overlapping			
Avon Local School District			
General Obligation Bonds	33,186,498	100.00%	33,186,498
Lorain County			
General Obligation Bonds	27,205,000	10.00%	2,720,500
<i>Total Overlapping Debt</i>	<u>60,391,498</u>		<u>35,906,998</u>
Total	<u>\$122,128,821</u>		<u>\$97,644,321</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.

* \$40,484,768 of the total \$67,263,171 of total outstanding general obligation debt is backed by two revenue sources.

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
Principal Employers
Current and Seven Years Ago (1)

2012		
Employer	Employees	Percentage of Total City Employment
Cleveland Clinic Foundation	572	4.09 %
Avon Local School District	378	2.70
ShurTech Brands LLC	370	2.64
Willoway Nurseries Inc	355	2.54
A.J. Rose Manufacturing Company	212	1.51
Walmart	184	1.30
City of Avon	180	1.29
All Pro Freight Systems Inc	170	1.21
EMH Regional Medical Center	169	1.21
Costco Wholesale	167	1.20
Total	2,757	19.69 %
Total Employment within the City	14,000	

2005		
Employer	Employees	Percentage of Total City Employment
Henkel	499	3.79 %
Our Lady of the Wayside Nursing Home	314	2.39
Avon Local School District	300	2.28
Willoway Nurseries Inc	212	1.61
A.J. Rose Manufacturing Company	219	1.67
Walmart	195	1.48
Good Samaritan Nursing Home	172	1.31
Target	170	1.29
Avon Oaks Nursing Home	150	1.14
Home Depot	135	1.03
Total	2,366	17.99 %
Total Employment within the City	13,153	

Source: Number of employees obtained from the W2's
from our Tax Department

(1) Information prior to 2005 is not available

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
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
2006	11,466	324,877,644	28,334	66,747	38
2005	11,466	324,877,644	28,334	66,747	38
2004	11,466	324,877,644	28,334	66,747	38
2003	11,466	324,877,644	28,334	66,747	38

(1) Source: U. S. Census

(a) Years 2003 through 2008 - 2000 Federal Census; 2009 estimated

(b) Years 2010 through 2012 - 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%	4,076	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
32.3	2,988	5.5	213,590	640,102,030
32.3	2,962	5.8	213,590	570,244,615
32.3	2,699	6.3	213,590	510,089,580
32.3	2,474	6.6	121,510	417,641,340

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

Function/Program	2012	2011	2010	2009
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
Mayors Office	2.00	2.00	2.00	2.00
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	0.00
Senior Center	3.50	3.50	3.00	3.00
Engineering	1.00	1.00	0.00	0.00
Project Manager	1.00	1.00	0.00	1.00
Security of Persons and Property				
Police	32.00	31.00	34.00	34.00
Police - Dispatchers/Office/Other	10.50	9.00	10.50	10.50
Safety Director	0.00	0.00	0.00	0.50
Fire	32.00	33.00	32.00	30.00
Fire - Dispatchers/Office/Other	1.00	1.00	1.00	1.00
Leisure Time Activities				
Recreation and Parks	12.50	14.00	14.50	15.50
Landmarks Preservation	2.00	2.00	2.00	2.00
Community Development				
Building	7.00	7.50	7.50	6.50
Transportation				
Service/Street M&R	16.00	15.00	15.50	15.00
Basic Utility Services				
Water and Sewer	12.00	10.50	9.50	10.50
Totals:	<u>155.00</u>	<u>153.00</u>	<u>153.00</u>	<u>153.00</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.

Some employees work in two different departments.

2008	2007	2006	2005	2004	2003
5.50	5.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	4.00	3.50
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.50	0.50	0.50	0.50	0.50
2.00	2.00	2.00	2.00	2.00	2.00
3.50	4.50	4.50	4.50	4.00	3.50
1.50	1.50	1.50	0.00	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
0.00	0.00	0.00	0.00	0.00	0.00
2.50	1.00	1.00	1.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
1.00	0.00	0.00	0.00	0.00	0.00
30.00	30.00	28.00	26.00	24.00	22.00
8.00	8.00	6.00	6.00	6.00	5.00
0.50	0.50	0.50	0.50	0.50	0.50
28.00	28.00	25.50	24.50	22.00	22.00
1.00	1.00	1.00	1.00	1.00	1.00
13.50	12.00	10.50	10.50	9.50	8.00
2.00	2.00	2.00	2.00	2.00	2.00
9.50	8.50	10.00	10.00	10.50	10.00
13.00	12.50	12.00	12.00	12.00	12.00
11.00	10.50	11.50	11.50	11.50	11.00
<u>143.50</u>	<u>138.50</u>	<u>130.50</u>	<u>126.00</u>	<u>121.00</u>	<u>114.50</u>

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

Function/Program	2012	2011	2010	2009
Date of Incorporation as a Village	1917			
Date of Incorporation as a City	1961			
General Government				
<i>Council and Clerk</i>				
Number of Ordinances Passed	134	116	113	132
Number of Resolutions Passed	33	22	39	18
<i>Planning Commission/Zoning Board of Appeals</i>				
Number of Planning Commission docket items	78	76	60	74
Zoning Board of Appeals docket items	14	17	17	20
<i>Finance Department</i>				
Amount of checks written	\$79,149,951	\$53,594,606	\$42,389,310	\$37,724,785
Interest earnings for fiscal year (cash basis)	\$80,715	\$95,029	\$112,699	\$231,386
Number of Receipts issued	3,584	3,687	4,018	3,658
Number of Budget Adjustments issued	22	35	32	26
Agency Ratings - Moody's Financial Services	Aa1	Aa1	Aa1	Aa2
General Fund Receipts (cash basis in thousands)	\$11,224	\$12,821	\$13,284	\$9,254
General Fund Expenditures (cash basis in thousands)	\$10,739	\$15,015	\$11,466	\$9,029
General Fund Cash Balances including Income Tax (in thousands)	\$3,828	\$3,343	\$5,570	\$3,752
<i>Income Tax Department</i>				
Number of Annual withholding forms processed	14,357	14,273	13,275	11,009
Number of Business net profit forms processed	1,517	2,079	2,075	1,882
Number of Individual forms processed	10,923	8,745	8,883	12,204
Amount of Penalties and Interest Collected	N/A	N/A	\$125,422	\$88,437
Annual number of balance due/estimated payment forms processed	N/A	8,874	10,195	11,165
Annual number of reconciliations of withholdings processed	1,917	1,862	N/A	1,251
<i>Engineer Contracted Services</i>				
Dollar amount of Construction overseen by Engineer	\$4,022,623	\$9,550,735	\$1,899,519	\$2,471,597
<i>Mayor's Court</i>				
Number of Traffic cases	784	1,103	982	880
Number of Criminal cases	41	40	62	44
<i>Civil Service</i>				
Number of police entry tests administered	2	0	0	1
Number of fire entry tests administered	1	0	0	0
Number of police promotional tests administered	2	1	0	0
Number of fire promotional tests administered	1	0	0	0
Number of hires of Police Officers from certified lists	4	0	1	5
Number of hires of Fire/Medics from certified lists	2	0	1	1
Number of promotions from police certified lists	3	1	0	0
Number of promotions from fire certified lists	0	0	5	2
<i>Building Department Indicators</i>				
Single Family Permits Issued	96	113	146	115
Commercial Permits Issued	131	228	137	109
Estimated Value of Construction	\$72,114,502	\$40,702,895	\$113,771,043	\$47,821,980
Number of permits issued (all types)	1,112	1,199	1,112	1,022
Amount of Revenue generated from permits	\$847,201	\$972,849	\$1,464,343	\$506,654
Number of contractor registrations issued	810	769	932	609

2008	2007	2006	2005	2004	2003
168	142	151	175	197	265
44	41	31	23	39	46
121	149	105	183	204	238
26	29	37	41	60	57
\$30,942,350	\$32,987,641	\$37,732,774	\$28,632,549	\$27,249,268	\$23,041,609
\$665,519	\$1,181,222	\$1,177,582	\$428,468	\$214,154	\$140,428
3,661	3,704	4,090	6,543	6,665	6,111
44	51	31	35	41	42
Aa2	Aa2	Aa2	Aa2	Aa2	Aa2
\$7,555	\$9,728	\$7,800	\$9,400	\$6,600	\$7,800
\$9,887	\$3,334	\$8,600	\$8,100	\$7,400	\$7,500
\$3,527	\$5,668	\$5,450	\$4,600	\$3,700	\$3,500
11,066	10,697	10,357	9,727	8,931	7,546
1,559	1,437	1,272	1,405	1,072	741
8,616	8,205	7,346	7,186	6,698	6,333
\$63,898	\$61,456	\$60,813	\$41,506	\$43,662	\$23,549
9,234	9,926	9,048	8,742	8,212	8,020
1,215	1,124	1,529	1,315	1,532	693
\$7,854,087	\$4,880,288	\$3,997,969	\$8,139,674	\$8,754,750	\$8,264,517
867	2,079	1,508	1,617	1,572	1,149
50	82	77	92	182	171
0	0	1	0	1	0
1	0	1	0	1	0
0	0	2	2	2	0
2	0	2	2	1	3
0	2	5	1	3	0
0	1	4	2	1	0
0	0	2	4	4	3
0	2	9	2	1	1
142	179	222	350	402	397
210	249	183	316	260	248
\$67,973,353	\$84,863,809	\$81,389,840	\$123,988,313	\$194,077,164	\$123,628,234
1,124	1,269	2,085	2,311	2,471	2,477
\$1,281,070	\$1,478,453	\$1,225,686	\$1,158,571	\$31,397,505	\$877,982
694	1,086	1,096	1,170	1,075	1,377

(continued)

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

Function/Program	2012	2011	2010	2009
Security of Persons and Property				
<i>Police</i>				
Total Calls for Services	18,789	16,208	15,817	15,268
Number of traffic citations issued	1,495	2,018	1,733	1,446
Number of parking citations issued	475	306	294	441
Number of criminal arrests	579	565	677	682
Number of accident reports completed	569	581	507	488
Part 1 Offenses (major offenses)	481	313	303	325
DUI Arrests	100	82	90	67
Prisoners	358	363	399	380
Prisoner meal costs	\$0	\$5	\$0	\$0
Motor Vehicle Accidents	911	705	780	488
Fatalities from Motor Vehicle Accidents	2	0	0	1
Gasoline costs of fleet	\$99,212	\$102,384	\$84,013	\$64,291
<i>Fire</i>				
EMS Calls	1,666	1,530	1,511	1,557
Ambulance Billing Collections (net)	\$458,386	\$372,867	\$346,078	\$367,927
Fire Calls	589	567	536	490
Fires with Loss	16	17	18	25
Fires with Losses exceeding \$10K	4	3	6	5
Fire Losses	\$240,550	\$220,700	\$1,107,750	\$719,120
Fire Safety Inspections	682	640	859	608
Number of times Mutual Aid given to Fire and EMS and Auto Aid	67	143	54	61
Number of times Mutual Aid received for Fire and EMS and Auto Aid	86	75	29	16
Leisure Time Activities				
<i>Recreation</i>				
Recreation Men's and Women's Leagues receipts	\$4,041	\$3,381	\$6,375	\$5,822
Recreation Youth Activities receipts	\$87,527	\$81,460	\$83,125	\$62,899
Transportation				
Street Improvements - asphalt overlay (linear feet)	N/A	N/A	10,685	21,375
Crackseal Coating Program (Miles)	N/A	N/A	40	20
Street Repair (Curbs, aprons, berms, asphalt) (hours)	N/A	N/A	200	150
Guardrail Repair (hours)	N/A	N/A	20	40
Paint Striping (hours)	N/A	N/A	900	400
Cold Patch (hours)	N/A	N/A	550	400
Snow & Ice Removal overtime hours	N/A	N/A	850	350
Street Improvements Cost	\$139,421	\$138,295	\$129,301	\$151,940
Street Improvements Cost per mile	\$1,134	\$1,143	\$1,078	\$1,266
Miles of City Streets	123	121	120	120
Tons of snow melting salt purchased (Nov-May - winter season)	4,083	5,135	5,291	5,323
Cost of salt purchased	\$188,538	\$239,792	\$240,733	\$242,204
Water Department				
Water Rates per 1st 6,000 gallons of water used (per thousand)	\$2.94	\$2.63	\$2.33	\$2.33
Average gallons of water billed monthly (in thousands)	71,913	69,692	65,571	63,672
Total Water Collections Annually (Including P&I) (in thousands)	\$2,316	\$1,822	\$1,809	\$1,674
Wastewater Department				
Sewer Rates per 1,000 gallons of water used	\$5.79	\$5.59	\$4.98	\$4.98
Average gallons of sewer billed monthly (in thousands)	42,831	40,103	40,145	41,419
Total Sewer Collections Annually (Including penalties and interest) (in thousands)	\$1,630	\$1,445	\$1,327	\$1,137
Total North Ridgeville Sewer Collections Annually (in thousands)	\$1,360	\$1,206	\$1,154	\$1,115

(1) Information for some years is not available

Source: City of Avon Records

2008	2007	2006	2005	2004	2003
15,367	25,812	25,995	20,992	18,640	18,151
1,267	2,371	1,240	2,361	2,012	1,451
104	637	392	58	53	64
725	638	622	608	461	391
575	545	544	555	526	461
283	385	232	262	254	263
76	97	193	184	138	90
363	484	523	480	336	257
\$35	\$60	\$350	\$90	\$170	\$80
575	545	544	555	526	461
2	1	1	1	0	4
\$83,693	\$62,186	\$52,814	\$45,365	\$28,552	\$29,335
1,516	1,413	1,341	1,204	1,073	1,022
\$331,076	\$297,996	\$337,213	\$29,521	\$67,112	\$83,403
459	460	466	440	371	309
22	15	40	32	17	25
0	4	5	8	4	3
\$571,215	\$319,400	\$328,830	\$916,625	\$793,020	\$298,150
619	619	454	415	532	461
45	8	24	4	10	16
4	4	22	11	13	15
\$5,405	\$1,435	\$6,330	\$3,619	\$8,341	\$3,200
\$121,872	\$125,794	\$119,491	\$89,347	\$68,881	\$22,830
6,012	4,000	9,434	23,420	19,130	11,500
20	25	40	30	30	30
150	160	120	150	180	200
40	40	60	40	40	40
400	400	400	80	80	80
400	420	360	150	150	150
350	350	312	349	523	326
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
4,700	4,056	4,000	3,900	3,911	4,111
\$194,854	\$182,556	\$132,345	\$119,965	\$104,855	\$111,533
\$2.33	\$2.33	\$2.33	\$2.33	\$2.33	\$2.33
62,494	78,635	101,087	40,400	47,500	43,800
\$1,689	\$1,847	\$1,591	\$1,600	\$1,300	\$1,200
\$4.23	\$4.23	\$4.01	\$4.01	\$4.01	\$4.01
37,227	39,081	67,864	26,400	27,600	24,300
\$1,081	\$1,048	\$950	\$900	\$750	\$700
\$1,017	\$1,037	\$967	\$900	\$750	\$700

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

Function/Program	2012	2011	2010	2009
General Government				
Inspection Vehicles	8	8	7	8
Security of Persons and Property				
 Police				
Stations	1	1	1	1
Vehicles	35	33	37	34
 Fire				
Stations	1	1	1	1
Vehicles	15	15	14	15
Leisure Time Activities				
 Recreation				
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	14	14	14
Vehicles	8	8	9	10
Transportation				
 Service				
Buildings	1	1	1	1
Service Vehicles	23	22	21	17
Streets (miles)	123.00	121.00	120.00	120.00
Water and Sewer				
Buildings	10	9	9	9
Water Lines (miles)	117.3	115.8	114.1	113.58
Sanitary Sewers (miles)	96.3	95.2	93.3	92.97
Vehicles	7	7	10	9

Source: City of Avon Records

2008	2007	2006	2005	2004	2003
9	9	9	9	8	8
1	1	1	1	1	1
27	27	27	24	18	14
1	1	1	1	1	1
16	16	16	15	15	13
7	6	6	6	6	6
1	1	3	3	3	3
1	1	1	1	1	0
11	11	11	11	11	11
4	3	3	3	3	3
14	14	10	10	10	8
6	6	5	5	4	3
1	1	1	1	1	1
16	16	16	14	12	11
120.00	120.00	120.00	120.00	94.18	120.00
9	9	9	9	8	8
111.55	108.38	106.5	106.50	101.00	88.00
91.34	89.06	84.5	84.50	79.00	63.00
9	9	8	8	6	5

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City of Avon, Ohio

36080 Chester Road
Avon, Ohio 44011
440-937-7800

James A. Smith, Mayor

**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
Avon, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 (the "City"), as of and for the year ended December 31, 2012, 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 24, 2013, wherein we noted the City adopted GASB Statement No. 63 and 65 as disclosed in Note 3.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Members of the City Council
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*.

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 of 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 purposes.

Cini & Paricki, Inc.

Cleveland, Ohio
June 24, 2013

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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
AUGUST 29, 2013**