



Dave Yost • Auditor of State

**CITY OF AVON
LORAIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	1
Summary Schedule of Prior Audit Findings, Prepared by Management	3

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Avon
Lorain County
36080 Chester Road
Avon, Ohio 44011

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, Lorain County, (the City) as of and for the year ended December 31, 2017, 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 29, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2018



CITY OF AVON

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CITY OF AVON

LORAIN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2016

Finding Number	Finding Summary	Status	Additional Information
2016-001	The City improperly included and excluded accounts payable and contracts payable balance resulting from improper cutoff procedures which resulted in material adjustments made to the respective liability accounts and related expense accounts.	Fully Corrected	None
2016-002	The City improperly excluded expenditure amounts from the SEFA and financial statements relating to CFDA #20.205 due to a lack of communication between ODOT and the Finance Department. The expenditures related to payments ODOT made directly to contractors.	Fully Corrected	None



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2016-003	Section 2 CFR 200.512(a) of the Uniform Guidance provides that the audit report and data collection form must be submitted within the earlier of 30 days after the reports are received from the auditors, or nine months after the end of the fiscal year, unless a longer period is agreed upon in advance by the cognizant or oversight agency. The City did not submit the required documentation within nine months after fiscal year end.	Fully Corrected	None
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City of Avon

Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2017, for the City of Avon, Ohio





BRYAN K. JENSEN
MAYOR

CITY COUNCIL



Left to right: Brian Fischer – Council at Large, Tammy Holtzmeier – Council at Large, Tony Moore – Ward 3, Craig Witherspoon – Council President, Scott Radcliffe – Ward 4, Dennis McBride – Ward 2, Bob Butkowski – Ward 1

FINANCE DEPT.



Front row, left to right: Beth Raicevich, Megan Zeck, Tami Reynolds, Monica Argenti; Back row, left to right: Janel Smith, Gina Irvin, Randi Simkovich, Natalie Cifranic, Diane Szlempa, Bill Logan

City of Avon, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2017

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, 2017
Table of Contents

	<u>Page</u>
<i>I. Introductory Section</i>	
Title Page	i
Table of Contents	ii
Letter of Transmittal	vi
Principal Officials	xii
Organizational Chart	xiii
GFOA Certificate of Achievement	xiv
 <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

City of Avon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017
Table of Contents (continued)

	<u>Page</u>
Notes to the Basic Financial Statements	35
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability – Ohio Public Employee Retirement System – Traditional Plan – Last Four Years	84
Schedule of the City's Proportionate Share of the Net Pension Liability – Ohio Police and Fire Pension Fund – Last Four Years.....	85
Schedule of City Contributions – Ohio Public Employee Retirement System – Traditional Plan – Last Five Years	86
Schedule of City Contributions – Ohio Police and Fire Pension Fund – Last Ten Years	88
Notes to the Required Supplementary Information	90
Combining Statements and Individual Fund Schedules:	
Combining Statements – Nonmajor Governmental Funds:	
Fund Descriptions	92
Combining Balance Sheet – Nonmajor Governmental Funds	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	95
Combining Balance Sheet – Nonmajor Special Revenue Funds	96
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	101
Combining Balance Sheet – Nonmajor Capital Projects Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	104
Combining Statements – Agency Funds:	
Fund Descriptions	106
Combining Statement of Changes in Assets and Liabilities – Agency Funds	107

City of Avon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017
Table of Contents (continued)

	<u>Page</u>
Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balances/Fund Equity – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund	110
Fire Department Fund	114
Street Construction, Maintenance and Repair Fund	115
Police Fund	116
General Obligation Bond Retirement Fund	117
Special Assessment Bond Retirement Fund	118
Municipal Swimming Pool Fund	119
Road and Bridges Fund	120
Water Fund	121
Sewer Fund	122
Nonmajor Funds:	
Recycling Fund	123
ADA Parking Violations Fund	124
State Highway Fund	125
Permissive Tax Fund	126
Mayor’s Court Computer Fund	127
Recreation Fund	128
Park Operating Fund	130
Park Development and Improvement Fund.....	131
Donations Fund	132
Economic Development and Tourism Fund	133
Library Bond Retirement Fund	134
Tax Incremental Financing Fund	135
Equipment Fund	136
Storm Water Detention Fund	137
Land Purchases Fund	138
French Creek Restoration Fund	139
Sidewalk Programs Fund	140
Storm Sewers Fund	141
Municipal Buildings Fund.....	142
I-90 Interchange Fund	143
Recreation Complex Fund.....	144
Stadium Marquee Fund	145
Capital Improvements Fund	146
Every Child’s Playground Fund	147

City of Avon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017
Table of Contents (continued)

	<u>Page</u>
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
Computation of Direct and Overlapping Governmental Activities Debt	S30
Pledged Revenue Coverage – Sewer Fund – Last Ten Years.....	S31
Principal Employers – Current and Nine 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

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June 29, 2018

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, 2017.

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, 2017.

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 2017, the City of Avon was audited by the Ohio Auditor of State's office.

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 13,120 acres. Avon is between 625 and 700 feet above sea level. The French Creek waterway runs throughout the City's relatively flat topography. The 2010 U.S. Census Bureau reports the City's population at 21,193, up 87 percent from 11,353 in 2000; however, the current estimated, non-Census population of the City is 22,289.

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

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

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

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

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

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

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

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

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

Economic Conditions and Outlook

Residential

The City of Avon continues to be an attractive location for residential development as single family home construction remains stable despite weakness in the overall State and national economy. Avon is appealing to new residents because of their excellent schools and City services. The median family income in Avon, \$75,951 is 145 percent of the State average and 131 percent of the national average. The median age for Avon residents is 38. The approximate average length of time a home in Avon is for sale is 91 days. The number of new single-family home permits issued for the year 2017 was 93 with an approximate valuation of \$39,835,260 compared to 114 single-family home permits issued the previous year with a valuation of \$46,582,762.

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

Commercial & Industrial

Commercial permits for new construction issued in 2017 had an approximate valuation of \$17,534,315, compared to \$16,688,348 in 2016. In addition, new permits for multi-housing units totaled \$6,100,373 in 2017. New commercial facilities that opened in 2017 include: T3 Performance, Journey Community Church, Christian Brothers Automotive, Dunkin Donuts, Duluth Trading Company, Taco Bell, Goo-Goo Car Wash, Red Wing Shoes, Sherwin Williams, Penn Station, Melt Bar & Grilled, and Avon North Shore Eye Care. Planned commercial development includes Bendix Commercial Vehicle Systems, Menard's, Meijer, Main Event, and Ashley Furniture.

Assessed Valuations

The assessed valuation for tax year 2017 for the City of Avon is \$850,885,190 per the Lorain County Auditor's Office. Property taxes will be collected on this valuation in 2018. This is \$19,360,430 more than tax year 2016 valuation. The City's assessed value equates to approximately \$2.4 billion at full market value. See the history of assessed valuations in the Statistical Section of this report.

Because the City has thirteen Tax Increment Financing (TIF) agreements in place for much of the commercial property north of I-90, these values are considered exempt and therefore not included in the County Auditor's total taxable assessed valuations. The City and the Avon Local School District both collect Tax Increment Financing revenues as if they were property taxes. Presently, the City is collecting TIF revenues on an estimated commercial assessed valuation of about \$64,342,000.

Relevant Financial Policies

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

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

Avon Aquatic Facility

In July 2015, the City opened an Aquatic Facility in the center of town, adjacent to the Fire and Police Stations. The 2.5 acre facility includes a 50 meter competitive pool, a splash zone, a recreational pool, two giant slides and a pavilion. The pools contain 752,000 gallons of water which takes up to three days to fill. The Aquatic Facility construction cost was \$5,670,000, and the short-term notes will be repaid with Recreation Income Tax revenues. In 2017, there were 1,501 season packages sold and overall attendance at the facility was over 50,000 people. These numbers are down from 2016 due to a rainy summer that resulted in fewer days the pool was open.

Avon Recreation Complex

In November 2007, the voters of the City passed a 0.25 percent income tax for the purpose of building a recreation complex on the western side of the City at the intersection of I-90, State Route 611 and Miller Road. The first phase of the complex was completed in 2010 and consists of the French Creek Family YMCA and a baseball stadium that is owned by the City but leased to Blue Dog Baseball, who owns and operates the Lake Erie Crushers. The Lake Erie Crushers play in the Frontier League. The stadium has 3,500 traditional seats and

1,500 lawn seats, along with loges, concessions and playground areas for children. Upon the opening of the stadium in 2009, the team entered into a 15 year lease with the City for the use of the ball park and is responsible for the maintenance of the stadium. The 15 year lease has provisions for extension beyond its original term, which expires in 2023. The stadium is currently known as Sprenger Stadium.

The French Creek Family YMCA was built by the City in conjunction with the Greater Cleveland YMCA (the “YMCA”), and is owned by the City. The YMCA contributed approximately \$5,600,000 towards construction costs. The YMCA pays all operating costs and manages all programming offered to the public at this facility. The amenities of the YMCA include a competitive swimming pool, basketball courts, workout areas for cardio and strength training, childcare services for members and other programming. Membership to the YMCA is open to the public. Residents of the City benefit from a discounted membership fee. Currently, the YMCA has 18,555 members, of which 42 percent are Avon residents.

In November, 2017, T3 Performance opened a 56,000 square foot facility next to the French Creek Family YMCA. T3 Performance uses effective and progressive training methods to help make youth and adult athletes better. T3 works to prepare athletes for all walks of life.

Avon Healthcare Facilities

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

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

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

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

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

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

City Services

The Avon Fire Department is full-time with 34 firefighter paramedics that offer much more than fire protection and emergency services. The fire department is very service oriented. We offer many specialties such as CPR and First Aid training, a senior lock box program, the File of Life program, child safety seat inspections and installations, fire safety inspections for home and businesses, and fire extinguisher training with a propane powered simulator. This training is offered to businesses as well as Avon residents.

The Avon Fire Department responded to 3,134 calls in 2017. Of those calls, 2,448 were emergency medical calls and 686 were fire related calls, which included service and specialty rescue calls. Specialty rescue includes water and ice rescue, confined space rescue, rope rescue, and structural collapse rescue. In 2016, we took delivery of a 2017 Excellence Rescue Squad to better serve the citizens of the City of Avon.

In 2017, the Avon Police Department handled 19,941 calls for service which resulted in 872 incident reports taken and 1,229 traffic crashes handled. The police department made 707 criminal arrests along with 1,786 traffic charges filed. The police department also conducted approximately 8,000 physical checks of homes for residents who were away on vacation and an additional 3,000 physical premise checks were completed on residential and commercial properties.

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

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

The Avon Senior Center provides programs and activities for anyone 55 and over. The Senior Center provides numerous services for the approximately 7,500 senior adults in Avon.

The Senior Center has social events, movies, cards, seminars, bus trips, lunches, durable medical equipment, exercise classes, tax preparation assistance, and transportation services just to name a few. We offer many social events and educational programs on health issues, finances, screenings, legal issues, Medicare counseling and other ways to maintain independence in the community. Additionally, the Center has a computer lab where seniors can check email and surf the net. The Senior Center also provides transportation that allows seniors and persons with disabilities to maintain their independence by providing rides to medical appointments, shopping and other necessary transports. We offer day trips that go to many interesting locations such as casinos, Amish Country, wineries, national parks, and Playhouse Square. The Senior Center is open Monday through Friday 8AM – 4PM with occasional events on Saturdays.

The City of Avon has eight parks totaling over 315 acres. The Parks and Recreation Department offers various adult and youth programs, in addition to working with organizations such as Avon Little League, the Avon Soccer League Association and the Avon Local School District. In 2013, the City purchased 19-acres adjacent to Veterans Memorial Park. A designated entrance/exit was added to Schwartz Road Park in 2017, and a second entrance is being considered for Veterans Memorial Park. The City is continually looking for new park land that may be used for various recreational activities.

In 2018, the City will open a new playground facility, called Every Child's Playground. It is located just outside of the Aquatic Facility in the center of town. The playground will be accessible to all kids, regardless of ability and will create meaningful play opportunities for all children.

Long-Term Financial Planning

On January 23, 2018, the City rolled over \$4,400,000 in general obligation various purpose (City portion) notes for the purpose of making improvements and the widening of Chester Road between SR 83 and Jaycox Road. These notes have a maturity date of January 23, 2019.

On January 31, 2018, the City rolled over \$7,250,000 in water revenue notes for the purpose of constructing a 3,000,000-gallon elevated water storage tank and 16 inch water transmission line along Mills Road and for the purpose of the installation of new water meters and related meter reading software. These notes have a maturity date of January 31, 2019.

As part of the City's long-term planning, thirteen Tax Increment Financing (TIF) Agreements have been implemented for much of the remaining undeveloped commercial and industrial property. The expected future payments in lieu of taxes will contribute to infrastructure improvements such as the interchange and to debt service on existing bonds that were used to finance qualified infrastructure related projects. Presently, we are collecting TIF revenues on 210 commercially zoned parcels.

The City's financial operations will remain strong due to its historically steady rate of income tax growth, expected future expansion of commercial and industrial employers, a healthy Aa2 credit rating (Moody's) and a demonstrated track record of sound budgeting and financial management.

Awards and Acknowledgments

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

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

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

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

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

Respectfully submitted,



Bryan K. Jensen
Mayor



William D. Logan
Director of Finance

City of Avon, Ohio
Principal Officials
December 31, 2017

Elected Officials:

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

Directors:

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

Chairmen, Boards and Commissions:

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

Other Staff Members:

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

CITY OF AVON ORGANIZATIONAL CHART

CITIZENS

MAYOR

CITY COUNCIL

ASSISTANT

FINANCE DIRECTOR

LAW DIRECTOR

ENGINEERING, STORM WATER DEPARTMENTS

SAFETY DIRECTOR

PARKS & REC DIRECTOR

ASST. FINANCE DIRECTOR

PROSECUTOR

SERVICE DIRECTOR

POLICE DEPARTMENT

PARKS DEPT.

GENERAL OFFICE

MAGISTRATE

DEPARTMENT OF UTILITIES

FIRE DEPARTMENT

RECREATION COORDINATOR

INCOME TAX

CLERK OF COURTS

DEPARTMENT OF STREETS

BUILDING DEPARTMENT

COMMUNITY CENTER COORDINATOR

BUDGET/PAYROLL

COMMUNITY DEVELOPMENT

ZONING ENFORCEMENT

ZONING ENFORCEMENT

UTILITY BILLING

PLANNING, ADA COORDINATOR

SENIOR CENTER COORDINATOR

SENIOR CENTER COORDINATOR

I. T. TECHNICIAN

APPOINTED BOARDS

AUDIT COMMITTEE	PLANNING COMMISSION	PARKS & REC COMMISSION
TAX INCENTIVE REVIEW COUNCIL	CHARTER REVIEW COMMISSION	ZONING BOARD OF APPEALS
CIVIL SERVICE COMMISSION	ADA GRIEVANCE BOARD	EQUALIZATION BOARD
LANDMARKS PRESERVATION	RECORDS COMMISSION	SENIOR CITIZENS ADVISORY COMM.



Government Finance Officers Association

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

Presented to

**City of Avon
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

Commercial & Industrial Development in Avon since 2012 has contributed significantly to the tax base. This incremental revenue has allowed the City to make substantial infrastructure improvements such as roadway and traffic signalization. Major recent commercial & industrial development in Avon includes:

- Richard E. Jacobs Cleveland Clinic Outpatient & Surgery Center
- Roseann Park Cleveland Clinic Hospital
- Cleveland Clinic Rehabilitation Hospitals
in Affiliation with Select Medical
- University Hospitals Rehabilitation Hospital
- Rose Senior Living
- The Woods of French Creek
- Cambria Suites
- Residence Inn/Emerald Conference Center
- ValenSil Technologies

Additionally, many smaller, new and remodeled businesses have opened in Avon, contributing to the City's tax base.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Avon
Lorain County
36080 Chester Road
Avon, Ohio 44011

To the Members of Council:

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, Lorain County, Ohio (the City), as of and for the year ended December 31, 2017, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon, Lorain County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Fire Department Fund, Street Construction, Maintenance and Repair Fund, and Police Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2018

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City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
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, 2017. 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 2017 are:

- The City issued \$1,975,000 in refunding bonds replacing the Series 2009A taxable bonds. This refunding will generate approximately \$130,000 of savings over the remaining life of five years of the bonds.
- The City issued \$6,330,000 in special assessment bonds, replacing short-term notes that had been issued in 2016 to finance the construction of the Chester Road Improvement project. These bonds have a maturity of 20 years.
- The City re-issued \$3,545,000 in general obligation notes for the City's portion of widening and other improvements to Chester Road between State Route 83 and Jaycox Road. The principal amount of these notes was paid down by \$380,000.
- The City re-issued \$3,000,000 in water revenue notes for a water meter change-out project. This project installed new meter reading software and new water meters in every household and business throughout the City. It is expected that these notes will be retired within the next few years.
- The City re-issued \$6,250,000 in water revenue notes for the construction of a 3,000,000-gallon elevated water storage tank and a 16-inch water transmission line. The principal amount of these notes was paid down by \$1,700,000 and it is expected that these notes will be retired with the next five years.
- The City re-issued \$7,500,000 in general obligation notes for the construction of an aquatic facility and supporting infrastructure, including the construction of entrances for the Schwartz Road Park and Veterans Memorial Park. The principal amount of these notes was paid down by \$500,000.
- The City re-issued \$1,530,000 in general obligation notes for the purchase of 56 acres of parkland. This property was subsequently sold in 2016 to the Lorain County Metropolitan Park District. The City will receive \$850,000 for this property from the Lorain County Metropolitan Park District over a ten-year period. The principal amount of these notes was paid down by \$470,000.
- Income tax collections increased on a cash basis by 4 percent over 2016. This is a result of increased employment and new commercial/industrial development in the City.
- Tax Increment Financing revenues increased on a cash basis by 27 percent over 2016. This is a result of commercial and industrial development in the City.

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.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

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 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

Reporting the City of Avon's Most Significant Funds

Fund Financial Statements

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

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Governmental Funds

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

Proprietary Funds

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

The City of Avon as a Whole

The statement of net position looks at the City as a whole. Table 1 provides a summary of the City's net position at December 31, 2017 compared to December 31, 2016.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	Restated 2016	2017	Restated 2016	2017	Restated 2016
Assets						
Current and Other Assets	\$39,787,102	\$33,592,021	\$9,975,319	\$10,495,223	\$49,762,421	\$44,087,244
Capital Assets, Net	122,206,537	122,315,255	42,488,392	43,101,089	164,694,929	165,416,344
<i>Total Assets</i>	<u>161,993,639</u>	<u>155,907,276</u>	<u>52,463,711</u>	<u>53,596,312</u>	<u>214,457,350</u>	<u>209,503,588</u>
Deferred Outflows of Resources						
Deferred Charge on Refunding	2,661,399	2,690,710	0	0	2,661,399	2,690,710
Pension	6,206,650	6,328,946	670,259	570,678	6,861,952	6,899,624
<i>Total Deferred Outflows of Resources</i>	<u>8,868,049</u>	<u>9,019,656</u>	<u>670,259</u>	<u>570,678</u>	<u>9,523,351</u>	<u>9,590,334</u>
Liabilities						
Current and Other Liabilities	9,718,743	17,748,871	3,087,530	3,365,116	12,806,273	21,113,987
Long-Term Liabilities:						
Due Within One Year	2,932,559	2,747,618	222,560	145,829	3,155,119	2,893,447
Due In More Than One Year:						
Net Pension Liability	25,041,139	23,106,063	1,601,358	1,218,666	26,642,497	24,324,729
Other Amounts	79,571,135	76,043,757	12,552,146	14,460,362	92,123,281	90,504,119
<i>Total Liabilities</i>	<u>\$117,263,576</u>	<u>\$119,646,309</u>	<u>\$17,463,594</u>	<u>\$19,189,973</u>	<u>\$134,727,170</u>	<u>\$138,836,282</u>

(continued)

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Table 1
Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2017	2016	2017	2016	2017	2016
Deferred Inflows of Resources						
Property Taxes	4,607,052	4,501,608	0	0	4,607,052	4,501,608
Payment in Lieu of Taxes	1,877,595	1,303,686	0	0	1,877,595	1,303,686
Pension	99,230	195,965	9,531	23,547	93,804	219,512
<i>Total Deferred Inflows of Resources</i>	<u>6,583,877</u>	<u>6,001,259</u>	<u>9,531</u>	<u>23,547</u>	<u>6,578,451</u>	<u>6,024,806</u>
Net Position						
Net Investment in Capital Assets	38,145,169	36,167,606	27,982,733	27,325,569	66,127,902	63,493,175
Restricted:						
Capital Projects	673,086	0	0	0	673,086	0
Debt Service	12,259,293	6,845,284	0	0	12,259,293	6,845,284
Other Purposes	4,047,701	4,005,565	0	0	4,047,701	4,005,565
Unrestricted	<u>(8,111,014)</u>	<u>(7,739,091)</u>	<u>7,678,112</u>	<u>7,627,901</u>	<u>(432,902)</u>	<u>(111,190)</u>
<i>Total Net Position</i>	<u>\$47,014,235</u>	<u>\$39,279,364</u>	<u>\$35,660,845</u>	<u>\$34,953,470</u>	<u>\$82,675,080</u>	<u>\$74,232,834</u>

The net pension liability (NPL) is one of the largest liabilities reported by the City at December 31, 2017 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability to equal the City's proportionate share of each plan's collective:

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

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

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

Total assets increased during 2017 by \$5 million. The increase was primarily due to increases in special assessments receivable during the year. Total net position increased during 2017 by \$8.4 million, primarily as a result of the increases in special assessments receivable and a decrease in short-term notes payable. Total liabilities decreased by \$4.1 million during 2017. The decrease in liabilities is due to decreased notes payable related to construction projects within the City, as well as a decrease in long-term liabilities due to the payment of debt obligations. The net pension liability increase represents the City's proportionate share of the unfunded benefits of the OPERS traditional plan and Ohio Police and Fire plan. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

Table 2 shows the changes in net position for the year ended December 31, 2017.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	Restated 2016	2017	Restated 2016	2017	Restated 2016
Revenues						
Program Revenues:						
Charges for Services and Operating Assessments	\$10,613,058	\$4,635,666	\$8,479,499	\$8,881,992	\$19,092,557	\$13,517,658
Operating Grants and Contributions	1,723,521	1,422,078	0	0	1,723,521	1,422,078
Capital Grants and Contributions	1,801,386	4,185,817	501,031	590,677	2,302,417	4,776,494
Total Program Revenues	14,137,965	10,243,561	8,980,530	9,472,669	23,118,495	19,716,230
General Revenues:						
Property Taxes	4,466,737	4,382,766	0	0	4,466,737	4,382,766
Municipal Income Taxes	17,802,905	17,823,599	0	0	17,802,905	17,823,599
Grants and Entitlements	613,496	907,160	0	0	613,496	907,160
Unrestricted Contributions	1,825	3,521	0	0	1,825	3,521
Investment Earnings	188,035	135,853	0	9,974	188,035	145,827
Payments in Lieu of Taxes	1,481,646	1,149,003	0	0	1,481,646	1,149,003
Miscellaneous	532,736	166,277	24,610	171,617	557,346	337,894
Total General Revenues	25,087,380	24,568,179	24,610	181,591	25,111,990	24,749,770
Total Revenues	\$39,225,345	\$34,811,740	\$9,005,140	\$9,654,260	\$48,230,485	\$44,466,000

(continued)

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Table 2
Changes in Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
		Restated		Restated		Restated
	2017	2016	2017	2016	2017	2016
Program Expenses						
General Government	4,552,425	4,632,151	0	0	4,552,425	4,632,151
Security of Persons and Property	12,455,701	11,960,179	0	0	12,455,701	11,960,179
Transportation	6,356,119	6,463,824	0	0	6,356,119	6,463,824
Community Environment	2,348,421	4,068,001	0	0	2,348,421	4,068,001
Basic Utility Services	840,382	911,121	0	0	840,382	911,121
Leisure Time Activities	2,200,268	1,629,373	0	0	2,200,268	1,629,373
Interest and Fiscal Charges	2,802,582	2,565,722	0	0	2,802,582	2,565,722
Water	0	0	4,098,831	2,999,014	4,098,831	2,999,014
Sewer	0	0	4,133,510	3,390,641	4,133,510	3,390,641
Total Expenses	31,555,898	32,230,371	8,232,341	6,389,655	39,788,239	38,620,026
Increase (Decrease) in Net Position						
Before Transfers	7,669,447	2,581,369	772,799	3,264,605	8,442,246	5,845,974
Transfers	65,424	0	(65,424)	0	0	0
Changes in Net Position	7,734,871	2,581,369	707,375	3,264,605	8,442,246	5,845,974
Net Position, January 1	39,279,364	36,697,995	34,953,470	31,688,865	74,232,834	68,386,860
Net Position, December 31	\$47,014,235	\$39,279,364	\$35,660,845	\$34,953,470	\$82,675,080	\$74,232,834

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

The two largest governmental activities expenses are related to security of persons and property and transportation. Security of persons and property expenses saw an increase in 2017, due to increased personal services expense. Transportation slightly decreased due to decreased transportation depreciation.

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

GOVERNMENTAL ACTIVITIES

Several revenue sources fund the City's governmental activities with City income tax being the largest contribution. The general income tax rate of 1 percent was established by City Ordinance No. 371-68, passed February 28, 1968. The Income Tax Ordinance was amended on November 2, 1993 requiring proposed tax rate changes be submitted to the electors of the City for approval or rejection. On November 6, 2002 the electors approved an increase in the income tax rate to 1-1/2 percent from 1 percent and a change in the tax credit for residents having income taxable in another community. In November 2007, the electors approved an increase in the income tax rate to 1-3/4 percent and a change in the tax credit. In 2017, the revenue from municipal income taxes decreased by \$20,694 from the prior year.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The City of Avon is very aggressive in collecting delinquent income tax. The City utilizes the Regional Income Tax Agency for income tax collections. Their collection efforts including subpoena programs and small claims court are very effective and cost justified. The City's strong and diversified commercial and industrial tax base provide the City with a predictable revenue stream. There's an estimated 19,341 people working in Avon.

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

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

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

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

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

Table 3
Total Cost and Net Cost of Services

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General Government	\$4,552,425	\$4,632,151	\$3,700,865	(\$2,527,782)
Security of Persons and Property	12,455,701	11,960,179	(11,692,139)	(11,320,809)
Transportation	6,356,119	6,463,824	(4,479,133)	(2,925,693)
Community Environment	2,348,421	4,068,001	(525,014)	(2,473,572)
Basic Utility Services	840,382	911,121	86,630	858,961
Leisure Time Activities	2,200,268	1,629,373	(1,706,560)	(1,032,193)
Interest and Fiscal Charges	2,802,582	2,565,722	(2,802,582)	(2,565,722)
Total Cost of Services	\$31,555,898	\$32,230,371	(\$17,417,933)	(\$21,986,810)

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

BUSINESS-TYPE ACTIVITIES

The increase in water and sewer expenses in the water and sewer funds is due to an increase in materials and supplies expenses.

The City's Funds

Information about the City's governmental funds begins on page 20. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of \$32,117,988 and expenditures of \$35,881,718. The most significant fund is the general fund with a year-end fund balance of \$8,277,219, which included an unassigned fund balance of \$6,922,744, compared to annual expenditures of \$5,485,445. While revenues exceeded expenditures by \$8,481,547, \$6,477,900 was transferred to other funds, leaving general fund with a net change of \$2,003,647 with other financing sources included. These transferred funds enabled the City to fund street improvements, police operations, and service long-term and short-term debt and fund capital improvements. The net change in fund balance was an increase of \$2,003,647.

The Fire Department has completed ten years as a full-time department in its building that was constructed in 2003. Expenditures in the fire department fund exceeded revenues by \$1,154,474. The fire department fund balance decreased due to decreased municipal income taxes collected by the fund. The street construction maintenance and repair fund had expenditures that exceeded revenues by \$208,492, but after sale of capital assets proceeds and transfers in the net change in fund balance was an increase of \$125,250. The police fund balance increased by \$327,054 as an increase in municipal income taxes plus transfers in were able to outpace the increase in department expenditures. The general obligation bond retirement fund balance increased by \$12,880 due to decreases in debt service requirements. The special assessment bond retirement fund balance increased by \$85,765 due to revenues outpacing debt service. The municipal swimming pool fund had a decrease in fund balance and ended the year with a fund deficit due to the fund having a \$4,600,000 liability related to the notes that were rolled during the year. The road and bridges fund had a significant increase in fund balance due to proceeds of general obligation bonds issued in the amount of \$6,330,000.

General Fund Budgeting Highlights

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

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

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The most significant budgeted fund is the general fund. During the course of 2017, the City amended its general fund budget for a total increase in certified revenues in the amount of \$643,424. For the general fund, the original budgeted revenues were \$13,421,898, and the final budgeted amount was \$14,065,322. Of this difference, most was due to increased municipal income and property taxes. The actual revenues of \$14,083,646 received by the City were \$18,324 more than the final budgeted amount.

Original appropriations of \$7,069,154 were increased during the year by \$110,900 to establish final appropriations of \$7,180,054 for the year. These increases were due primarily to conservative budgeting at the beginning of the year. The actual expenditures of \$5,881,187 were \$1,298,867 less than the final budgeted amount. Final expenditures often are less than budget.

The City continued to maintain a respectable level of liquidity in the general fund by maintaining a fund balance at year-end of 31.56 percent of total actual revenues received during the year.

Capital Assets and Debt Administration

Capital Assets

Total capital assets (net of depreciation) for the governmental activities are \$122,206,537, which is a slight decrease from the prior year. The decrease is due to depreciation exceeding additions. Total capital assets (net of depreciation) for the business activities decreased due to depreciation exceeding additions. Also, in addition to the capital outlay made by the sewer enterprise fund, it also received donated sewer lines from developers in the amount of \$401,656.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$5,951,955	\$5,951,955	\$7,580	\$7,580	\$5,959,535	\$5,959,535
Construction in Progress	0	0	281,301	9,464,760	281,301	9,464,760
Land Improvements	479,620	493,165	19,695	22,725	499,315	515,890
Buildings and Improvements	41,443,336	42,458,846	814,525	851,919	42,257,861	43,310,765
Machinery and Equipment	2,342,982	2,201,331	3,688,531	273,015	6,031,513	2,474,346
Vehicles	2,326,628	2,295,506	795,172	381,497	3,121,800	2,677,003
Waterline Rights	0	0	1,168,554	1,209,570	1,168,554	1,209,570
Infrastructure:						
Park Improvements	582,727	621,350	0	0	582,727	621,350
Streets	37,173,795	36,067,578	0	0	37,173,795	36,067,578
Bridges and Culverts	2,269,572	2,359,497	0	0	2,269,572	2,359,497
Traffic Signals	3,920,945	4,191,897	0	0	3,920,945	4,191,897
Storm Sewer	20,151,879	20,364,392	0	0	20,151,879	20,364,392
Water Lines	5,563,098	5,309,738	17,672,111	12,478,199	23,235,209	17,787,937
Sewer Lines	0	0	18,040,923	18,411,824	18,040,923	18,411,824
Total Capital Assets	\$122,206,537	\$122,315,255	\$42,488,392	\$43,101,089	\$164,694,929	\$165,416,344

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

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Debt Administration

On December 31, 2017, the City of Avon had a total of \$93,391,756 in outstanding long-term debt obligations, with \$3,057,397 due within one year. Table 5 summarizes bonds, loans and contractual commitments outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$61,238,935	\$63,550,401	\$3,532,588	\$3,585,719	\$64,771,523	\$67,136,120
Special Assessment Bonds	14,651,144	7,835,346	1,139,828	1,150,532	15,790,972	8,985,878
Notes Payable	4,436,033	5,168,692	7,250,000	9,250,000	11,686,033	14,418,692
OPWC Loans	349,860	377,768	0	0	349,860	377,768
Capital Lease	71,994	94,495	411,903	156,080	483,897	250,575
Intergovernmental Payable	0	0	309,471	335,952	309,471	335,952
Total	\$80,747,966	\$77,026,702	\$12,643,790	\$14,478,283	\$93,391,756	\$91,504,985

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

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

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

During 2009, the City of Avon entered into contractual agreements with the City of Avon Lake for the construction and future maintenance of a water trunk line that service the City of Avon. The project was financed mainly by general obligation bonds which were issued by the City of Avon Lake. All proceeds were received by the City of Avon Lake and the City of Avon Lake is responsible for the debt retirement and maintenance. The line will be a capital asset of the City of Avon Lake. The total amount owed to the City of Avon Lake as of December 31, 2017, is \$309,471. This amount has been recorded on Avon's financial statements as a long-term liability in the water enterprise fund.

During 2017, the City issued \$1,975,000 in general obligation bonds for the purpose of partially refunding the Series 2009A various purpose bonds in order to take advantage of lower interest rates.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

During 2017, the City issued \$6,330,000 in special assessment bonds for the purpose of widening and resurfacing a portion of Chester Road.

During 2017, the City issued \$4,400,000 general obligation notes for the purpose of road projects and land purchases.

During 2017, the City issued \$7,250,000 in general obligation notes to help finance water and sewer system improvements.

The City of Avon previously held an "Aa1" credit rating from Moody's Investors Service. Moody's completed a review of the City's credit rating in 2017 and changed the City's rating from "Aa1" to "Aa2".

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

Current Financial Related Activities

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

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

The City is ideally situated on Interstate 90, approximately twenty minutes from Cleveland, Ohio and Cleveland Hopkins International Airport. Interstate 90 divides the City providing an ideal separation for commercial and industrial development north of Interstate 90 and commercial and residential development south of Interstate 90. With development of the industrial sites on the north side, the City's financial condition has been significantly strengthened. Moody's Investor Services has assigned an Aa2 bond rating to the City of Avon, and the City Administration works hard to maintain or improve this rating.

The City takes advantage of grants wherever possible. Recent examples of grant funded capital projects include:

- Chester Road at State Route 611 improvements – Federal Highway/Ohio Department of Transportation, total grant awarded \$3,500,000.
- State Route 83 Re-surfacing Project, in collaboration with the City of Avon Lake – Ohio Department of Transportation, total grant awarded \$671,000.
- Chester Road widening project – Lorain County Transportation Improvement District, total grant awarded \$250,000.
- Chester Road widening project – Ohio Department of Transportation Jobs & Commerce, total grant awarded \$150,000.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

- State Route 83 Round-a-bout Project, in collaboration with the City of North Ridgeville – Ohio Public Works Commission, total grant awarded \$693,000.
- Various Capital Budget Grants, including \$50,000 for improvements at All-Pro Freight Stadium and \$82,000 for improvements at the Avon Isle, \$200,000 that will be used towards a Military Veterans' Memorial and ice rink near the Aquatic Facility.

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

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

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

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

Contacting the City's Finance Department

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

City of Avon, Ohio
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total *
Assets			
Equity in Pooled Cash and Cash Equivalents	\$12,079,703	\$7,794,516	\$19,874,219
Accrued Interest Receivable	44,444	78,419	122,863
Materials and Supplies Inventory	334,414	422,038	756,452
Accounts Receivable	0	664,382	664,382
Internal Balances	135,000	(135,000)	0
Intergovernmental Receivable	1,031,130	0	1,031,130
Prepaid Items	102,742	10,000	112,742
Municipal Income Taxes Receivable	5,303,234	0	5,303,234
Property Taxes Receivable	4,683,358	0	4,683,358
Payments in Lieu of Taxes Receivable	1,888,523	0	1,888,523
Special Assessments Receivable	13,734,554	1,140,964	14,875,518
Loan Receivable	450,000	0	450,000
Capital Assets, Non-Depreciable	5,951,955	288,881	6,240,836
Capital Assets, Depreciable, Net	116,254,582	42,199,511	158,454,093
<i>Total Assets</i>	<u>161,993,639</u>	<u>52,463,711</u>	<u>214,457,350</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	2,661,399	0	2,661,399
Pension	6,206,650	670,259	6,861,952
<i>Total Deferred Outflows of Resources</i>	<u>8,868,049</u>	<u>670,259</u>	<u>9,523,351</u>
Liabilities			
Accounts Payable	206,980	31,258	238,238
Contracts Payable	93,060	0	93,060
Accrued Wages and Benefits	430,525	36,494	467,019
Intergovernmental Payable	380,473	475,213	855,686
Retainage Payable	0	281,301	281,301
Accrued Interest Payable	432,705	263,264	695,969
Notes Payable	8,175,000	2,000,000	10,175,000
Long-Term Liabilities:			
Due Within One Year	2,932,559	222,560	3,155,119
Due In More Than One Year:			
Net Pension Liability (See Note 21)	25,041,139	1,601,358	26,642,497
Other Amounts Due in More Than One Year	79,571,135	12,552,146	92,123,281
<i>Total Liabilities</i>	<u>117,263,576</u>	<u>17,463,594</u>	<u>134,727,170</u>
Deferred Inflows of Resources			
Property Taxes	4,607,052	0	4,607,052
Payments in Lieu of Taxes	1,877,595	0	1,877,595
Pension	99,230	9,531	93,804
<i>Total Deferred Inflows of Resources</i>	<u>6,583,877</u>	<u>9,531</u>	<u>6,578,451</u>
Net Position			
Net Investment in Capital Assets	38,145,169	27,982,733	66,127,902
Restricted for:			
Capital Projects	673,086	0	673,086
Debt Service	12,259,293	0	12,259,293
Fire Department	457,789	0	457,789
Street Construction, Maintenance and Repair	936,227	0	936,227
Other Purposes	2,653,685	0	2,653,685
Unrestricted (Deficit)	(8,111,014)	7,678,112	(432,902)
<i>Total Net Position</i>	<u>\$47,014,235</u>	<u>\$35,660,845</u>	<u>\$82,675,080</u>

See accompanying notes to the basic financial statements

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

City of Avon, Ohio
Statement of Activities
For the Year Ended December 31, 2017

	Expenses	Program Revenues		
		Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$4,552,425	\$8,114,096	\$0	\$139,194
Security of Persons and Property	12,455,701	672,185	91,377	0
Transportation	6,356,119	5,810	1,257,588	613,588
Community Environment	2,348,421	1,282,241	312,305	228,861
Basic Utility Services	840,382	165,369	0	761,643
Leisure Time Activities	2,200,268	373,357	62,251	58,100
Interest and Fiscal Charges	2,802,582	0	0	0
<i>Total Governmental Activities</i>	<u>31,555,898</u>	<u>10,613,058</u>	<u>1,723,521</u>	<u>1,801,386</u>
Business-Type Activities				
Water	4,098,831	4,406,393	0	99,375
Sewer	4,133,510	4,073,106	0	401,656
<i>Total Business-Type Activities</i>	<u>8,232,341</u>	<u>8,479,499</u>	<u>0</u>	<u>501,031</u>
<i>Total</i>	<u>\$39,788,239</u>	<u>\$19,092,557</u>	<u>\$1,723,521</u>	<u>\$2,302,417</u>

General Revenues

Property Taxes Levied for:

General Purposes

Streets

Police

Park Operating

Equipment

Municipal Income Taxes Levied for:

General Purposes

Fire Department

Police

Park Operating

Recreation Complex

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Contributions

Investment Earnings

Payments in Lieu of Taxes

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

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

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$3,700,865	\$0	\$3,700,865
(11,692,139)	0	(11,692,139)
(4,479,133)	0	(4,479,133)
(525,014)	0	(525,014)
86,630	0	86,630
(1,706,560)	0	(1,706,560)
(2,802,582)	0	(2,802,582)
<u>(17,417,933)</u>	<u>0</u>	<u>(17,417,933)</u>
0	406,937	406,937
0	341,252	341,252
0	748,189	748,189
<u>(17,417,933)</u>	<u>748,189</u>	<u>(16,669,744)</u>
1,724,850	0	1,724,850
1,219,882	0	1,219,882
653,997	0	653,997
288,920	0	288,920
579,088	0	579,088
9,582,138	0	9,582,138
2,729,053	0	2,729,053
3,095,920	0	3,095,920
1,197,897	0	1,197,897
1,197,897	0	1,197,897
613,496	0	613,496
1,825	0	1,825
188,035	0	188,035
1,481,646	0	1,481,646
532,736	24,610	557,346
25,087,380	24,610	25,111,990
65,424	(65,424)	0
<u>25,152,804</u>	<u>(40,814)</u>	<u>25,111,990</u>
7,734,871	707,375	8,442,246
<u>39,279,364</u>	<u>34,953,470</u>	<u>74,232,834</u>
<u>\$47,014,235</u>	<u>\$35,660,845</u>	<u>\$82,675,080</u>

City of Avon, Ohio
Balance Sheet
Governmental Funds
December 31, 2017

	General	Fire Department	Street Construction, Maintenance and Repair	Police
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,516,712	\$222,445	\$462,306	\$977,098
Materials and Supplies Inventory	0	29,156	173,904	131,354
Interfund Receivable	1,672,242	0	0	0
Intergovernmental Receivable	200,235	0	528,277	37,941
Accrued Interest Receivable	43,122	0	826	0
Prepaid Items	42,742	20,000	7,500	25,000
Municipal Income Taxes Receivable	2,982,226	797,861	0	797,861
Property Taxes Receivable	1,734,854	0	1,311,315	704,922
Payments in Lieu of Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Loan Receivable	450,000	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	15,129	0	0	0
<i>Total Assets</i>	<u>\$11,657,262</u>	<u>\$1,069,462</u>	<u>\$2,484,128</u>	<u>\$2,674,176</u>
Liabilities				
Accounts Payable	\$78,528	\$1,758	\$16,505	\$25,783
Contracts Payable	0	0	0	0
Accrued Wages and Benefits	81,474	133,902	50,794	149,728
Interfund Payable	0	0	0	0
Intergovernmental Payable	45,919	103,505	19,495	94,734
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>205,921</u>	<u>239,165</u>	<u>86,794</u>	<u>270,245</u>
Deferred Inflows of Resources				
Property Taxes	1,705,873	0	1,291,438	693,697
Payments in Lieu of Taxes	0	0	0	0
Unavailable Revenue	1,468,249	301,060	397,954	350,226
<i>Total Deferred Inflows of Resources</i>	<u>3,174,122</u>	<u>301,060</u>	<u>1,689,392</u>	<u>1,043,923</u>
Fund Balances				
Nonspendable	583,871	49,156	181,404	156,354
Restricted	0	480,081	494,908	1,203,654
Committed	0	0	0	0
Assigned	770,604	0	31,630	0
Unassigned (Deficit)	6,922,744	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>8,277,219</u>	<u>529,237</u>	<u>707,942</u>	<u>1,360,008</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,657,262</u>	<u>\$1,069,462</u>	<u>\$2,484,128</u>	<u>\$2,674,176</u>

See accompanying notes to the basic financial statements

General Obligation Bond Retirement	Special Assessment Bond Retirement	Municipal Swimming Pool	Road and Bridges	Other Governmental Funds	Total Governmental Funds
\$195,853	\$489,198	\$17,949	\$1,463,974	\$3,719,039	\$12,064,574
0	0	0	0	0	334,414
0	0	0	0	279,180	1,951,422
0	0	0	110,453	154,224	1,031,130
0	0	0	291	205	44,444
0	0	0	0	7,500	102,742
0	0	0	0	725,286	5,303,234
0	0	0	0	932,267	4,683,358
0	0	0	0	1,888,523	1,888,523
0	13,734,554	0	0	0	13,734,554
0	0	0	0	0	450,000
0	0	0	0	0	15,129
<u>\$195,853</u>	<u>\$14,223,752</u>	<u>\$17,949</u>	<u>\$1,574,718</u>	<u>\$7,706,224</u>	<u>\$41,603,524</u>
\$0	\$0	\$0	\$0	\$84,406	\$206,980
0	0	0	0	93,060	93,060
0	0	0	0	14,627	430,525
0	0	279,180	885,600	651,642	1,816,422
0	0	0	110,453	6,367	380,473
0	0	29,644	8,932	22,544	61,120
0	0	4,600,000	450,000	3,125,000	8,175,000
0	0	4,908,824	1,454,985	3,997,646	11,163,580
0	0	0	0	916,044	4,607,052
0	0	0	0	1,877,595	1,877,595
0	13,734,554	0	0	452,688	16,704,731
0	13,734,554	0	0	3,246,327	23,189,378
0	0	0	0	7,500	978,285
195,853	489,198	0	0	2,647,388	5,511,082
0	0	0	0	605,342	605,342
0	0	0	119,733	560,300	1,482,267
0	0	(4,890,875)	0	(3,358,279)	(1,326,410)
195,853	489,198	(4,890,875)	119,733	462,251	7,250,566
<u>\$195,853</u>	<u>\$14,223,752</u>	<u>\$17,949</u>	<u>\$1,574,718</u>	<u>\$7,706,224</u>	<u>\$41,603,524</u>

City of Avon, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2017*

Total Governmental Fund Balances		\$7,250,566
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		122,206,537
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds:		
Delinquent Property Taxes	\$76,306	
Delinquent Payments in Lieu of Taxes	10,928	
Municipal Income Taxes	2,178,044	
Intergovernmental	704,899	
Special Assessments	13,734,554	
Total	16,704,731	16,704,731
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(371,585)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Deferred Charge on Refunding	2,661,399	
General Obligation Bonds	(61,238,935)	
Special Assessment Bonds	(14,651,144)	
General Obligation Notes	(4,436,033)	
OPWC Loans	(349,860)	
Capital Lease	(71,994)	
Compensated Absences	(1,755,728)	
Total	(79,842,295)	(79,842,295)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	6,206,650	
Net Pension Liability	(25,041,139)	
Deferred Inflows - Pension	(99,230)	
Total	(18,933,719)	(18,933,719)
<i>Net Position of Governmental Activities</i>		\$47,014,235

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, 2017

	General	Fire Department	Street Construction, Maintenance and Repair	Police	General Obligation Bond Retirement
Revenues					
Property Taxes	\$1,742,513	\$0	\$1,230,844	\$661,150	\$0
Payments in Lieu of Taxes	0	0	0	0	0
Municipal Income Taxes	9,378,949	3,028,321	0	3,028,321	0
Charges for Services	396,810	669,928	0	0	364,672
Licenses and Permits	941,052	975	5,810	477	0
Fines and Forfeitures	147,715	0	0	805	0
Intergovernmental	761,207	0	1,065,821	89,945	0
Special Assessments	0	0	0	0	0
Interest	182,340	0	5,003	0	0
Contributions and Donations	1,825	0	0	505	0
Rentals	13,565	0	0	0	0
Miscellaneous	401,016	4,821	5,024	45,957	47,299
<i>Total Revenues</i>	<u>13,966,992</u>	<u>3,704,045</u>	<u>2,312,502</u>	<u>3,827,160</u>	<u>411,971</u>
Expenditures					
Current:					
General Government	3,481,244	0	0	0	0
Security of Persons and Property	0	4,858,519	0	5,825,106	0
Transportation	0	0	2,343,068	0	0
Community Environment	1,953,104	0	0	0	0
Leisure Time Activities	25,519	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	22,501	0	140,000	0	729,663
Interest and Fiscal Charges	3,077	0	37,926	0	783,517
Bond Issuance Costs	0	0	0	0	44,543
<i>Total Expenditures</i>	<u>5,485,445</u>	<u>4,858,519</u>	<u>2,520,994</u>	<u>5,825,106</u>	<u>1,557,723</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,481,547</u>	<u>(1,154,474)</u>	<u>(208,492)</u>	<u>(1,997,946)</u>	<u>(1,145,752)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	8,742	0	0
Refunding Bonds Issued	0	0	0	0	1,975,000
General Obligation Bonds Issued	0	0	0	0	0
Premium on General Obligation Bonds Issued	0	0	0	0	0
General Obligation Notes Issued	0	0	0	0	0
Premium on General Obligation Notes Issued	0	0	0	0	36,033
Payment to Refunded Bond Escrow Agent	0	0	0	0	(1,930,457)
Transfers In	0	100,000	325,000	2,325,000	1,549,181
Transfers Out	(6,477,900)	0	0	0	(471,125)
<i>Total Other Financing Sources (Uses)</i>	<u>(6,477,900)</u>	<u>100,000</u>	<u>333,742</u>	<u>2,325,000</u>	<u>1,158,632</u>
<i>Net Change in Fund Balances</i>	2,003,647	(1,054,474)	125,250	327,054	12,880
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>6,273,572</u>	<u>1,583,711</u>	<u>582,692</u>	<u>1,032,954</u>	<u>182,973</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$8,277,219</u>	<u>\$529,237</u>	<u>\$707,942</u>	<u>\$1,360,008</u>	<u>\$195,853</u>

(continued)

City of Avon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds (continued)
For the Year Ended December 31, 2017

	Special Assessment Bond Retirement	Municipal Swimming Pool	Road and Bridges	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$0	\$0	\$0	\$873,063	\$4,507,570
Payments in Lieu of Taxes	0	0	0	1,490,985	1,490,985
Municipal Income Taxes	0	0	0	2,380,970	17,816,561
Charges for Services	0	0	0	645,165	2,076,575
Licenses and Permits	0	0	0	178,735	1,127,049
Fines and Forfeitures	0	0	0	4,488	153,008
Intergovernmental	0	0	220,091	786,197	2,923,261
Special Assessments	744,363	0	0	0	744,363
Interest	0	0	463	229	188,035
Contributions and Donations	0	0	0	90,900	93,230
Rentals	0	0	0	451,050	464,615
Miscellaneous	0	0	6,461	22,158	532,736
<i>Total Revenues</i>	<u>744,363</u>	<u>0</u>	<u>227,015</u>	<u>6,923,940</u>	<u>32,117,988</u>
Expenditures					
Current:					
General Government	33,017	0	0	0	3,514,261
Security of Persons and Property	0	0	0	16,056	10,699,681
Transportation	0	0	0	242,953	2,586,021
Community Environment	0	0	0	106,860	2,059,964
Leisure Time Activities	0	0	0	1,807,103	1,832,622
Capital Outlay	0	0	3,022,421	1,427,862	4,450,283
Debt Service:					
Principal Retirement	284,714	0	3,435,000	3,144,696	7,756,574
Interest and Fiscal Charges	329,997	255	163,479	1,448,463	2,766,714
Bond Issuance Costs	0	0	171,055	0	215,598
<i>Total Expenditures</i>	<u>647,728</u>	<u>255</u>	<u>6,791,955</u>	<u>8,193,993</u>	<u>35,881,718</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>96,635</u>	<u>(255)</u>	<u>(6,564,940)</u>	<u>(1,270,053)</u>	<u>(3,763,730)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	16,280	25,022
Refunding Bonds Issued	0	0	0	0	1,975,000
General Obligation Bonds Issued	0	0	6,330,000	0	6,330,000
Premium on General Obligation Bonds Issued	0	0	781,055	0	781,055
General Obligation Notes Issued	0	0	3,095,000	1,305,000	4,400,000
Premium on General Obligation Notes Issued	0	0	0	0	36,033
Payment to Refunded Bond Escrow Agent	0	0	0	0	(1,930,457)
Transfers In	0	0	2,501,900	959,245	7,760,326
Transfers Out	(10,870)	0	(151,777)	(583,230)	(7,694,902)
<i>Total Other Financing Sources (Uses)</i>	<u>(10,870)</u>	<u>0</u>	<u>12,556,178</u>	<u>1,697,295</u>	<u>11,682,077</u>
<i>Net Change in Fund Balances</i>	85,765	(255)	5,991,238	427,242	7,918,347
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>403,433</u>	<u>(4,890,620)</u>	<u>(5,871,505)</u>	<u>35,009</u>	<u>(667,781)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$489,198</u>	<u>(\$4,890,875)</u>	<u>\$119,733</u>	<u>\$462,251</u>	<u>\$7,250,566</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, 2017*

Net Change in Fund Balances - Total Governmental Funds	\$7,918,347
<i>Amounts reported for governmental activities in the statements of activities are different because:</i>	
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 depreciation exceeded capital outlays and contributions in the current period:	
Capital Asset Additions:	
Capital Outlays	\$4,657,385
Capital Contributions	1,359,498
Current Year Depreciation	<u>(6,080,902)</u>
Total	(64,019)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	
	(44,699)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	(40,833)
Delinquent Payments in Lieu of Taxes	(9,339)
Municipal Income Taxes	(13,656)
Intergovernmental	(235,761)
Special Assessments	<u>6,047,448</u>
Total	5,747,859
Other financing sources in the governmental funds increase long-term liabilities in the statement of net position:	
Refunding Bonds Issued	(1,975,000)
Special Assessment Bonds Issued	(6,330,000)
Premium on Special Assessment Bonds Issued	(781,055)
General Obligation Notes Issued	(4,400,000)
Premium on General Obligation Notes Issued	<u>(36,033)</u>
Total	(13,522,088)
Repayment of bond, note and loan principal and payment to refunded bond escrow agent are expenditures in the governmental funds, but the repayments reduce the long-term liabilities in the statement of net position:	
Bond, Note and Loan Principal	7,756,574
Payment to Refunded Bond Escrow Agent	<u>1,930,457</u>
Total	9,687,031
In the statement of activities, interest is accrued on outstanding bonds and deferred charges and bond premiums are amortized over the term of the bonds, whereas in governmental funds, an expenditure is reported when bonds are issued:	
Accrued Interest	(120,350)
Amortization of Loss on Refunding	(159,768)
Amortization of Bond and Note Premiums	<u>244,250</u>
Total	(35,868)
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.	
	8,945
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
	1,800,268
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	
	<u>(3,760,905)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$7,734,871</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
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$1,666,460	\$1,742,513	\$1,742,513	\$0
Municipal Income Taxes	8,890,735	9,296,486	9,296,486	0
Charges for Services	379,491	396,810	396,810	0
Licenses and Permits	879,792	919,943	941,052	21,109
Fines and Forfeitures	153,256	160,250	147,715	(12,535)
Intergovernmental	936,708	979,457	985,925	6,468
Interest	157,394	164,577	164,577	0
Contributions and Donations	2,496	1,825	1,825	0
Rentals	25,614	13,725	13,565	(160)
Miscellaneous	329,952	389,736	393,178	3,442
<i>Total Revenues</i>	<u>13,421,898</u>	<u>14,065,322</u>	<u>14,083,646</u>	<u>18,324</u>
Expenditures				
Current:				
General Government	4,549,608	4,636,308	3,821,528	814,780
Community Environment	2,458,367	2,482,567	2,007,338	475,229
Leisure Time Activities	35,179	35,179	26,743	8,436
Debt Service:				
Principal Retirement	22,872	22,872	22,501	371
Interest and Fiscal Charges	3,128	3,128	3,077	51
<i>Total Expenditures</i>	<u>7,069,154</u>	<u>7,180,054</u>	<u>5,881,187</u>	<u>1,298,867</u>
<i>Excess of Revenues Over Expenditures</i>	<u>6,352,744</u>	<u>6,885,268</u>	<u>8,202,459</u>	<u>1,317,191</u>
Other Financing Sources (Uses)				
Advances In	20,857	20,857	20,857	0
Transfers In	9,347,839	9,347,839	9,347,839	0
Transfers Out	(15,180,525)	(16,937,900)	(15,767,900)	1,170,000
<i>Total Other Financing Sources (Uses)</i>	<u>(5,811,829)</u>	<u>(7,569,204)</u>	<u>(6,399,204)</u>	<u>1,170,000</u>
<i>Net Change in Fund Balance</i>	540,915	(683,936)	1,803,255	2,487,191
<i>Fund Balance Beginning of Year</i>	2,508,093	2,508,093	2,508,093	0
Prior Year Encumbrances Appropriated	133,260	133,260	133,260	0
<i>Fund Balance End of Year</i>	<u>\$3,182,268</u>	<u>\$1,957,417</u>	<u>\$4,444,608</u>	<u>\$2,487,191</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Department Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$4,144,700	\$3,496,361	\$3,252,964	(\$243,397)
Charges for Services	786,755	663,686	663,686	0
Licenses and Permits	1,156	975	975	0
Miscellaneous	5,751	4,801	4,821	20
<i>Total Revenues</i>	4,938,362	4,165,823	3,922,446	(243,377)
Expenditures				
Current:				
Security of Persons and Property	5,210,607	5,210,607	4,879,385	331,222
<i>Excess of Revenues Under Expenditures</i>	(272,245)	(1,044,784)	(956,939)	87,845
Other Financing Sources				
Transfers In	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	(172,245)	(944,784)	(856,939)	87,845
<i>Fund Balance Beginning of Year</i>	979,616	979,616	979,616	0
Prior Year Encumbrances Appropriated	31,301	31,301	31,301	0
<i>Fund Balance End of Year</i>	<u>\$838,672</u>	<u>\$66,133</u>	<u>\$153,978</u>	<u>\$87,845</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Property Taxes	\$1,218,034	\$1,230,844	\$1,230,844	\$0
Licenses and Permits	5,750	5,810	5,810	0
Intergovernmental	1,087,473	1,098,910	1,065,776	(33,134)
Interest	3,958	4,000	4,181	181
Miscellaneous	3,082	3,206	5,024	1,818
<i>Total Revenues</i>	<u>2,318,297</u>	<u>2,342,770</u>	<u>2,311,635</u>	<u>(31,135)</u>
Expenditures				
Current:				
Transportation	2,984,622	2,898,871	2,770,623	128,248
Debt Service:				
Principal Retirement	140,000	140,000	140,000	0
Interest and Fiscal Charges	40,150	40,151	37,926	2,225
<i>Total Expenditures</i>	<u>3,164,772</u>	<u>3,079,022</u>	<u>2,948,549</u>	<u>130,473</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(846,475)</u>	<u>(736,252)</u>	<u>(636,914)</u>	<u>99,338</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	8,742	8,742	8,742	0
Transfers In	350,000	350,000	350,000	0
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>333,742</u>	<u>333,742</u>	<u>333,742</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(512,733)	(402,510)	(303,172)	99,338
<i>Fund Balance Beginning of Year</i>	150,908	150,908	150,908	0
Prior Year Encumbrances Appropriated	282,829	282,829	282,829	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$78,996)</u>	<u>\$31,227</u>	<u>\$130,565</u>	<u>\$99,338</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$684,071	\$661,150	\$661,150	\$0
Municipal Income Taxes	2,909,572	2,812,082	2,812,082	0
Licenses and Permits	494	477	477	0
Fines and Forfeitures	1,035	1,000	805	(195)
Intergovernmental	93,063	89,945	89,945	0
Contributions and Donations	523	505	505	0
Miscellaneous	47,861	46,257	45,957	(300)
<i>Total Revenues</i>	3,736,619	3,611,416	3,610,921	(495)
Expenditures				
Current:				
Security of Persons and Property	6,311,345	6,348,345	5,787,242	561,103
<i>Excess of Revenues Under Expenditures</i>	(2,574,726)	(2,736,929)	(2,176,321)	560,608
Other Financing Sources				
Transfers In	2,325,000	2,325,000	2,325,000	0
<i>Net Change in Fund Balance</i>	(249,726)	(411,929)	148,679	560,608
<i>Fund Balance Beginning of Year</i>	709,521	709,521	709,521	0
Prior Year Encumbrances Appropriated	96,374	96,374	96,374	0
<i>Fund Balance End of Year</i>	\$556,169	\$393,966	\$954,574	\$560,608

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$4,153,598	\$3,640,918	\$7,794,516
Accrued Interest Receivable	636	77,783	78,419
Materials and Supplies Inventory	397,970	24,068	422,038
Accounts Receivable	286,132	378,250	664,382
Prepaid Items	5,000	5,000	10,000
Special Assessments Receivable	290,456	850,508	1,140,964
<i>Total Current Assets</i>	<u>5,133,792</u>	<u>4,976,527</u>	<u>10,110,319</u>
<i>Noncurrent Assets</i>			
Non-Depreciable Capital Assets	281,301	7,580	288,881
Depreciable Capital Assets, Net	20,210,824	21,988,687	42,199,511
<i>Total Noncurrent Assets</i>	<u>20,492,125</u>	<u>21,996,267</u>	<u>42,488,392</u>
<i>Total Assets</i>	<u>25,625,917</u>	<u>26,972,794</u>	<u>52,598,711</u>
Deferred Outflows of Resources			
Pension	351,573	351,193	702,766
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	24,213	7,045	31,258
Accrued Wages and Benefits	18,599	17,895	36,494
Intergovernmental Payable	165,704	309,509	475,213
Retainage Payable	281,301	0	281,301
Interfund Payable	135,000	0	135,000
Compensated Absences Payable	3,669	3,669	7,338
Accrued Interest Payable	149,477	113,787	263,264
Avon Lake Intergovernmental Payable	27,983	0	27,983
Notes Payable	1,500,000	500,000	2,000,000
Capital Lease Payable	0	122,488	122,488
Bonds Payable	16,299	48,452	64,751
<i>Total Current Liabilities</i>	<u>2,322,245</u>	<u>1,122,845</u>	<u>3,445,090</u>
<i>Long-Term Liabilities (net of current portion)</i>			
Compensated Absences Payable	61,789	61,789	123,578
Avon Lake Intergovernmental Payable	281,488	0	281,488
Notes Payable	6,250,000	1,000,000	7,250,000
Capital Lease Payable	0	289,415	289,415
Bonds Payable	1,532,460	3,075,205	4,607,665
Net Pension Liability	800,679	800,679	1,601,358
<i>Total Long-Term Liabilities</i>	<u>8,926,416</u>	<u>5,227,088</u>	<u>14,153,504</u>
<i>Total Liabilities</i>	<u>11,248,661</u>	<u>6,349,933</u>	<u>17,598,594</u>
Deferred Inflows of Resources			
Pension	4,765	37,273	42,038
Net Position			
Net Investment in Capital Assets	11,022,026	16,960,707	27,982,733
Unrestricted	3,702,038	3,976,074	7,678,112
<i>Total Net Position</i>	<u>\$14,724,064</u>	<u>\$20,936,781</u>	<u>\$35,660,845</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, 2017*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$4,406,393	\$4,073,106	\$8,479,499
Other	23,530	602	24,132
<i>Total Operating Revenues</i>	<u>4,429,923</u>	<u>4,073,708</u>	<u>8,503,631</u>
Operating Expenses			
Personal Services	721,136	718,565	1,439,701
Materials and Supplies	1,845,108	2,382,219	4,227,327
Contractual Services	572,125	0	572,125
Other	12,034	4,807	16,841
Depreciation and Amortization	752,505	912,256	1,664,761
<i>Total Operating Expenses</i>	<u>3,902,908</u>	<u>4,017,847</u>	<u>7,920,755</u>
<i>Operating Income</i>	<u>527,015</u>	<u>55,861</u>	<u>582,876</u>
Non-Operating Revenues (Expenses)			
Other	478	0	478
Interest and Fiscal Charges	(195,923)	(115,663)	(311,586)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(195,445)</u>	<u>(115,663)</u>	<u>(311,108)</u>
<i>Income Before Contributions and Transfers</i>	331,570	(59,802)	271,768
Capital Contributions	99,375	401,656	501,031
Transfers In	471,125	16,707	487,832
Transfers Out	(553,256)	0	(553,256)
<i>Change in Net Position</i>	348,814	358,561	707,375
<i>Net Position Beginning of Year</i>	<u>14,375,250</u>	<u>20,578,220</u>	<u>34,953,470</u>
<i>Net Position End of Year</i>	<u><u>\$14,724,064</u></u>	<u><u>\$20,936,781</u></u>	<u><u>\$35,660,845</u></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, 2017

	Business-Type Activities		
	Water	Sewer	Totals
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$4,401,720	\$4,072,122	\$8,473,842
Other Operating Revenues	23,530	602	24,132
Other Non-Operating Revenues	478	0	478
Cash Payments for Employee Services and Benefits	(589,297)	(577,850)	(1,167,147)
Cash Payments to Suppliers for Materials and Supplies	(1,895,247)	(2,360,139)	(4,255,386)
Cash Payments for Contractual Services	(471,933)	(440,613)	(912,546)
Other Operating Expenses	(12,034)	(4,807)	(16,841)
<i>Net Cash Provided by Operating Activities</i>	<u>1,457,217</u>	<u>689,315</u>	<u>2,146,532</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	471,125	297,232	768,357
Transfers Out	(553,256)	(280,525)	(833,781)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>(82,131)</u>	<u>16,707</u>	<u>(65,424)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(264,650)	(305,295)	(569,945)
Capital Grants Received	99,375	0	99,375
General Obligation Notes Issued	7,750,000	1,500,000	9,250,000
Principal Paid on General Obligation Bonds	(13,352)	(39,779)	(53,131)
Principal Paid on Special Assessment Bonds	(2,715)	(7,989)	(10,704)
Principal Paid on Intangible Asset	(26,481)	0	(26,481)
Principal Paid on Notes	(9,450,000)	(1,500,000)	(10,950,000)
Principal Paid on Capital Lease	0	(125,847)	(125,847)
Interest Paid on General Obligation Bonds	(41,486)	(70,245)	(111,731)
Interest Paid on Special Assessment Bonds	(10,360)	(6,155)	(16,515)
Interest Paid on Intangible Asset	(19,106)	0	(19,106)
Interest Paid on Notes	(80,240)	(9,740)	(89,980)
Interest Paid on Capital Lease	0	(7,803)	(7,803)
Payment on Manuscript Bonds	(9,000)	0	(9,000)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(2,068,015)</u>	<u>(572,853)</u>	<u>(2,640,868)</u>
Cash Flows from Investing Activities			
Interest on Investments	4,265	0	4,265
Net Increase (Decrease) in Cash and Cash Equivalents	(688,664)	133,169	(555,495)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,842,262</u>	<u>3,507,749</u>	<u>8,350,011</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,153,598</u>	<u>\$3,640,918</u>	<u>\$7,794,516</u>

See accompanying notes to the basic financial statements

(continued)

City of Avon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2017

	Business-Type Activities		
	Water	Sewer	Totals
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$527,015	\$55,861	\$582,876
<i>Adjustments:</i>			
Depreciation and Amortization	752,505	912,256	1,664,761
Non-Operating Revenues	478	0	478
(Increase) Decrease in Assets:			
Materials and Supplies Inventory	(44,208)	20,009	(24,199)
Accounts Receivable	(4,673)	(984)	(5,657)
Prepaid Items	(500)	(500)	(1,000)
Increase in Deferred Outflows - Pension	122,628	147,267	269,895
Increase (Decrease) in Liabilities:			
Accounts Payable	8,438	3,528	11,966
Contracts Payable	(71,437)	(78,617)	(150,054)
Accrued Wages and Benefits	1,141	2,096	3,237
Intergovernmental Payable	156,935	(364,914)	(207,979)
Compensated Absences Payable	1,504	1,504	3,008
Net Pension Liability	17,923	17,924	35,847
Decrease in Deferred Inflows - Pension	(10,532)	(26,115)	(36,647)
<i>Total Adjustments</i>	930,202	633,454	1,563,656
<i>Net Cash Provided by Operating Activities</i>	\$1,457,217	\$689,315	\$2,146,532

Noncash Capital Financing Activities

During 2017, the sewer enterprise fund received sewer lines from developers valued at \$401,656.

During 2017, the sewer enterprise fund entered into a capital lease for a sewer cleaning truck in the amount of \$381,670.

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

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

At December 31, 2017, the City had retainage payable related to the acquisition of capital assets of \$281,301 in the water fund.

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$2,596,982</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$2,596,982</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, 2017

Note 1 – Description of City and Reporting Entity

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

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

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

Reporting Entity

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

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

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

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

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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

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

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

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

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

Water Fund This fund is used to account for revenues generated from charges for distribution of water to the residential and commercial users of the City and for the maintenance and construction of waterlines.

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Measurement Focus

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

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

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

Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 21.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue and pension. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, delinquent payments in lieu of taxes, municipal income taxes, intergovernmental grants, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 22. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 21).

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

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

Budgetary Process

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

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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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 2017, investments were made in federal national mortgage association bonds, federal home loan bank bonds, federal farm credit bank bonds, federal home loan mortgage corporation bonds, and municipal securities. Investments are reported at fair value, which is based on quoted market prices.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2017 amounted to \$182,340, which includes \$144,418 assigned from other City funds.

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

Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017 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 backtracking (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables." Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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

Pensions

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

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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans. It also includes the long-term amount of loans receivable, unless the use of the proceeds from the collection of those receivables is restricted, committed, or assigned.

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance or by State statute. City Council also assigned fund balance for City administration and community environment purposes and to cover a gap between estimated revenues and appropriations for 2018 operations.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

Internal Activity

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services and other operating revenue for the water and sewer fund. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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 Premiums

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

In 2017, the City sold special assessment bonds at a premium. In this case, the premium was never received by the City, but rather sent directly to the paying agent to be used to redeem outstanding notes that had been used to finance a road project. Had the City actually received those funds, they would have been deposited into the special assessment bond retirement fund and then used to pay the notes.

Estimates

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

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

Change in Accounting Principle

For 2017, the City implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2016-1*. These changes were incorporated in the City’s 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Prior Year Net Position

During 2017, it was determined that intergovernmental receivable within the road and bridges capital improvement fund was overstated. Due to the amount being unavailable revenue for modified accrual, there was no effect on fund balance. The restatement had the following effect on net position:

	Governmental Activities	Business-Type Activities	Total
Net Position at December 31, 2016	\$40,005,385	\$34,953,470	\$74,958,855
Intergovernmental Receivable	(726,021)	0	(726,021)
Restated Net Position at December 31, 2016	\$39,279,364	\$34,953,470	\$74,232,834

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 4 – Accountability and Compliance

Accountability

At December 31, 2017, the municipal swimming pool, park development and improvement, land purchases, municipal buildings, and I-90 interchange funds had deficits of \$4,890,875, \$893,675, \$175,094, \$2,260,368, and \$29,142, respectively. The municipal swimming pool, park development and improvement, land purchases and municipal buildings fund deficits are due to the issuance of short-term general obligation notes which are used to finance the projects until bonds are issued. Once the Notes are retired or Bonds are issued, the deficit will be eliminated. The deficit in the I-90 interchange fund is due to an interfund payable. The general fund is liable for any deficits in these funds and provides transfers when cash is required, rather than when accruals occur.

Compliance

Contrary to Ohio Revised Code Section 5705.39, the following funds had original appropriations in excess of certified available resources:

Special Revenue Funds:

Street Construction, Maintenance and Repair	\$78,996
Recreation	5,335

Capital Projects Fund:

Capital Improvements	14,545
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Contrary to Ohio Revised Code Section 5705.39, the road and bridges capital projects fund and the general obligation bond retirement fund had final appropriations in excess of certified available resources in the amounts of \$318,638 and \$1,812,459, respectively.

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

Note 5 – Budgetary Basis of Accounting

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
3. Investments are reported at cost (budget) rather than fair value (GAAP).

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
5. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

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

Net Change in Fund Balance

	General	Fire Department	Street Construction, Maintenance and Repair	Police
GAAP Basis	\$2,003,647	(\$1,054,474)	\$125,250	\$327,054
Net Adjustment for Revenue Accruals	9,507,666	271,795	24,622	(216,239)
Unrecorded Cash Beginning of Year	8,650	0	0	0
Unrecorded Cash End of Year	(25,152)	(53,394)	(489)	0
Beginning Fair Value Adjustment for Investments	(62,802)	0	0	0
Ending Fair Value Adjustment for Investments	56,988	0	0	0
Net Adjustment for Expenditure Accruals	(9,431,673)	(5,793)	(121,303)	60,388
Encumbrances	(254,069)	(15,073)	(331,252)	(22,524)
Budget Basis	<u>\$1,803,255</u>	<u>(\$856,939)</u>	<u>(\$303,172)</u>	<u>\$148,679</u>

Note 6 – Deposits and Investments

The City is a charter City and has adopted an investment policy through City Ordinance. The City has elected to follow the provisions of State statute. State Statutes classify monies held by the City into three categories.

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2017, the City was not exposed to custodial credit risk.

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

In April of 2018, one of the City’s financial institutions participating in OPCS was approved for a reduced collateral floor of 50 percent. At the time the reduced floor became effective, \$1,641,059 of the City’s bank balance of \$15,435,730 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

Investments

Investments are reported at fair value. As of December 31, 2017, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level 2 Inputs:				
Federal National Mortgage Association Bonds	\$1,989,750	Less Than Five Years	AA+	26.66 %
Federal Home Loan Bank Bonds	990,190	Less Than Five Years	AA+	13.27
Federal Farm Credit Bank Bonds	986,650	Less Than Three Years	AA+	13.22
Federal Home Loan Mortgage Corporation Bonds	993,620	Less Than Five Years	AA+	13.31
Municipal Securities	<u>2,504,263</u>	Less than one year	N/A	<u>33.54</u>
Total Investments	<u><u>\$7,464,473</u></u>			<u><u>100.00 %</u></u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the City’s recurring fair value measurements as of December 31, 2017. The City’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 7 – Fund Balances

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

Fund Balances	General	Fire Department	Street Construction, Maintenance and Repair	Police	General Obligation Bond Retirement
<u>Nonspendable:</u>					
Inventory	\$0	\$29,156	\$173,904	\$131,354	\$0
Prepays	42,742	20,000	7,500	25,000	0
Intergovernmental Loan	400,000	0	0	0	0
Interfund Loans	126,000	0	0	0	0
Unclaimed Funds	15,129	0	0	0	0
Total Nonspendable	583,871	49,156	181,404	156,354	0
<u>Restricted for:</u>					
Fire Department	0	480,081	0	0	0
Street Maintenance	0	0	494,908	0	0
Police	0	0	0	1,203,654	0
Debt Retirement	0	0	0	0	195,853
Recycling	0	0	0	0	0
Mayor's Court	0	0	0	0	0
Park Operating	0	0	0	0	0
Economic Development	0	0	0	0	0
Equipment	0	0	0	0	0
Other Purposes	0	0	0	0	0
Total Restricted	0	480,081	494,908	1,203,654	195,853
<u>Committed to:</u>					
Street Maintenance	0	0	0	0	0
Recreation	0	0	0	0	0
Stadium Marquee	0	0	0	0	0
K-9 and Memorial Programs	0	0	0	0	0
Total Committed	0	0	0	0	0
<u>Assigned to:</u>					
2018 Operations	549,570	0	0	0	0
City Administration	204,233	0	0	0	0
Community Environment	16,801	0	0	0	0
Street Maintenance	0	0	31,630	0	0
Engineering	0	0	0	0	0
Storm Water and Storm Sewer	0	0	0	0	0
Capital Improvements	0	0	0	0	0
French Creek Restoration	0	0	0	0	0
Sidewalk and Roads Programs	0	0	0	0	0
Total Assigned	770,604	0	31,630	0	0
Unassigned (Deficit)	6,922,744	0	0	0	0
Total Fund Balances (Deficit)	\$8,277,219	\$529,237	\$707,942	\$1,360,008	\$195,853

(continued)

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Fund Balances	Special Assessment Bond Retirement	Municipal Swimming Pool	Roads and Bridges	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Inventory	\$0	\$0	\$0	\$0	\$334,414
Prepays	0	0	0	7,500	102,742
Intergovernmental Loan	0	0	0	0	400,000
Interfund Loans	0	0	0	0	126,000
Unclaimed Funds	0	0	0	0	15,129
<i>Total Nonspendable</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,500</u>	<u>978,285</u>
<u>Restricted for:</u>					
Fire Department	0	0	0	0	480,081
Street Maintenance	0	0	0	202,108	697,016
Police	0	0	0	0	1,203,654
Debt Retirement	489,198	0	0	84,362	769,413
Recycling	0	0	0	27,468	27,468
Mayor's Court	0	0	0	84,244	84,244
Park Operating	0	0	0	935,227	935,227
Economic Development	0	0	0	312,305	312,305
Equipment	0	0	0	973,402	973,402
Other Purposes	0	0	0	28,272	28,272
<i>Total Restricted</i>	<u>489,198</u>	<u>0</u>	<u>0</u>	<u>2,647,388</u>	<u>5,511,082</u>
<u>Committed to:</u>					
Street Maintenance	0	0	0	16	16
Recreation	0	0	0	579,171	579,171
Stadium Marquee	0	0	0	15,177	15,177
K-9 and Memorial Programs	0	0	0	10,978	10,978
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>605,342</u>	<u>605,342</u>
<u>Assigned to:</u>					
2018 Operations	0	0	0	0	549,570
City Administration	0	0	0	0	204,233
Community Environment	0	0	0	0	16,801
Street Maintenance	0	0	0	0	31,630
Engineering	0	0	119,733	0	119,733
Storm Water and Storm Sewer	0	0	0	526,812	526,812
Capital Improvements	0	0	0	18,619	18,619
French Creek Restoration	0	0	0	4,120	4,120
Sidewalk and Roads Programs	0	0	0	10,749	10,749
<i>Total Assigned</i>	<u>0</u>	<u>0</u>	<u>119,733</u>	<u>560,300</u>	<u>1,482,267</u>
Unassigned (Deficit)	0	(4,890,875)	0	(3,358,279)	(1,326,410)
Total Fund Balances (Deficit)	<u><u>\$489,198</u></u>	<u><u>(\$4,890,875)</u></u>	<u><u>\$119,733</u></u>	<u><u>\$462,251</u></u>	<u><u>\$7,250,566</u></u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 8 – Receivables

Receivables at December 31, 2017, consisted primarily of municipal income taxes, property taxes, payments in lieu of taxes, special assessments, intergovernmental receivables arising from entitlements and shared revenues and accounts (billings for user charged services and court fines).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except for special assessments and delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$13,302,148 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding at year-end is \$2,162.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes were levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2017, was \$9.15 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

	Assessed Values
Real Property	
Residential/Agricultural	\$647,599,910
Commercial Industrial/Public Utility	168,351,740
Public Utility Property	15,573,110
Total Valuation	<u>\$831,524,760</u>

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2017, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Income Tax

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

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

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

Payments in Lieu of Taxes Receivables

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

Intergovernmental Receivables

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

<u>Receivable</u>	<u>Amount</u>
Gasoline Tax	\$395,882
Homestead and Rollback	273,344
ODOT Highway Grant	110,453
Local Government	98,110
Motor Vehicle Registration	91,249
Permissive Tax	62,092
Total	<u><u>\$1,031,130</u></u>

Loan Receivable

During 2016, the City purchased land for development, as it was later determined to be undevelopable and was sold to the Lorain County Metropolitan Park District. The City received \$335,925 in proceeds from the sale in 2016 and will receive an additional \$500,000 that will be paid off in \$50,000 increments over ten years by the Lorain County Metropolitan Park District. The amount outstanding at December 31, 2017 was \$450,000.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 9 – Tax Abatements

The City negotiates tax abatement agreements on an individual basis. The City may grant tax abatements only in designated Enterprise Zones or Community Re-investment Act zones. To date, all of the tax abatement agreements the City has granted have been under the Enterprise Zone Authority. The City has tax abatement agreements with four entities as of December 31, 2017:

Company	Purpose	Percentage Abated During the Year	Amount Abated During the Year
Jenne Distributors	Plant Expansion	75 %	\$55,315
Flavorseal, LLC	Plant Expansion	60	49,922
L&W Engineering	Plant Expansion	75	48,629
Custom Culinary, Incorporated	Plant Expansion	50	23,340
Total			<u>\$177,206</u>

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

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

Note 10 – Contingencies

Grants

The City received financial assistance from the Ohio Department of Transportation and Ohio Public Works Commission in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City.

Litigation

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 11 – Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the City negotiated with Custis Insurance Company for commercial insurance coverage relating to general liability, police professional, public officials, employment practices liability, property, fire, auto and employee bonds and public official bonds.

This coverage includes a \$1,000,000/\$3,000,000 general liability policy, a \$1,000,000/\$3,000,000 employee benefits liability coverage policy, a \$1,000,000 public officials liability coverage policy, a \$1,000,000 employment practices liability, a \$500,000 crime coverage policy, a \$500,000 EDP policy, a \$81,069,498 blanket building and contents policy, inland marine coverage of \$4,395,821 all with \$1,000 deductibles, a \$1,000,000 vehicle policy and a \$9,000,000 excess umbrella policy.

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

Workers' Compensation

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

Employee Insurance Benefits

The City was fully insured with Medical Mutual of Ohio for medical and prescription drugs and with Delta Dental and Anthem Vision. Employees who choose to enroll are enrolled in all three plans. Enrolled individuals pay monthly premiums of \$135.04 for single coverage and \$362.81 for family coverage.

Note 12 – Compensated Absences

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

Note 13 – Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Governmental Activities:				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$5,951,955	\$0	\$0	\$5,951,955
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	1,357,422	51,211	0	1,408,633
Buildings and Improvements	50,690,466	67,879	0	50,758,345
Machinery and Equipment	4,310,285	558,803	(205,677)	4,663,411
Vehicles	5,723,216	513,295	(372,363)	5,864,148
Infrastructure:				
Park Improvements	1,158,693	0	0	1,158,693
Streets	75,280,269	3,846,782	0	79,127,051
Bridges and Culverts	3,147,391	0	0	3,147,391
Traffic Signals	6,169,710	63,869	0	6,233,579
Storm Sewer	28,299,928	499,196	0	28,799,124
Water Lines	6,083,684	415,848	0	6,499,532
<i>Total Capital Assets, Being Depreciated</i>	<u>182,221,064</u>	<u>6,016,883</u>	<u>(578,040)</u>	<u>187,659,907</u>
Less Accumulated Depreciation:				
Land Improvements	(864,257)	(64,756)	0	(929,013)
Buildings and Improvements	(8,231,620)	(1,083,389)	0	(9,315,009)
Machinery and Equipment	(2,108,954)	(403,280)	191,805	(2,320,429)
Vehicles	(3,427,710)	(451,346)	341,536	(3,537,520)
Infrastructure:				
Park Improvements	(537,343)	(38,623)	0	(575,966)
Streets	(39,212,691)	(2,740,565)	0	(41,953,256)
Bridges and Culverts	(787,894)	(89,925)	0	(877,819)
Traffic Signals	(1,977,813)	(334,821)	0	(2,312,634)
Storm Sewer	(7,935,536)	(711,709)	0	(8,647,245)
Water Lines	(773,946)	(162,488)	0	(936,434)
<i>Total Accumulated Depreciation</i>	<u>(65,857,764)</u>	<u>(6,080,902)*</u>	<u>533,341</u>	<u>(71,405,325)</u>
Total Capital Assets, Being Depreciated, Net	<u>116,363,300</u>	<u>(64,019)</u>	<u>(44,699)</u>	<u>116,254,582</u>
Governmental Activities Capital Assets, Net	<u>\$122,315,255</u>	<u>(\$64,019)</u>	<u>(\$44,699)</u>	<u>\$122,206,537</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

* Depreciation expense was charged to governmental functions as follows:

General Government	\$793,126
Security of Persons and Property	642,522
Transportation	3,460,558
Community Environment	20,001
Basic Utility Services	874,198
Leisure Time Activities	<u>290,497</u>
Total Depreciation Expense	<u><u>\$6,080,902</u></u>

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Business-Type Activities:				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$7,580	\$0	\$0	\$7,580
Construction in Progress	9,464,760	79,117	(9,262,576)	281,301
<i>Total Capital Assets Not Being Depreciated</i>	<u>9,472,340</u>	<u>79,117</u>	<u>(9,262,576)</u>	<u>288,881</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	123,496	0	0	123,496
Buildings and Improvements	1,728,816	0	0	1,728,816
Machinery and Equipment	493,957	3,543,320	(19,725)	4,017,552
Vehicles	673,648	491,639	0	1,165,287
Waterline Rights	2,024,462	0	0	2,024,462
Infrastructure:				
Water Lines	21,897,941	5,798,908	0	27,696,849
Sewer Lines	28,424,147	401,656	0	28,825,803
<i>Total Capital Assets, Being Depreciated</i>	<u>55,366,467</u>	<u>10,235,523</u>	<u>(19,725)</u>	<u>65,582,265</u>
Less Accumulated Depreciation:				
Land Improvements	(100,771)	(3,030)	0	(103,801)
Buildings and Improvements	(876,897)	(37,394)	0	(914,291)
Machinery and Equipment	(220,942)	(127,804)	19,725	(329,021)
Vehicles	(292,151)	(77,964)	0	(370,115)
Waterline Rights	(814,892)	(41,016)	0	(855,908)
Infrastructure:				
Water Lines	(9,419,742)	(604,996)	0	(10,024,738)
Sewer Lines	(10,012,323)	(772,557)	0	(10,784,880)
<i>Total Accumulated Depreciation</i>	<u>(21,737,718)</u>	<u>(1,664,761)</u>	<u>19,725</u>	<u>(23,382,754)</u>
Total Capital Assets, Being Depreciated, Net	<u>33,628,749</u>	<u>8,570,762</u>	<u>0</u>	<u>42,199,511</u>
Business-Type Activities Capital Assets, Net	<u>\$43,101,089</u>	<u>\$8,649,879</u>	<u>(\$9,262,576)</u>	<u>\$42,488,392</u>

During 2017, the City received street improvements valued at \$592,855, traffic signals valued at \$5,000, storm sewer improvements valued at \$421,538, and water hydrants valued at \$340,105 from developers in governmental activities. The sewer enterprise fund received sewer lines from developers valued at \$401,656.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

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

Note 14 – Note Debt

A summary of note transactions for the year ended December 31, 2017 follows:

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Governmental Activities:				
Municipal Swimming Pool Fund	\$4,600,000	\$4,600,000	\$4,600,000	\$4,600,000
Road and Bridges Fund	7,000,000	7,450,000	14,000,000	450,000
Park Development and Improvement Fund	750,000	500,000	750,000	500,000
Municipal Buildings Fund	2,650,000	2,400,000	2,650,000	2,400,000
Land Purchases Fund	180,000	225,000	180,000	225,000
<i>Total Governmental Activities</i>	<u>\$15,180,000</u>	<u>\$15,175,000</u>	<u>\$22,180,000</u>	<u>\$8,175,000</u>
Business-Type Activities:				
Water Fund	\$1,700,000	\$1,500,000	\$1,700,000	\$1,500,000
Sewer Fund	0	500,000	0	500,000
<i>Total Business-Type Activities</i>	<u>\$1,700,000</u>	<u>\$2,000,000</u>	<u>\$1,700,000</u>	<u>\$2,000,000</u>

During 2017, the City renewed \$7,500,000 in general obligation notes issued for the purpose of financing the municipal swimming pool, park, and municipal buildings projects. The notes mature on September 6, 2018 and carry an interest rate of 2 percent.

The \$450,000 outstanding notes payable in the road and bridges fund represents its share of the \$675,000 various purpose notes issued for road widening. The remaining \$225,000 outstanding notes payable are in the land purchases fund. These notes mature on January 24, 2018 and carry an interest rate of 2 percent.

The \$1,500,000 and \$500,000 outstanding notes payable in the water and sewer funds, respectively, represent the portions of the 2017 water system improvement notes that will be paid within one year. These notes were issued to help finance water and sewer system improvements. These notes mature on February 1, 2018, and carry an interest rate of 2 percent.

All notes are backed by the full faith and credit of the City and mature within one year. The note liability is reflected in the fund which received the proceeds and will repay the debt. The notes are generally issued in anticipation of long-term bond financing and refinanced until such bonds are issued. At December 31, 2017, the City had unspent proceeds of \$184,957 for governmental activities related to the notes.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 15 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities:			
<i>General Obligation Bonds:</i>			
2006 New City Hall Refunding Bonds	3.45-4.25 %	\$626,000	December 1, 2017
2006 Schneider Court Improvements Bonds	3.45-4.25	111,132	December 1, 2026
2008 Various Purpose Bonds	3.00-5.25	6,910,000	December 1, 2027
2009A Various Purpose Bonds	4.573-5.784	4,190,000	December 1, 2023
2009B Various Purpose Bonds	2.00-5.00	28,700,000	December 1, 2038
2011 YMCA Bonds	2.00-4.50	5,760,000	December 1, 2031
2011 Refunding Bonds	1.50-4.00	604,477	December 1, 2021
2012A Various Purpose Bonds	1.00-3.625	2,448,725	December 1, 2037
2012B Various Purpose Bonds	1.00-3.50	6,591,667	December 1, 2037
2012C Refunding Bonds	2.00-4.00	2,535,000	December 1, 2024
2013 Various Purpose Bonds	3.00-5.25	8,735,028	December 1, 2038
2014 Nagel Road Interchange Bonds	1.00-4.00	5,235,000	December 1, 2039
2016 Refunding Bonds	2.00-4.00	26,834,600	December 1, 2038
2017 Refunding Bonds	1.25-2.32	1,975,000	December 1, 2023
<i>Special Assessment Bonds:</i>			
2006 Schneider Court Improvements Bonds	3.45-4.25	903,868	December 1, 2026
2011 Refunding Bonds	1.50-4.00	2,015,523	December 1, 2021
2012A Various Purpose Bonds	1.00-3.625	1,606,275	December 1, 2037
2012B Various Purpose Bonds	1.00-3.50	2,128,333	December 1, 2037
2013 Various Purpose Bonds	3.00-5.25	3,084,972	December 1, 2038
2017 Street Improvement Bonds	2.00-4.00	6,330,000	December 1, 2037
<i>Long-Term Notes:</i>			
2017 Various Purpose Notes	2.00	4,400,000	January 24, 2018
<i>Ohio Public Works Commission Loans:</i>			
Center Road Extension	0.00	92,152	July 1, 2017
Jaycox Road/Center Improvements	0.00	145,194	January 1, 2029
Detroit Road Improvement - Phase I	0.00	97,167	July 1, 2037
Detroit Road Improvement - Phase II	0.00	32,423	January 1, 2038
Reigelsberger-Jaycox Bridge	0.00	125,000	January 1, 2036
Chester Road Relocation	0.00	46,428	Not Finalized
Business-Type Activities:			
<i>General Obligation Bonds:</i>			
2008 Various Purpose Bonds - Sewer	3.00-5.25	330,000	December 1, 2027
2012A Various Purpose Bonds - Water	1.00-3.625	863,981	December 1, 2037
2012A Various Purpose Bonds - Sewer	1.00-3.625	2,141,257	December 1, 2037
2012B Various Purpose Bonds - Water	1.00-3.50	425,000	December 1, 2037
2016 Refunding Bonds - Water	2.00-4.00	20,400	December 1, 2028
2016 Refunding Bonds - Sewer	2.00-4.00	190,000	December 1, 2027
<i>Special Assessment Bonds:</i>			
2012A Various Purpose Bonds - Water	1.00-3.625	297,864	December 1, 2037
2012A Various Purpose Bonds - Sewer	1.00-3.625	876,898	December 1, 2037
<i>Long-Term Notes:</i>			
2017 Water and Sewer Improvement Notes - Water	2.00	6,250,000	February 1, 2018
2017 Water and Sewer Improvement Notes - Sewer	2.00	1,000,000	February 1, 2018

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Changes in bonds and other long-term obligations of the City during 2017 were as follows:

	Principal Outstanding 12/31/16	Additions	Deletions	Principal Outstanding 12/31/17	Due Within One Year
Governmental Activities:					
<i>General Obligation Bonds:</i>					
2006 New City Hall Refunding Bonds	\$70,000	\$0	\$70,000	\$0	\$0
2006 Schneider Court Improvements Bonds	66,240	0	5,474	60,766	5,474
Unamortized Premium	243	0	24	219	0
2008 Various Purpose Bonds	653,778	0	319,731	334,047	334,047
2009A Various Purpose Bonds	2,400,000	0	2,095,000	305,000	305,000
2009B Various Purpose Bonds	1,855,000	0	915,000	940,000	940,000
Unamortized Premium	25,112	0	12,556	12,556	0
2011 YMCA Bonds Series - Serial	2,240,000	0	235,000	2,005,000	240,000
2011 YMCA Bonds Series - Term	2,420,000	0	0	2,420,000	0
Unamortized Premium	53,585	0	3,573	50,012	0
2011 Refunding Bonds	139,911	0	57,704	82,207	42,701
Unamortized Premium	6,158	0	1,421	4,737	0
2012A Various Purpose Bonds	2,396,901	0	22,304	2,374,597	22,304
Unamortized Premium	175,020	0	8,334	166,686	0
2012B Various Purpose Bonds - Serial	5,856,457	0	82,891	5,773,566	86,495
2012B Various Purpose Bonds - Term	439,685	0	0	439,685	0
Unamortized Premium	129,043	0	6,145	122,898	0
2012C Refunding Bonds	1,930,000	0	235,000	1,695,000	240,000
Unamortized Premium	116,589	0	14,574	102,015	0
2013 Various Purpose Bonds - Serial	1,356,065	0	18,475	1,337,590	36,950
2013 Various Purpose Bonds - Term	7,367,878	0	0	7,367,878	0
Unamortized Premium	361,598	0	16,436	345,162	0
2014 Nagel Road Interchange Bonds - Serial	580,000	0	25,000	555,000	25,000
2014 Nagel Road Interchange Bonds - Term	4,605,000	0	0	4,605,000	0
Unamortized Premium	194,843	0	8,471	186,372	0
2016 Refunding Bonds	26,604,728	0	39,872	26,564,856	39,872
Unamortized Premium	1,506,567	0	68,481	1,438,086	0
2017 Refunding Bonds	0	1,975,000	25,000	1,950,000	50,000
<i>Total General Obligation Bonds</i>	<u>63,550,401</u>	<u>1,975,000</u>	<u>4,286,466</u>	<u>61,238,935</u>	<u>2,367,843</u>
<i>Special Assessment Bonds:</i>					
2006 Schneider Court Improvements Bonds	538,760	0	44,526	494,234	44,526
2011 Refunding Bonds	465,089	0	192,296	272,793	142,299
Unamortized Premium	20,531	0	4,738	15,793	0
2012A Various Purpose Bonds	1,569,287	0	14,603	1,554,684	14,603
2012B Various Purpose Bonds - Serial	1,890,947	0	26,764	1,864,183	27,928
2012B Various Purpose Bonds - Term	141,966	0	0	141,966	0
2013 Various Purpose Bonds - Serial	478,935	0	6,525	472,410	13,050
2013 Various Purpose Bonds - Term	2,602,122	0	0	2,602,122	0
Unamortized Premium	127,709	0	5,805	121,904	0
2017 Street Improvement Bonds	0	6,330,000	0	6,330,000	190,000
Unamortized Premium	0	781,055	0	781,055	0
<i>Total Special Assessment Bonds</i>	<u>7,835,346</u>	<u>7,111,055</u>	<u>295,257</u>	<u>14,651,144</u>	<u>432,406</u>
<i>Long-Term Notes Payable:</i>					
2016-1 Chester Road Improvement Notes	3,050,000	0	3,050,000	0	0
2016-2 Chester Road Improvement Notes	2,025,000	0	2,025,000	0	0
Unamortized Premium	93,692	0	93,692	0	0
2017 Various Purpose Notes	0	4,400,000	0	4,400,000	0
Unamortized Premium	0	36,033	0	36,033	0
<i>Total Long-Term Notes Payable</i>	<u>\$5,168,692</u>	<u>\$4,436,033</u>	<u>\$5,168,692</u>	<u>\$4,436,033</u>	<u>\$0</u>

(continued)

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

	Principal Outstanding 12/31/16	Additions	Deletions	Principal Outstanding 12/31/17	Due Within One Year
Governmental Activities (continued):					
<i>OPWC Loans:</i>					
Center Road Extension - 2007	\$9,215	\$0	\$9,215	\$0	\$0
Jaycox Road/Chester Improvements	90,746	0	7,259	83,487	7,260
Detroit Road Improvement - Phase I	81,620	0	3,887	77,733	3,886
Detroit Road Improvement - Phase II	27,884	0	1,297	26,587	1,297
Reigelsberger-Jaycox Bridge	121,875	0	6,250	115,625	6,250
Chester Road Relocation	46,428	0	0	46,428	0
Total OPWC Loans	377,768	0	27,908	349,860	18,693
<i>Other Long-Term Obligation:</i>					
Capital Lease	94,495	0	22,501	71,994	23,233
Compensated Absences	1,764,673	82,099	91,044	1,755,728	90,384
Total Other Long-Term Obligations	1,859,168	82,099	113,545	1,827,722	113,617
<i>Net Pension Liability:</i>					
OPERS	5,551,695	1,743,377	0	7,295,072	0
OPF	17,554,368	191,699	0	17,746,067	0
Total Net Pension Liability	23,106,063	1,935,076	0	25,041,139	0
Total Governmental Activities	\$101,897,438	\$15,539,263	\$9,891,868	\$107,544,833	\$2,932,559
Business-Type Activities:					
<i>General Obligation Bonds:</i>					
2008 Various Purpose Bonds - Sewer	\$31,222	\$0	\$15,269	\$15,953	\$15,953
2012A Various Purpose Bonds - Water	846,574	0	7,879	838,695	7,879
2012A Various Purpose Bonds - Sewer	2,096,706	0	19,510	2,077,196	19,510
2012B Various Purpose Bonds - Water - Serial	377,596	0	5,345	372,251	5,577
2012B Various Purpose Bonds - Water - Term	28,349	0	0	28,349	0
2016 Refunding Bonds - Water	20,272	0	128	20,144	128
2016 Refunding Bonds - Sewer	185,000	0	5,000	180,000	5,000
Total General Obligation Bonds	3,585,719	0	53,131	3,532,588	54,047
<i>Special Assessment Bonds:</i>					
2012A Water Various Purpose Bonds - Water	292,035	0	2,715	289,320	2,715
2012A Sewer Various Purpose Bonds - Sewer	858,497	0	7,989	850,508	7,989
Total Special Assessment Bonds	1,150,532	0	10,704	1,139,828	10,704
<i>Intergovernmental Payable:</i>					
2009 Avon Lake Waterline	335,952	0	26,481	309,471	27,983
<i>Other Long-Term Obligations:</i>					
2016 Water System Improvement Notes - Water	6,250,000	0	6,250,000	0	0
2016-2 Water System Improvement Notes - Water	1,500,000	0	1,500,000	0	0
2016-2 Water System Improvement Notes - Sewer	1,500,000	0	1,500,000	0	0
2017 Water and Sewer Improvement Notes - Water	0	6,250,000	0	6,250,000	0
2017 Water and Sewer Improvement Notes - Sewer	0	1,000,000	0	1,000,000	0
Capital Leases	156,080	381,670	125,847	411,903	122,488
Compensated Absences	127,908	10,420	7,412	130,916	7,338
Total Other Long-Term Obligations	9,533,988	7,642,090	9,383,259	7,792,819	129,826
<i>Net Pension Liability:</i>					
OPERS - Water	541,629	259,050	0	800,679	0
OPERS - Sewer	677,037	123,642	0	800,679	0
Total Net Pension Liability	1,218,666	382,692	0	1,601,358	0
Total Business-Type Activities	\$15,824,857	\$8,024,782	\$9,473,575	\$14,376,064	\$222,560

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

On April 12, 2006, the City issued \$1,660,000 in general obligation refunding bonds and \$1,015,000 in Schneider Court Improvement serial bonds at interest rates varying from 3.45 percent to 4.25 percent. Proceeds were used to refund \$1,565,000 of the outstanding 1996 bonds and 1997 New City Hall Bonds. As a result, \$1,565,000 of these bonds were considered defeased and the liability for the refunded bonds had been removed from the basic financial statements. The final payment was made in 2017.

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

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

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

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

On September 19, 2017, the City issued general obligation bonds, in the amount of \$1,975,000, to partially refund the Series 2009A various purpose bonds in order to take advantage of lower interest rates. The bonds were issued with interest rates varying from 1.25 to 2.32 percent. The bonds were issued for a 7 year period with a final maturity on December 1, 2023. The bonds will be retired through the general obligation bond retirement fund. Proceeds of \$1,930,457 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the Series 2009A various purpose bonds. As a result, \$1,800,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$130,696 and incurred an accounting loss of \$130,457 (difference between amount paid to bond escrow agent and the refunding amount), which is shown in the following table:

	Governmental
2009A Various Purpose Bonds Refunded:	
Refunded Amount	\$1,800,000
Amount Paid to Refunded Bond Escrow Agent	(1,930,457)
2017 Refunding Accounting Loss	(\$130,457)

An analysis of the principal refunding follows:

	Governmental
2009A Various Purpose Bonds Refunded:	
Outstanding at December 31, 2016	\$2,400,000
Amount Refunded	(1,800,000)
Principal Payment	(295,000)
Outstanding at December 31, 2017	\$305,000

On September 19, 2017, the City issued special assessment bonds, in the amount of \$6,330,000, for the purpose of widening and resurfacing a portion of Chester Road. The bonds were issued with interest rates varying from 2 to 4 percent. The bonds were issued for a 20 year period with a final maturity on December 1, 2037. The bonds will be retired through the special assessment bond retirement fund. The bonds were sold at a premium of \$781,055. Of this premium, \$762,244 was never received by the City, but rather sent directly to the paying agent to be used to redeem the outstanding notes. Had the City actually received those funds, they would have been deposited into the special assessment bond retirement fund and then used to pay the notes.

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

During 2009, the City entered into a contractual agreement with the City of Avon Lake for the construction and future maintenance of a water trunk line that runs through Avon. Avon purchased waterline rights allowing residents to tap into the line. All proceeds were received by the City of Avon Lake and the City of Avon Lake is responsible for the debt retirement and maintenance. The line will be a capital asset of the City of Avon Lake. This amount has been recorded on Avon's books as a long-term liability in the water enterprise fund. The annual interest rate of this obligation is 5.672 percent. A corresponding amount was recorded as an intangible asset in the water enterprise fund. This amount will be amortized over the life of the waterline. In 2017, \$26,481 was paid from the water enterprise fund. The total amount owed to the City of Avon Lake as of December 31, 2017, is \$309,471.

In 2017, the City issued \$4,400,000 in various purpose notes for road projects and land purchases. These notes mature on January 24, 2018 and carry an interest rate of 2 percent. At December 31, 2017, the City had unspent proceeds of \$192,345 for governmental activities related to the notes.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

In 2017, the City issued \$7,250,000 in general obligation notes to help finance water and sewer system improvements. The notes mature on February 1, 2018, and have an interest rate 2 percent. At December 31, 2017, the City had unspent proceeds of \$419,432 for business-type activities related to the notes.

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

The City's overall legal debt margin was \$87,028,933 and an unvoted debt margin of \$45,452,695 at December 31, 2017. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2017 are as follows:

Governmental Activities:

Years	General Obligation Bonds		Special Assessment Bonds		OPWC Loans	Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2018	\$2,367,843	\$2,081,351	\$432,406	\$555,978	\$18,693	\$2,818,942	\$2,637,329
2019	2,605,148	1,900,194	431,351	497,482	18,694	3,055,193	2,397,676
2020	2,915,110	1,844,527	410,637	486,886	18,693	3,344,440	2,331,413
2021	3,012,478	1,779,817	420,058	476,798	18,694	3,451,230	2,256,615
2022	3,125,300	1,707,241	419,384	466,261	18,693	3,563,377	2,173,502
2023-2027	16,683,582	7,173,381	3,186,016	2,062,078	93,467	19,963,065	9,235,459
2028-2032	13,184,151	4,180,076	3,818,060	1,371,923	68,055	17,070,266	5,551,999
2033-2037	12,418,660	1,821,579	4,357,401	583,458	47,795	16,823,856	2,405,037
2038-2039	2,497,920	105,340	257,079	10,605	648	2,755,647	115,945
Total	<u>\$58,810,192</u>	<u>\$22,593,506</u>	<u>\$13,732,392</u>	<u>\$6,511,469</u>	<u>\$303,432</u>	<u>\$72,846,016</u>	<u>\$29,104,975</u>

Business-Type Activities:

Years	General Obligation Bonds		Special Assessment Bonds		Avon Lake		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$54,047	\$115,501	\$10,704	\$37,799	\$27,983	\$17,604	\$92,734	\$170,904
2019	59,228	114,101	14,273	37,585	29,570	16,017	103,071	167,703
2020	67,125	112,917	17,128	37,300	31,247	14,340	115,500	164,557
2021	78,196	111,449	19,269	36,915	33,020	12,567	130,485	160,931
2022	83,906	109,375	21,409	36,337	34,893	10,695	140,208	156,407
2023-2027	942,797	483,186	282,605	162,407	152,758	32,485	1,378,160	678,078
2028-2032	1,113,128	301,594	379,662	104,345	0	0	1,492,790	405,939
2033-2037	1,134,161	120,330	394,778	41,755	0	0	1,528,939	162,085
Total	<u>\$3,532,588</u>	<u>\$1,468,453</u>	<u>\$1,139,828</u>	<u>\$494,443</u>	<u>\$309,471</u>	<u>\$103,708</u>	<u>\$4,981,887</u>	<u>\$2,066,604</u>

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 16 – Jointly Governed Organizations

Lorain County General Health District

The City participates in the Lorain County General Health District (Health District), a jointly governed organization, which provides health services to the citizens within the Health District. The Health District is governed by the Board of Health which represents the area served by the Health District and oversees the operation of the Health District. The Health District's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Board of Health members are appointed to staggered five-year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the cities of Avon and Sheffield Lake and one member is appointed jointly by the cities of Amherst and Oberlin. The remaining five members are appointed by the various mayors of villages, chairmen of the township trustees and the County Commissioners. The City contributed \$114,682 during 2017 for the operation of the Health District. Financial information can be obtained by contacting the Lorain County General Health District, 9880 S. Murray Ridge Road, Elyria, Ohio, 44035.

Northeast Ohio Public Energy Council

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2017. Financial information can be obtained by contacting Ron McVoy, Board Chairman, 31320 Solon Road, Suite 20 Solon, Ohio 44139 or at the website www.nopecinfo.org.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 17 – Interfund Balances and Transfers

Interfund Balances

On the fund financial statements interfund balances at December 31, 2017, were:

	Receivables		Payable	
	Manuscript Bonds	Advances To	Manuscript Bonds	Advances From
		Other Funds		Other Funds
General	\$135,000	\$1,537,242	\$0	\$0
Municipal Swimming Pool	0	0	0	279,180
Road and Bridges	0	0	0	885,600
Other Governmental Funds	0	279,180	0	651,642
Water	0	0	135,000	0
Total	\$135,000	\$1,816,422	\$135,000	\$1,816,422

The general fund had \$1,537,242 interfund receivable due to the timing of the receipt of grant monies. Once the grant monies are received, the interfund balances are anticipated to be repaid within one year. The other governmental funds interfund receivable is due to the recreation complex fund advancing monies to the municipal swimming pool fund for preliminary costs associated with building a pool.

The Jaycox Road Watermain Improvement interfund balance of \$135,000 represents a manuscript bond that was issued on September 2, 2008, at 5.10 percent. This bond matures on December 1, 2028 and was used for the purpose of the cost of construction of a watermain extension on Jaycox Road. A repayment schedule for the remaining outstanding balance is as follows:

Years	Jaycox Road Watermain Improvement		
	Principal	Interest	Total
2018	\$9,000	\$7,185	\$16,185
2019	10,000	6,185	16,185
2020	10,000	6,185	16,185
2021	11,000	5,185	16,185
2022	12,000	4,185	16,185
2023-2027	67,000	13,925	80,925
2028	16,000	185	16,185
Total	\$135,000	\$43,035	\$178,035

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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 2017, the City has pledged tap-in-fees in the amount of \$8,320 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.

Internal Balances – Change in Proportionate Share

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

Eliminations made in the business type activities column include a deferred outflow of resources for the water enterprise fund and a deferred inflow of resources for the sewer enterprise fund in the amount of \$32,507.

Eliminations made in the total column of the entity wide statement of net position include deferred outflows of resources for the business-type activities (\$8,895 related to the water enterprise fund and \$6,062 related to the sewer enterprise fund) and deferred inflows of resources for the governmental type activities in the amount of \$14,957.

Interfund Transfers

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

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

Transfers made during the year ended December 31, 2017, were as follows:

Transfers To	Transfers From						Total
	General	General Obligation Bond Retirement	Special Assessment Bond Retirement	Road and Bridges	Other Governmental Funds	Water	
Fire Department	\$100,000	\$0	\$0	\$0	\$0	\$0	\$100,000
Street Construction, Maintenance and Repair	325,000	0	0	0	0	0	325,000
Police	2,325,000	0	0	0	0	0	2,325,000
General Obligation Bond Retirement	1,000,000	0	0	0	1,762	547,419	1,549,181
Road and Bridges	2,171,900	0	0	0	330,000	0	2,501,900
Other Governmental Funds	556,000	0	0	151,777	251,468	0	959,245
Water	0	471,125	0	0	0	0	471,125
Sewer	0	0	10,870	0	0	5,837	16,707
Total	\$6,477,900	\$471,125	\$10,870	\$151,777	\$583,230	\$553,256	\$8,248,158

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 18 – Significant Commitments

Contractual Commitments

At December 31, 2017, the various projects within the City had contractual commitments consisting of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Nagel Road Improvements	\$145,900	\$121,811	\$24,089
2017 Road Program	25,000	20,025	4,975
Sanitary Sewer Replacement	60,500	52,596	7,904
2018 Road Program	56,330	35,846	20,484
Sidewalk Programs	15,000	11,231	3,769
Municipal Swimming Pool	2,897,600	2,889,213	8,387
Chester Road Special Assessments	5,661,293	5,581,024	80,269
Elizabeth, Puth, Joseph Sewer	151,900	88,618	63,282
Water Tower - Mills Road	7,067,853	6,480,097	587,756
Recreation Lane Improvements	270,000	261,153	8,847
Chester Road Relocation	26,500	19,913	6,587
SR 83 Mills Road Round-a-bout	30,000	24,119	5,881
Total	\$16,407,876	\$15,585,646	\$822,230

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

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	\$254,069
Fire Department	15,073
Street Construction, Maintenance and Repair	331,252
Police	22,524
Municipal Swimming Pool	8,387
Road and Bridges	151,134
Other Governmental Funds	573,236
Water	825,599
Sewer	117,221
Total	\$2,298,495

Note 19 – Capital Leases

During 2014, the City entered into a capital lease with Key Government Finance, Incorporated, for a sewer camera truck, which will end in 2019. During 2016, the City entered into a capital lease with Key Government Finance, Incorporated for an aerial truck, which will end in 2020. During 2017, the City entered into a capital lease with Key Government Finance, Incorporated, for a sewer cleaning truck, which will end in 2021. These leases meet the criteria for capital leases. The assets were capitalized at the present value of the minimum lease payments at the time the leases were entered into. The leases are secured by the related property.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Asset:		
Aerial Truck	\$117,535	\$0
Camera Truck	0	300,869
Cleaning Truck	0	381,670
Less: Accumulated depreciation	<u>(17,630)</u>	<u>(124,386)</u>
Total	<u>\$99,905</u>	<u>\$558,153</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2018	\$25,578	\$133,650
2019	25,578	141,275
2020	25,578	81,101
2021	0	81,101
Total Minimum Lease Payment	<u>76,734</u>	<u>437,127</u>
Less: Amount Representing Interest	<u>(4,740)</u>	<u>(25,224)</u>
Present Value of Minimum Lease Payments	<u>\$71,994</u>	<u>\$411,903</u>

Note 20 – Operating Leases

During 2008, the City entered into an operating lease with the United States Postal Service, for the period of February 1, 2008 to January 31, 2023, for the rental of the space located at 36225 Detroit Road. The terms of the lease require payment in monthly installments in the amount of \$10,833. The cost of the building was \$1,607,697. As of December 31, 2017, the accumulated depreciation is \$265,270, leaving a carrying amount of \$1,342,427.

During 2009, the City entered into an operating lease with Avon Baseball, LLC, for the period of 15 years, to be primarily used for professional baseball events located at the baseball stadium at the corner of Interstate 90 and State Route 611. Avon Baseball, LLC is responsible for all operating costs and the City will be responsible for capital item replacements. The terms of the lease require payment in annual installments in the amount of \$250,000. The cost of the building was \$13,773,746. As of December 31, 2017, the accumulated depreciation is \$2,272,668, leaving a carrying amount of \$11,501,078.

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

	<u>2008 Operating Lease</u>	<u>2009 Operating Lease</u>	<u>Total</u>
2018	\$130,000	\$250,000	\$380,000
2019	130,000	250,000	380,000
2020	130,000	250,000	380,000
2021	130,000	250,000	380,000
2022	130,000	250,000	380,000
2023	<u>10,833</u>	<u>250,000</u>	<u>260,833</u>
Total Minimum Lease Payment	<u>\$660,833</u>	<u>\$1,500,000</u>	<u>\$2,160,833</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 21 – Defined Benefit Pension Plans

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

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

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$660,314 for 2017. Of this amount, \$76,625 is reported as an intergovernmental payable.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,258,810 for 2017. Of this amount \$173,298 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OPF</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03917700%	0.28017600%	
Prior Measurement Date	0.03908700%	0.27287700%	
Change in Proportionate Share	<u>0.00009000%</u>	<u>0.00729900%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$8,896,430	\$17,746,067	\$26,642,497
Pension Expense	\$1,920,972	\$2,227,884	\$4,148,856

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$12,058	\$5,020	\$17,078
Changes of assumptions	1,411,083	0	1,411,083
Net difference between projected and actual earnings on pension plan investments	1,324,883	1,725,727	3,050,610
Changes in proportion and differences between City contributions and proportionate share of contributions	41,803	422,254	464,057
City contributions subsequent to the measurement date	<u>660,314</u>	<u>1,258,810</u>	<u>1,919,124</u>
Total Deferred Outflows of Resources	<u>\$3,450,141</u>	<u>\$3,411,811</u>	<u>\$6,861,952</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$52,946</u>	<u>\$40,858</u>	<u>\$93,804</u>

\$1,919,124 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Year Ending December 31:	OPERS	OPF	Total
2018	\$1,144,598	\$741,619	\$1,886,217
2019	1,159,837	741,619	1,901,456
2020	471,281	585,231	1,056,512
2021	(38,835)	(30,879)	(69,714)
2022	0	67,984	67,984
Thereafter	0	6,569	6,569
Total	<u>\$2,736,881</u>	<u>\$2,112,143</u>	<u>\$4,849,024</u>

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS’ actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented as follows:

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the previously described tables.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table that follows displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$13,591,285	\$8,896,430	\$4,984,098

Actuarial Assumptions – OPF

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented as follows:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016, are summarized as follows:

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

Note: Assumptions are geometric.

* levered 2x

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

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

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$23,635,658	\$17,746,067	\$12,754,558

Changes between Measurement Date and Report Date

In October 2017, the OPF Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact the City's net pension liability.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 22 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$50,793, \$101,519, and \$97,063, respectively. For 2017, 88.40 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Ohio Police and Fire Pension Fund

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contribution to OPF for the years ended December 31, 2017, 2016, and 2015 were \$1,288,565, \$1,254,839 and \$1,194,346, respectively, of which \$29,755, \$28,943, and \$27,487, respectively, was allocated to the healthcare plan. For 2017, 86.30 percent has been contributed for both police and firefighters with the balance being reported as an *intergovernmental payable*. The full amount has been contributed for 2016 and 2015.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2017

Note 23 – Subsequent Events

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

On January 31, 2018, the City rolled over \$7,250,000 in water revenue notes for the purpose of constructing a 3,000,000-gallon elevated water storage tank and 16” water transmission line and for the purpose of the installation of new water meters and related meter reading software. The City retired \$2,000,000 of the notes that had been outstanding. These notes have a maturity date of January 31, 2019, and have an interest rate of 2.375 percent.

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

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.03917700%	0.03908700%	0.03829000%	0.03829000%
City's Proportionate Share of the Net Pension Liability	\$8,896,430	\$6,770,361	\$4,618,201	\$4,513,892
City's Covered Payroll	\$5,075,950	\$4,853,183	\$4,694,325	\$4,442,337
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	175.27%	139.50%	98.38%	101.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

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

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

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

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.28017600%	0.27287700%	0.27012100%	0.27012100%
City's Proportionate Share of the Net Pension Liability	\$17,746,067	\$17,554,368	\$13,993,394	\$13,155,740
City's Covered Payroll	\$5,788,641	\$5,497,478	\$5,331,475	\$5,231,361
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	306.57%	319.32%	262.47%	251.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

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

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

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

	2017	2016	2015	2014	2013
Contractually Required Contribution	\$660,314	\$609,114	\$582,381	\$563,319	\$577,504
Contributions in Relation to the Contractually Required Contribution	(660,314)	(609,114)	(582,381)	(563,319)	(577,504)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$5,079,338	\$5,075,950	\$4,853,183	\$4,694,325	\$4,442,337
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

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

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

	2017	2016	2015
Contractually Required Contribution	\$1,258,810	\$1,225,896	\$1,166,859
Contributions in Relation to the Contractually Required Contribution	(1,258,810)	(1,225,896)	(1,166,859)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$5,951,032	\$5,788,641	\$5,497,478
Contributions as a Percentage of Covered-Employee Payroll	21.15%	21.18%	21.23%

2014	2013	2012	2011	2010	2009	2008
\$1,130,439	\$944,826	\$721,015	\$701,720	\$725,609	\$617,383	\$531,603
(1,130,439)	(944,826)	(721,015)	(701,720)	(725,609)	(617,383)	(531,603)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$5,331,475	\$5,231,361	\$4,824,628	\$4,705,906	\$4,893,590	\$4,167,635	\$3,592,954
21.20%	18.06%	14.94%	14.91%	14.83%	14.81%	14.80%

City of Avon, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2017

Changes in Assumptions – OPERS

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

	December 31, 2017	December 31, 2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

Combining Statements and Individual Fund Schedules

Combining Statements and Individual Fund Schedules

Fund Descriptions – Nonmajor Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

Economic Development and Tourism Fund – This fund accounts for and reports restricted lodging tax received for the promotion of economic development and tourism.

Nonmajor Debt Service Funds

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

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

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

(continued)

Fund Descriptions – Nonmajor Funds (continued)

Nonmajor Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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

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

Every Child's Playground Fund – This fund accounts for and reports restricted monies for the development, maintenance, and growth of the Every Child's Playground project.

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,696,713	\$84,362	\$1,937,964	\$3,719,039
Interfund Receivable	0	0	279,180	279,180
Intergovernmental Receivable	117,025	0	37,199	154,224
Accrued Interest Receivable	188	0	17	205
Prepaid Items	7,500	0	0	7,500
Municipal Income Taxes Receivable	362,643	0	362,643	725,286
Property Taxes Receivable	310,575	0	621,692	932,267
Payments in Lieu of Taxes Receivable	0	1,888,523	0	1,888,523
<i>Total Assets</i>	<u>\$2,494,644</u>	<u>\$1,972,885</u>	<u>\$3,238,695</u>	<u>\$7,706,224</u>
Liabilities				
Accounts Payable	\$4,443	\$0	\$79,963	\$84,406
Contracts Payable	93,060	0	0	93,060
Accrued Wages and Benefits	14,221	0	406	14,627
Interfund Payable	622,500	0	29,142	651,642
Intergovernmental Payable	6,076	0	291	6,367
Accrued Interest Payable	3,222	0	19,322	22,544
Notes Payable	500,000	0	2,625,000	3,125,000
<i>Total Liabilities</i>	<u>1,243,522</u>	<u>0</u>	<u>2,754,124</u>	<u>3,997,646</u>
Deferred Inflows of Resources				
Property Taxes	305,867	0	610,177	916,044
Payments in Lieu of Taxes	0	1,877,595	0	1,877,595
Unavailable Revenue	240,952	10,928	200,808	452,688
<i>Total Deferred Inflows of Resources</i>	<u>546,819</u>	<u>1,888,523</u>	<u>810,985</u>	<u>3,246,327</u>
Fund Balances				
Nonspendable	7,500	0	0	7,500
Restricted	1,561,352	84,362	1,001,674	2,647,388
Committed	29,126	0	576,216	605,342
Assigned	0	0	560,300	560,300
Unassigned (Deficit)	(893,675)	0	(2,464,604)	(3,358,279)
<i>Total Fund Balances (Deficit)</i>	<u>704,303</u>	<u>84,362</u>	<u>(326,414)</u>	<u>462,251</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,494,644</u>	<u>\$1,972,885</u>	<u>\$3,238,695</u>	<u>\$7,706,224</u>

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$291,516	\$0	\$581,547	\$873,063
Payments in Lieu of Taxes	0	1,490,985	0	1,490,985
Municipal Income Taxes	1,190,485	0	1,190,485	2,380,970
Charges for Services	158,362	0	486,803	645,165
Licenses and Permits	178,735	0	0	178,735
Fines and Forfeitures	4,488	0	0	4,488
Intergovernmental	563,964	0	222,233	786,197
Interest	202	0	27	229
Contributions and Donations	325	0	90,575	90,900
Rentals	0	0	451,050	451,050
Miscellaneous	1,701	0	20,457	22,158
<i>Total Revenues</i>	<u>2,389,778</u>	<u>1,490,985</u>	<u>3,043,177</u>	<u>6,923,940</u>
Expenditures				
Current:				
Security of Persons and Property	16,056	0	0	16,056
Transportation	242,953	0	0	242,953
Community Environment	106,860	0	0	106,860
Leisure Time Activities	1,807,103	0	0	1,807,103
Capital Outlay	0	0	1,427,862	1,427,862
Debt Service:				
Principal Retirement	106,321	644,838	2,393,537	3,144,696
Interest and Fiscal Charges	48,897	833,975	565,591	1,448,463
<i>Total Expenditures</i>	<u>2,328,190</u>	<u>1,478,813</u>	<u>4,386,990</u>	<u>8,193,993</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>61,588</u>	<u>12,172</u>	<u>(1,343,813)</u>	<u>(1,270,053)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	7,400	0	8,880	16,280
General Obligation Notes Issued	0	0	1,305,000	1,305,000
Transfers In	291,000	0	668,245	959,245
Transfers Out	0	(1,762)	(581,468)	(583,230)
<i>Total Other Financing Sources (Uses)</i>	<u>298,400</u>	<u>(1,762)</u>	<u>1,400,657</u>	<u>1,697,295</u>
<i>Net Change in Fund Balances</i>	359,988	10,410	56,844	427,242
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>344,315</u>	<u>73,952</u>	<u>(383,258)</u>	<u>35,009</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$704,303</u></u>	<u><u>\$84,362</u></u>	<u><u>(\$326,414)</u></u>	<u><u>\$462,251</u></u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Recycling	ADA Parking Violations	State Highway	Permissive Tax
Assets				
Equity in Pooled Cash and Cash Equivalents	\$27,468	\$16	\$97,444	\$71,601
Intergovernmental Receivable	0	0	36,535	62,092
Accrued Interest Receivable	0	0	188	0
Prepaid Items	0	0	0	0
Municipal Income Taxes Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$27,468</u>	<u>\$16</u>	<u>\$134,167</u>	<u>\$133,693</u>
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0
Accrued Wages and Benefits	0	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources				
Property Taxes	0	0	0	0
Unavailable Revenue	0	0	24,357	41,395
<i>Total Deferred Inflows of Resources</i>	<u>0</u>	<u>0</u>	<u>24,357</u>	<u>41,395</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	27,468	0	109,810	92,298
Committed	0	16	0	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>27,468</u>	<u>16</u>	<u>109,810</u>	<u>92,298</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$27,468</u>	<u>\$16</u>	<u>\$134,167</u>	<u>\$133,693</u>

Mayor's Court Computer	Recreation	Park Operating	Park Development and Improvement	Donations	Economic Development and Tourism	Total Nonmajor Special Revenue Funds
\$84,244	\$19,928	\$747,622	\$325,107	\$10,978	\$312,305	\$1,696,713
0	0	18,398	0	0	0	117,025
0	0	0	0	0	0	188
0	0	7,500	0	0	0	7,500
0	0	362,643	0	0	0	362,643
0	0	310,575	0	0	0	310,575
<u>\$84,244</u>	<u>\$19,928</u>	<u>\$1,446,738</u>	<u>\$325,107</u>	<u>\$10,978</u>	<u>\$312,305</u>	<u>\$2,494,644</u>
\$0	\$0	\$4,443	\$0	\$0	\$0	\$4,443
0	0	0	93,060	0	0	93,060
0	1,261	12,960	0	0	0	14,221
0	0	0	622,500	0	0	622,500
0	535	5,541	0	0	0	6,076
0	0	0	3,222	0	0	3,222
0	0	0	500,000	0	0	500,000
0	1,796	22,944	1,218,782	0	0	1,243,522
0	0	305,867	0	0	0	305,867
0	0	175,200	0	0	0	240,952
0	0	481,067	0	0	0	546,819
0	0	7,500	0	0	0	7,500
84,244	0	935,227	0	0	312,305	1,561,352
0	18,132	0	0	10,978	0	29,126
0	0	0	(893,675)	0	0	(893,675)
<u>84,244</u>	<u>18,132</u>	<u>942,727</u>	<u>(893,675)</u>	<u>10,978</u>	<u>312,305</u>	<u>704,303</u>
<u>\$84,244</u>	<u>\$19,928</u>	<u>\$1,446,738</u>	<u>\$325,107</u>	<u>\$10,978</u>	<u>\$312,305</u>	<u>\$2,494,644</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, 2017

	Recycling	ADA Parking Violations	State Highway	Permissive Tax
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	0	73,821	115,868
Interest	0	0	202	0
Contributions and Donations	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>74,023</u>	<u>115,868</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Transportation	0	0	56,490	186,463
Community Environment	106,560	0	0	0
Leisure Time Activities	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>106,560</u>	<u>0</u>	<u>56,490</u>	<u>186,463</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(106,560)</u>	<u>0</u>	<u>17,533</u>	<u>(70,595)</u>
Other Financing Sources				
Sale of Capital Assets	0	0	0	0
Transfers In	125,000	0	0	90,000
<i>Total Other Financing Sources</i>	<u>125,000</u>	<u>0</u>	<u>0</u>	<u>90,000</u>
<i>Net Change in Fund Balances</i>	18,440	0	17,533	19,405
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>9,028</u>	<u>16</u>	<u>92,277</u>	<u>72,893</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$27,468</u></u>	<u><u>\$16</u></u>	<u><u>\$109,810</u></u>	<u><u>\$92,298</u></u>

Mayor's Court Computer	Recreation	Park Operating	Park Development and Improvement	Donations	Economic Development and Tourism	Total Nonmajor Special Revenue Funds
\$0	\$0	\$291,516	\$0	\$0	\$0	\$291,516
0	0	1,190,485	0	0	0	1,190,485
0	158,362	0	0	0	0	158,362
0	0	16,624	162,111	0	0	178,735
4,488	0	0	0	0	0	4,488
0	0	61,970	0	0	312,305	563,964
0	0	0	0	0	0	202
0	0	0	0	325	0	325
0	144	1,557	0	0	0	1,701
<u>4,488</u>	<u>158,506</u>	<u>1,562,152</u>	<u>162,111</u>	<u>325</u>	<u>312,305</u>	<u>2,389,778</u>
0	0	0	0	16,056	0	16,056
0	0	0	0	0	0	242,953
300	0	0	0	0	0	106,860
0	201,269	1,055,863	549,971	0	0	1,807,103
0	0	0	106,321	0	0	106,321
0	0	0	48,897	0	0	48,897
<u>300</u>	<u>201,269</u>	<u>1,055,863</u>	<u>705,189</u>	<u>16,056</u>	<u>0</u>	<u>2,328,190</u>
<u>4,188</u>	<u>(42,763)</u>	<u>506,289</u>	<u>(543,078)</u>	<u>(15,731)</u>	<u>312,305</u>	<u>61,588</u>
0	0	7,400	0	0	0	7,400
0	65,000	0	0	11,000	0	291,000
<u>0</u>	<u>65,000</u>	<u>7,400</u>	<u>0</u>	<u>11,000</u>	<u>0</u>	<u>298,400</u>
4,188	22,237	513,689	(543,078)	(4,731)	312,305	359,988
80,056	(4,105)	429,038	(350,597)	15,709	0	344,315
<u>\$84,244</u>	<u>\$18,132</u>	<u>\$942,727</u>	<u>(\$893,675)</u>	<u>\$10,978</u>	<u>\$312,305</u>	<u>\$704,303</u>

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City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2017

	Library Bond Retirement	Tax Increment Financing	Total Nonmajor Debt Service Funds
Revenues			
Payments in Lieu of Taxes	\$0	\$1,490,985	\$1,490,985
Expenditures			
Debt Service:			
Principal Retirement	0	644,838	644,838
Interest and Fiscal Charges	0	833,975	833,975
<i>Total Expenditures</i>	0	1,478,813	1,478,813
<i>Excess of Revenues Over Expenditures</i>	0	12,172	12,172
Other Financing Uses			
Transfers Out	(1,762)	0	(1,762)
<i>Net Change in Fund Balances</i>	(1,762)	12,172	10,410
<i>Fund Balances Beginning of Year</i>	1,762	72,190	73,952
<i>Fund Balances End of Year</i>	\$0	\$84,362	\$84,362

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017

	Equipment	Storm Water Detention	Land Purchases	French Creek Restoration	Sidewalk Programs
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,053,266	\$453,511	\$53,761	\$4,120	\$10,749
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	37,199	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0
Municipal Income Taxes Receivable	0	0	0	0	0
Property Taxes Receivable	621,692	0	0	0	0
<i>Total Assets</i>	<u>\$1,712,157</u>	<u>\$453,511</u>	<u>\$53,761</u>	<u>\$4,120</u>	<u>\$10,749</u>
Liabilities					
Accounts Payable	\$79,864	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Accrued Interest Payable	0	0	3,855	0	0
Notes Payable	0	0	225,000	0	0
<i>Total Liabilities</i>	<u>79,864</u>	<u>0</u>	<u>228,855</u>	<u>0</u>	<u>0</u>
Deferred Inflows of Resources					
Property Taxes	610,177	0	0	0	0
Unavailable Revenue	48,714	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>658,891</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Restricted	973,402	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	453,511	0	4,120	10,749
Unassigned (Deficit)	0	0	(175,094)	0	0
<i>Total Fund Balances (Deficit)</i>	<u>973,402</u>	<u>453,511</u>	<u>(175,094)</u>	<u>4,120</u>	<u>10,749</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,712,157</u>	<u>\$453,511</u>	<u>\$53,761</u>	<u>\$4,120</u>	<u>\$10,749</u>

Storm Sewers	Municipal Buildings	I-90 Interchange	Recreation Complex	Stadium Marquee	Capital Improvements	Every Child's Playground	Total Nonmajor Capital Projects Funds
\$73,301	\$155,878	\$0	\$71,310	\$15,177	\$18,619	\$28,272	\$1,937,964
0	0	0	279,180	0	0	0	279,180
0	0	0	0	0	0	0	37,199
0	17	0	0	0	0	0	17
0	0	0	362,643	0	0	0	362,643
0	0	0	0	0	0	0	621,692
<u>\$73,301</u>	<u>\$155,895</u>	<u>\$0</u>	<u>\$713,133</u>	<u>\$15,177</u>	<u>\$18,619</u>	<u>\$28,272</u>	<u>\$3,238,695</u>
\$0	\$99	\$0	\$0	\$0	\$0	\$0	\$79,963
0	406	0	0	0	0	0	406
0	0	29,142	0	0	0	0	29,142
0	291	0	0	0	0	0	291
0	15,467	0	0	0	0	0	19,322
0	2,400,000	0	0	0	0	0	2,625,000
0	2,416,263	29,142	0	0	0	0	2,754,124
0	0	0	0	0	0	0	610,177
0	0	0	152,094	0	0	0	200,808
0	0	0	152,094	0	0	0	810,985
0	0	0	0	0	0	28,272	1,001,674
0	0	0	561,039	15,177	0	0	576,216
73,301	0	0	0	0	18,619	0	560,300
0	(2,260,368)	(29,142)	0	0	0	0	(2,464,604)
73,301	(2,260,368)	(29,142)	561,039	15,177	18,619	28,272	(326,414)
<u>\$73,301</u>	<u>\$155,895</u>	<u>\$0</u>	<u>\$713,133</u>	<u>\$15,177</u>	<u>\$18,619</u>	<u>\$28,272</u>	<u>\$3,238,695</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, 2017

	Equipment	Storm Water Detention	Land Purchases	French Creek Restoration	Sidewalk Programs
Revenues					
Property Taxes	\$581,547	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	0
Charges for Services	0	165,369	0	0	0
Intergovernmental	138,625	0	0	0	3,886
Interest	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Rentals	0	0	0	0	0
Miscellaneous	3,637	0	0	0	4,450
<i>Total Revenues</i>	<u>723,809</u>	<u>165,369</u>	<u>0</u>	<u>0</u>	<u>8,336</u>
Expenditures					
Capital Outlay	591,287	18,699	25,000	0	36,804
Debt Service:					
Principal Retirement	0	0	1,320,000	0	0
Interest and Fiscal Charges	0	0	27,981	0	0
<i>Total Expenditures</i>	<u>591,287</u>	<u>18,699</u>	<u>1,372,981</u>	<u>0</u>	<u>36,804</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>132,522</u>	<u>146,670</u>	<u>(1,372,981)</u>	<u>0</u>	<u>(28,468)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	8,880	0	0	0	0
General Obligation Notes Issued	0	0	1,305,000	0	0
Transfers In	0	0	75,000	0	25,000
Transfers Out	0	0	(1,468)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>8,880</u>	<u>0</u>	<u>1,378,532</u>	<u>0</u>	<u>25,000</u>
<i>Net Change in Fund Balances</i>	141,402	146,670	5,551	0	(3,468)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>832,000</u>	<u>306,841</u>	<u>(180,645)</u>	<u>4,120</u>	<u>14,217</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$973,402</u>	<u>\$453,511</u>	<u>(\$175,094)</u>	<u>\$4,120</u>	<u>\$10,749</u>

Storm Sewers	Municipal Buildings	I-90 Interchange	Recreation Complex	Stadium Marquee	Capital Improvements	Every Child's Playground	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$581,547
0	0	0	1,190,485	0	0	0	1,190,485
0	292,184	0	0	29,250	0	0	486,803
0	37,222	0	0	0	0	42,500	222,233
0	27	0	0	0	0	0	27
0	74,975	0	0	0	0	15,600	90,575
0	451,050	0	0	0	0	0	451,050
0	12,250	0	0	0	0	120	20,457
0	867,708	0	1,190,485	29,250	0	58,220	3,043,177
10,311	551,105	0	39,360	50,348	0	104,948	1,427,862
0	316,037	0	757,500	0	0	0	2,393,537
0	62,499	0	475,111	0	0	0	565,591
10,311	929,641	0	1,271,971	50,348	0	104,948	4,386,990
(10,311)	(61,933)	0	(81,486)	(21,098)	0	(46,728)	(1,343,813)
0	0	0	0	0	0	0	8,880
0	0	0	0	0	0	0	1,305,000
0	310,000	0	0	30,000	153,245	75,000	668,245
0	0	0	(250,000)	0	(330,000)	0	(581,468)
0	310,000	0	(250,000)	30,000	(176,755)	75,000	1,400,657
(10,311)	248,067	0	(331,486)	8,902	(176,755)	28,272	56,844
83,612	(2,508,435)	(29,142)	892,525	6,275	195,374	0	(383,258)
\$73,301	(\$2,260,368)	(\$29,142)	\$561,039	\$15,177	\$18,619	\$28,272	(\$326,414)

Fiduciary Funds

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

Agency Funds

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

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

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

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

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

Flexible Spending Account Fund – This fund accounts for deposits of cash from employees to use to pay for certain out-of-pocket health care costs.

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

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

City of Avon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017

	Beginning Balance 12/31/16	Additions	Deductions	Ending Balance 12/31/17
Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$738,255	\$1,028,463	\$1,272,840	\$493,878
Liabilities				
Deposits Held and Due to Others	\$738,255	\$1,028,463	\$1,272,840	\$493,878
 Lorain Public Library				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$457,226	\$457,226	\$0
Liabilities				
Intergovernmental Payable	\$0	\$457,226	\$457,226	\$0
 Avon Visitors Bureau				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$312,306	\$0	\$312,306	\$0
Liabilities				
Deposits Held and Due to Others	\$312,306	\$0	\$312,306	\$0
 Avon Lake Sanitary Sewer Trunk Fees				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$88,352	\$208,075	\$185,790	\$110,637
Liabilities				
Deposits Held and Due to Others	\$88,352	\$208,075	\$185,790	\$110,637
 Clearing Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$38,446	\$100,005	\$124,599	\$13,852
Liabilities				
Deposits Held and Due to Others	\$38,446	\$100,005	\$124,599	\$13,852
 Flexible Spending Account Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$39,616	\$29,157	\$10,459
Liabilities				
Deposits Held and Due to Others	\$0	\$39,616	\$29,157	\$10,459

(continued)

City of Avon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2017

	Beginning Balance 12/31/16	Additions	Deductions	Ending Balance 12/31/17
<i>Subdivisions</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,013,694	\$694,009	\$739,547	\$1,968,156
Liabilities				
Deposits Held and Due to Others	\$2,013,694	\$694,009	\$739,547	\$1,968,156
 <i>Mayor's Court</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$142,699	\$142,699	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$142,699	\$142,699	\$0
 <i>Total All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,191,053	\$2,527,394	\$3,121,465	\$2,596,982
Cash and Cash Equivalents in Segregated Accounts	0	142,699	142,699	0
<i>Total Assets</i>	\$3,191,053	\$2,670,093	\$3,264,164	\$2,596,982
Liabilities				
Deposits Held and Due to Others	\$3,191,053	\$2,212,867	\$2,806,938	\$2,596,982
Intergovernmental Payable	0	457,226	457,226	0
<i>Total Liabilities</i>	\$3,191,053	\$2,670,093	\$3,264,164	\$2,596,982

**Individual Fund Schedules of Revenues,
Expenditures/Expenses and Changes in Fund
Balances/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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$1,666,460	\$1,742,513	\$1,742,513	\$0
Municipal Income Taxes	8,890,735	9,296,486	9,296,486	0
Charges for Services	379,491	396,810	396,810	0
Licenses and Permits	879,792	919,943	941,052	21,109
Fines and Forfeitures	153,256	160,250	147,715	(12,535)
Intergovernmental	936,708	979,457	985,925	6,468
Interest	157,394	164,577	164,577	0
Contributions and Donations	2,496	1,825	1,825	0
Rentals	25,614	13,725	13,565	(160)
Miscellaneous	329,952	389,736	393,178	3,442
<i>Total Revenues</i>	<u>13,421,898</u>	<u>14,065,322</u>	<u>14,083,646</u>	<u>18,324</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Personal Services	274,277	274,277	271,411	2,866
Materials and Supplies	10,481	10,481	9,316	1,165
Contractual Services	174,286	174,286	124,933	49,353
Total Mayor	<u>459,044</u>	<u>459,044</u>	<u>405,660</u>	<u>53,384</u>
Finance:				
Personal Services	597,230	599,929	526,016	73,913
Materials and Supplies	28,961	30,211	22,034	8,177
Contractual Services	270,150	268,901	167,610	101,291
Capital Outlay	50,000	50,000	25,438	24,562
Total Finance	<u>946,341</u>	<u>949,041</u>	<u>741,098</u>	<u>207,943</u>
Treasurer:				
Personal Services	20,395	20,395	20,157	238
Materials and Supplies	1,050	1,050	617	433
Contractual Services	300	300	130	170
Total Treasurer	<u>21,745</u>	<u>21,745</u>	<u>20,904</u>	<u>841</u>
Law Director:				
Personal Services	176,949	174,949	171,433	3,516
Materials and Supplies	3,500	3,500	2,497	1,003
Contractual Services	315,065	317,066	312,047	5,019
Total Law Director	<u>\$495,514</u>	<u>\$495,515</u>	<u>\$485,977</u>	<u>\$9,538</u>

(continued)

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Council:				
Personal Services	\$206,943	\$206,943	\$195,207	\$11,736
Materials and Supplies	15,005	15,005	8,780	6,225
Contractual Services	38,198	38,198	18,107	20,091
Total Council	260,146	260,146	222,094	38,052
City Hall:				
Personal Services	2,000	2,000	119	1,881
Materials and Supplies	88,266	99,966	92,066	7,900
Contractual Services	357,223	345,522	301,378	44,144
Capital Outlay	122,653	146,653	122,876	23,777
Other	10,000	10,000	3,168	6,832
Total City Hall	580,142	604,141	519,607	84,534
Civil Service:				
Personal Services	8,203	8,203	4,203	4,000
Materials and Supplies	500	500	0	500
Contractual Services	20,000	20,000	1,900	18,100
Other	500	500	0	500
Total Civil Service	29,203	29,203	6,103	23,100
Records:				
Personal Services	9,467	9,467	3	9,464
Materials and Supplies	2,000	2,000	0	2,000
Contractual Services	5,000	5,000	0	5,000
Total Records	16,467	16,467	3	16,464
Statutory Accounts:				
Personal Services	174,313	174,313	115,026	59,287
Contractual Services	319,492	319,492	284,246	35,246
Total Statutory Accounts	493,805	493,805	399,272	94,533
Legal:				
Personal Services	3,692	3,692	3,376	316
Materials and Supplies	500	500	6	494
Contractual Services	500	500	0	500
Total Legal	\$4,692	\$4,692	\$3,382	\$1,310

(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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Engineer:				
Personal Services	\$79,661	\$79,661	\$56,327	\$23,334
Materials and Supplies	2,500	2,500	330	2,170
Contractual Services	747,315	747,315	566,836	180,479
Total Engineer	829,476	829,476	623,493	205,983
Human Resources:				
Personal Services	99,485	99,485	67,753	31,732
Materials and Supplies	1,250	2,050	1,502	548
Contractual Services	30,515	29,715	16,126	13,589
Total Human Resources	131,250	131,250	85,381	45,869
Grant Coordinator:				
Contractual Services	50,000	50,000	21,835	28,165
Income Tax Department:				
Contractual Services	231,783	291,783	286,719	5,064
Total General Government	4,549,608	4,636,308	3,821,528	814,780
Community Environment:				
Avon Seniors:				
Personal Services	223,779	240,779	236,532	4,247
Materials and Supplies	27,350	27,350	16,219	11,131
Contractual Services	58,109	58,109	43,945	14,164
Capital Outlay	51,430	51,430	35,369	16,061
Other	100	100	0	100
Total Avon Seniors	360,768	377,768	332,065	45,703
Planning Commission:				
Personal Services	217,731	217,731	196,170	21,561
Materials and Supplies	6,836	6,836	4,385	2,451
Contractual Services	91,191	91,191	51,286	39,905
Other	1,000	1,000	960	40
Total Planning Commission	316,758	316,758	252,801	63,957
Building Inspector:				
Personal Services	971,659	971,659	887,579	84,080
Materials and Supplies	43,852	43,852	25,558	18,294
Contractual Services	301,698	301,698	143,449	158,249
Capital Outlay	48,000	48,000	0	48,000
Other	12,000	12,000	903	11,097
Total Building Inspector	\$1,377,209	\$1,377,209	\$1,057,489	\$319,720

(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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Traffic/Signalization:				
Personal Services	\$92,445	\$99,645	\$89,934	\$9,711
Materials and Supplies	161,793	120,816	120,543	273
Contractual Services	31,152	72,129	71,432	697
Total Traffic/Signalization	285,390	292,590	281,909	10,681
Safety Director/Zoning Officer:				
Personal Services	83,392	83,392	82,888	504
Materials and Supplies	250	250	30	220
Contractual Services	4,600	4,600	156	4,444
Total Safety Director/Zoning Officer	88,242	88,242	83,074	5,168
Arts and Beautification:				
Materials and Supplies	10,000	10,000	0	10,000
Capital Outlay	20,000	20,000	0	20,000
Total Arts and Beautification	30,000	30,000	0	30,000
Total Community Environment	2,458,367	2,482,567	2,007,338	475,229
Leisure Time Activities:				
Community Center:				
Personal Services	18,664	18,914	13,668	5,246
Materials and Supplies	1,515	1,515	1,455	60
Contractual Services	14,500	14,250	11,330	2,920
Other	500	500	290	210
Total Leisure Time Activities	35,179	35,179	26,743	8,436
Debt Service:				
Principal Retirement	22,872	22,872	22,501	371
Interest and Fiscal Charges	3,128	3,128	3,077	51
Total Debt Service	26,000	26,000	25,578	422
Total Expenditures	7,069,154	7,180,054	5,881,187	1,298,867
Excess of Revenues Over Expenditures	6,352,744	6,885,268	8,202,459	1,317,191
Other Financing Sources (Uses)				
Advances In	20,857	20,857	20,857	0
Transfers In	9,347,839	9,347,839	9,347,839	0
Transfers Out	(15,180,525)	(16,937,900)	(15,767,900)	1,170,000
Total Other Financing Sources (Uses)	(5,811,829)	(7,569,204)	(6,399,204)	1,170,000
Net Change in Fund Balance	540,915	(683,936)	1,803,255	2,487,191
Fund Balance Beginning of Year	2,508,093	2,508,093	2,508,093	0
Prior Year Encumbrances Appropriated	133,260	133,260	133,260	0
Fund Balance End of Year	\$3,182,268	\$1,957,417	\$4,444,608	\$2,487,191

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$4,144,700	\$3,496,361	\$3,252,964	(\$243,397)
Charges for Services	786,755	663,686	663,686	0
Licenses and Permits	1,156	975	975	0
Miscellaneous	5,751	4,801	4,821	20
<i>Total Revenues</i>	<u>4,938,362</u>	<u>4,165,823</u>	<u>3,922,446</u>	<u>(243,377)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Personal Services	4,624,043	4,624,042	4,383,579	240,463
Materials and Supplies	224,713	224,714	216,215	8,499
Contractual Services	359,851	357,851	275,592	82,259
Other	2,000	4,000	3,999	1
<i>Total Expenditures</i>	<u>5,210,607</u>	<u>5,210,607</u>	<u>4,879,385</u>	<u>331,222</u>
<i>Excess of Revenues Under Expenditures</i>	(272,245)	(1,044,784)	(956,939)	87,845
Other Financing Sources				
Transfers In	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	(172,245)	(944,784)	(856,939)	87,845
<i>Fund Balance Beginning of Year</i>	979,616	979,616	979,616	0
Prior Year Encumbrances Appropriated	31,301	31,301	31,301	0
<i>Fund Balance End of Year</i>	<u>\$838,672</u>	<u>\$66,133</u>	<u>\$153,978</u>	<u>\$87,845</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$1,218,034	\$1,230,844	\$1,230,844	\$0
Licenses and Permits	5,750	5,810	5,810	0
Intergovernmental	1,087,473	1,098,910	1,065,776	(33,134)
Interest	3,958	4,000	4,181	181
Miscellaneous	3,082	3,206	5,024	1,818
<i>Total Revenues</i>	<i>2,318,297</i>	<i>2,342,770</i>	<i>2,311,635</i>	<i>(31,135)</i>
Expenditures				
Current:				
Transportation:				
Street Department:				
Personal Services	1,499,043	1,431,293	1,390,810	40,483
Materials and Supplies	774,608	791,608	748,183	43,425
Contractual Services	301,335	281,334	241,315	40,019
Capital Outlay	409,636	394,636	390,315	4,321
<i>Total Transportation</i>	<i>2,984,622</i>	<i>2,898,871</i>	<i>2,770,623</i>	<i>128,248</i>
Debt Service:				
Principal Retirement	140,000	140,000	140,000	0
Interest and Fiscal Charges	40,150	40,151	37,926	2,225
<i>Total Debt Service</i>	<i>180,150</i>	<i>180,151</i>	<i>177,926</i>	<i>2,225</i>
<i>Total Expenditures</i>	<i>3,164,772</i>	<i>3,079,022</i>	<i>2,948,549</i>	<i>130,473</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(846,475)</i>	<i>(736,252)</i>	<i>(636,914)</i>	<i>99,338</i>
Other Financing Sources (Uses)				
Sale of Capital Assets	8,742	8,742	8,742	0
Transfers In	350,000	350,000	350,000	0
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	<i>333,742</i>	<i>333,742</i>	<i>333,742</i>	<i>0</i>
<i>Net Change in Fund Balance</i>	<i>(512,733)</i>	<i>(402,510)</i>	<i>(303,172)</i>	<i>99,338</i>
<i>Fund Balance Beginning of Year</i>	<i>150,908</i>	<i>150,908</i>	<i>150,908</i>	<i>0</i>
Prior Year Encumbrances Appropriated	282,829	282,829	282,829	0
<i>Fund Balance (Deficit) End of Year</i>	<i>(\$78,996)</i>	<i>\$31,227</i>	<i>\$130,565</i>	<i>\$99,338</i>

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$684,071	\$661,150	\$661,150	\$0
Municipal Income Taxes	2,909,572	2,812,082	2,812,082	0
Licenses and Permits	494	477	477	0
Fines and Forfeitures	1,035	1,000	805	(195)
Intergovernmental	93,063	89,945	89,945	0
Contributions and Donations	523	505	505	0
Miscellaneous	47,861	46,257	45,957	(300)
<i>Total Revenues</i>	<u>3,736,619</u>	<u>3,611,416</u>	<u>3,610,921</u>	<u>(495)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	5,450,402	5,457,903	5,046,723	411,180
Materials and Supplies	301,901	301,903	252,893	49,010
Contractual Services	555,042	584,539	484,001	100,538
Other	4,000	4,000	3,625	375
<i>Total Expenditures</i>	<u>6,311,345</u>	<u>6,348,345</u>	<u>5,787,242</u>	<u>561,103</u>
<i>Excess of Revenues Under Expenditures</i>	(2,574,726)	(2,736,929)	(2,176,321)	560,608
Other Financing Sources				
Transfers In	2,325,000	2,325,000	2,325,000	0
<i>Net Change in Fund Balance</i>	(249,726)	(411,929)	148,679	560,608
<i>Fund Balance Beginning of Year</i>	709,521	709,521	709,521	0
Prior Year Encumbrances Appropriated	96,374	96,374	96,374	0
<i>Fund Balance End of Year</i>	<u>\$556,169</u>	<u>\$393,966</u>	<u>\$954,574</u>	<u>\$560,608</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$63,899	\$364,672	\$364,672	\$0
Miscellaneous	47,299	47,299	47,299	0
<i>Total Revenues</i>	111,198	411,971	411,971	0
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Contractual Services	1,500	1,500	0	1,500
Debt Service:				
Principal Retirement	715,564	1,190,652	1,190,650	2
Interest and Fiscal Charges	777,915	802,827	783,517	19,310
Bond Issuance Costs	0	44,543	44,543	0
Total Debt Service	1,493,479	2,038,022	2,018,710	19,312
<i>Total Expenditures</i>	1,494,979	2,039,522	2,018,710	20,812
<i>Excess of Revenues Under Expenditures</i>	(1,383,781)	(1,627,551)	(1,606,739)	20,812
Other Financing Sources (Uses)				
Refunding Bonds Issued	0	0	1,975,000	1,975,000
Premium on General Obligation Notes Issued	36,033	36,033	36,033	0
Amount Paid to Bond Escrow Agent	0	(1,930,457)	(1,930,457)	0
Transfers In	1,539,043	1,539,043	1,539,043	0
Transfers Out	(12,500)	(12,500)	0	12,500
<i>Total Other Financing Sources (Uses)</i>	1,562,576	(367,881)	1,619,619	1,987,500
<i>Net Change in Fund Balance</i>	178,795	(1,995,432)	12,880	2,008,312
<i>Fund Balance Beginning of Year</i>	182,973	182,973	182,973	0
<i>Fund Balance End of Year</i>	\$361,768	(\$1,812,459)	\$195,853	\$2,008,312

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Special Assessments	\$630,852	\$753,503	\$753,503	\$0
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement:				
Other	25,234	33,017	33,017	0
Debt Service:				
Principal Retirement	420,401	303,804	295,584	8,220
Interest and Fiscal Charges	201,449	330,006	329,997	9
Total Debt Service	621,850	633,810	625,581	8,229
<i>Total Expenditures</i>	647,084	666,827	658,598	8,229
<i>Net Change in Fund Balance</i>	(16,232)	86,676	94,905	8,229
<i>Fund Balance Beginning of Year</i>	394,293	394,293	394,293	0
<i>Fund Balance End of Year</i>	\$378,061	\$480,969	\$489,198	\$8,229

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Swimming Pool Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Municipal Swimming Pool:				
Capital Outlay	8,387	8,387	8,387	0
Debt Service:				
Principal Retirement	4,600,000	4,600,000	4,600,000	0
<i>Total Expenditures</i>	4,608,387	4,608,387	4,608,387	0
<i>Excess of Revenues Under Expenditures</i>	(4,608,387)	(4,608,387)	(4,608,387)	0
Other Financing Sources				
General Obligation Notes Issued	4,600,000	4,600,000	4,600,000	0
<i>Net Change in Fund Balance</i>	(8,387)	(8,387)	(8,387)	0
<i>Fund Balance Beginning of Year</i>	9,562	9,562	9,562	0
Prior Year Encumbrances Appropriated	8,387	8,387	8,387	0
<i>Fund Balance End of Year</i>	<u>\$9,562</u>	<u>\$9,562</u>	<u>\$9,562</u>	<u>\$0</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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental	\$364,588	\$119,638	\$119,638	\$0
Interest	13,101	4,299	4,299	0
Miscellaneous	30,474	10,000	10,000	0
<i>Total Revenues</i>	<u>408,163</u>	<u>133,937</u>	<u>133,937</u>	<u>0</u>
Expenditures				
Capital Outlay:				
Road and Bridge Programs:				
Contractual Services	0	60,873	59,137	1,736
Capital Outlay	5,369,152	5,638,798	4,009,228	1,629,570
Total Capital Outlay	<u>5,369,152</u>	<u>5,699,671</u>	<u>4,068,365</u>	<u>1,631,306</u>
Debt Service:				
Principal Retirement	10,255,000	17,435,000	17,435,000	0
Interest and Fiscal Charges	153,825	211,689	211,689	0
Bond Issuance Costs	0	171,055	171,055	0
Total Debt Service	<u>10,408,825</u>	<u>17,817,744</u>	<u>17,817,744</u>	<u>0</u>
<i>Total Expenditures</i>	<u>15,777,977</u>	<u>23,517,415</u>	<u>21,886,109</u>	<u>1,631,306</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(15,369,814)</u>	<u>(23,383,478)</u>	<u>(21,752,172)</u>	<u>(1,631,306)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	6,330,000	6,330,000	0
Premium on General Obligation Bonds Issued	0	781,055	781,055	0
General Obligation Notes Issued	3,545,000	3,545,000	3,545,000	0
Special Assessment Notes Issued	7,000,000	7,000,000	7,000,000	0
Transfers In	2,601,900	2,601,900	2,501,900	(100,000)
Transfers Out	(155,080)	(251,777)	(151,777)	100,000
<i>Total Other Financing Sources (Uses)</i>	<u>12,991,820</u>	<u>20,006,178</u>	<u>20,006,178</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(2,377,994)</u>	<u>(3,377,300)</u>	<u>(1,745,994)</u>	<u>(1,631,306)</u>
<i>Fund Balance Beginning of Year</i>	606,083	606,083	606,083	0
Prior Year Encumbrances Appropriated	<u>2,452,579</u>	<u>2,452,579</u>	<u>2,452,579</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$680,668</u>	<u>(\$318,638)</u>	<u>\$1,312,668</u>	<u>(\$1,631,306)</u>

City of Avon, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$4,843,257	\$5,109,497	\$4,401,720	(\$707,777)
Intergovernmental	94,197	99,375	99,375	0
Interest	3,491	3,683	4,321	638
Other Operating Revenues	7,583	8,000	23,530	15,530
Other Non-Operating Revenues	0	0	478	478
General Obligation Notes Issued	7,750,000	7,750,000	7,750,000	0
<i>Total Revenues</i>	<u>12,698,528</u>	<u>12,970,555</u>	<u>12,279,424</u>	<u>(691,131)</u>
Expenses				
Personal Services	628,461	628,463	589,327	39,136
Materials and Supplies	2,470,360	2,370,360	2,080,408	289,952
Contractual Services	442,313	1,170,637	1,041,146	129,491
Other	22,000	22,000	12,034	9,966
Capital Outlay	1,324,415	722,908	335,845	387,063
Debt Service:				
Principal Retirement	9,507,884	9,687,398	9,037,398	650,000
Interest and Fiscal Charges	155,254	154,614	151,192	3,422
<i>Total Expenses</i>	<u>14,550,687</u>	<u>14,756,380</u>	<u>13,247,350</u>	<u>1,509,030</u>
<i>Excess of Revenues Under Expenses Before Transfers</i>	(1,852,159)	(1,785,825)	(967,926)	817,899
Transfers Out	(500,000)	(537,281)	(537,281)	0
<i>Net Change in Fund Equity</i>	(2,352,159)	(2,323,106)	(1,505,207)	817,899
<i>Fund Equity Beginning of Year</i>	3,604,580	3,604,580	3,604,580	0
Prior Year Encumbrances Appropriated	1,293,250	1,293,250	1,293,250	0
<i>Fund Equity End of Year</i>	<u>\$2,545,671</u>	<u>\$2,574,724</u>	<u>\$3,392,623</u>	<u>\$817,899</u>

City of Avon, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$5,170,447	\$5,170,447	\$4,072,122	(\$1,098,325)
Other Operating Revenues	2,500	2,500	602	(1,898)
General Obligation Notes Issued	1,500,000	1,500,000	1,500,000	0
<i>Total Revenues</i>	6,672,947	6,672,947	5,572,724	(1,100,223)
Expenses				
Personal Services	616,821	616,822	577,850	38,972
Materials and Supplies	3,692,679	3,692,680	2,365,811	1,326,869
Contractual Services	507,490	532,489	469,133	63,356
Other	10,000	10,000	4,807	5,193
Capital Outlay	637,660	762,659	388,324	374,335
Debt Service:				
Principal Retirement	2,156,908	2,156,908	1,656,908	500,000
Interest and Fiscal Charges	96,953	96,953	93,943	3,010
<i>Total Expenses</i>	7,718,511	7,868,511	5,556,776	2,311,735
<i>Excess of Revenues Over (Under) Expenses Before Transfers</i>	(1,045,564)	(1,195,564)	15,948	1,211,512
Transfers In	280,525	280,525	280,525	0
Transfers Out	(280,525)	(280,525)	(280,525)	0
<i>Net Change in Fund Equity</i>	(1,045,564)	(1,195,564)	15,948	1,211,512
<i>Fund Equity Beginning of Year</i>	2,357,913	2,357,913	2,357,913	0
Prior Year Encumbrances Appropriated	1,149,836	1,149,836	1,149,836	0
<i>Fund Equity End of Year</i>	\$2,462,185	\$2,312,185	\$3,523,697	\$1,211,512

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Community Environment:				
Recycling:				
Contractual Services	132,630	132,630	115,850	16,780
<i>Excess of Revenues Under Expenditures</i>	(132,630)	(132,630)	(115,850)	16,780
Other Financing Sources				
Transfers In	150,000	125,000	125,000	0
<i>Net Change in Fund Balance</i>	17,370	(7,630)	9,150	16,780
<i>Fund Balance Beginning of Year</i>	18,188	18,188	18,188	0
Prior Year Encumbrances Appropriated	130	130	130	0
<i>Fund Balance End of Year</i>	\$35,688	\$10,688	\$27,468	\$16,780

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
ADA Parking Violations Fund
For the Year Ended December 31, 2017

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

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$75,457	\$75,754	\$73,818	(\$1,936)
Interest	797	800	768	(32)
<i>Total Revenues</i>	<u>76,254</u>	<u>76,554</u>	<u>74,586</u>	<u>(1,968)</u>
Expenditures				
Current:				
Transportation:				
State Highway:				
Material and Supplies	55,000	55,000	36,676	18,324
Contractual Services	20,000	20,000	10,718	9,282
Capital Outlay	150,397	150,397	142,102	8,295
<i>Total Expenditures</i>	<u>225,397</u>	<u>225,397</u>	<u>189,496</u>	<u>35,901</u>
<i>Net Change in Fund Balance</i>	(149,143)	(148,843)	(114,910)	33,933
<i>Fund Balance Beginning of Year</i>	53,184	53,184	53,184	0
Prior Year Encumbrances Appropriated	<u>150,397</u>	<u>150,397</u>	<u>150,397</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$54,438</u>	<u>\$54,738</u>	<u>\$88,671</u>	<u>\$33,933</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Intergovernmental	\$119,912	\$115,470	\$115,470	\$0
Expenditures				
Current:				
Transportation:				
Permissive Tax:				
Contractual Services	221,450	221,450	200,939	20,511
<i>Excess of Revenues Under Expenditures</i>	(101,538)	(105,980)	(85,469)	20,511
Other Financing Sources				
Transfers In	90,000	90,000	90,000	0
<i>Net Change in Fund Balance</i>	(11,538)	(15,980)	4,531	20,511
<i>Fund Balance Beginning of Year</i>	67,070	67,070	67,070	0
<i>Fund Balance End of Year</i>	<u>\$55,532</u>	<u>\$51,090</u>	<u>\$71,601</u>	<u>\$20,511</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Computer Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeitures	\$4,875	\$4,133	\$4,488	\$355
Expenditures				
Current:				
Community Environment:				
Mayor's Court Computer:				
Capital Outlay	5,000	5,000	300	4,700
<i>Net Change in Fund Balance</i>	(125)	(867)	4,188	5,055
<i>Fund Balance Beginning of Year</i>	80,056	80,056	80,056	0
<i>Fund Balance End of Year</i>	<u>\$79,931</u>	<u>\$79,189</u>	<u>\$84,244</u>	<u>\$5,055</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$147,571	\$164,864	\$158,362	(\$6,502)
Miscellaneous	129	144	144	0
<i>Total Revenues</i>	<u>147,700</u>	<u>165,008</u>	<u>158,506</u>	<u>(6,502)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation Department:				
Personal Services	61,783	61,783	50,023	11,760
Materials and Supplies	2,000	2,000	2,000	0
Contractual Services	19,250	19,750	19,539	211
Other	500	500	0	500
Total Recreation Department	<u>83,533</u>	<u>84,033</u>	<u>71,562</u>	<u>12,471</u>
Tennis Camp:				
Materials and Supplies	8,000	15,000	11,302	3,698
Adult Volleyball:				
Materials and Supplies	2,000	2,000	760	1,240
Men's Basketball:				
Materials and Supplies	500	500	500	0
Youth Basketball:				
Materials and Supplies	20,000	25,850	25,716	134
Adult Softball:				
Materials and Supplies	3,500	3,500	2,586	914
Flag Football:				
Materials and Supplies	15,000	12,200	9,773	2,427
Safety Town:				
Materials and Supplies	7,516	5,516	5,499	17
Little Eagles:				
Materials and Supplies	15,000	15,000	12,392	2,608
Fishing:				
Materials and Supplies	\$1,200	\$1,200	\$1,200	\$0

(continued)

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund (continued)
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Theater:				
Materials and Supplies	\$3,000	\$7,160	\$7,115	\$45
Youth Wrestling:				
Materials and Supplies	6,000	4,190	2,975	1,215
Youth Football:				
Materials and Supplies	18,200	14,530	14,340	190
Running Club:				
Materials and Supplies	6,000	1,050	1,050	0
Fitness Camp:				
Materials and Supplies	5,000	11,620	11,613	7
Educational:				
Materials and Supplies	4,000	4,000	4,000	0
Youth Baseball:				
Materials and Supplies	12,000	7,100	7,100	0
Mini Cheer/Dance Camp:				
Materials and Supplies	8,000	15,000	15,000	0
<i>Total Expenditures</i>	<u>218,449</u>	<u>229,449</u>	<u>204,483</u>	<u>24,966</u>
<i>Excess of Revenues Under Expenditures</i>	(70,749)	(64,441)	(45,977)	18,464
Other Financing Sources				
Transfers In	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(5,749)	559	19,023	18,464
<i>Fund Balance Beginning of Year</i>	398	398	398	0
Prior Year Encumbrances Appropriated	<u>16</u>	<u>16</u>	<u>16</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$5,335)</u></u>	<u><u>\$973</u></u>	<u><u>\$19,437</u></u>	<u><u>\$18,464</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Operating Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$281,335	\$291,516	\$291,516	\$0
Municipal Income Taxes	1,152,685	1,194,400	1,194,400	0
Licenses and Permits	16,043	16,624	16,624	0
Intergovernmental	59,806	61,970	61,970	0
Miscellaneous	1,244	1,557	1,557	0
<i>Total Revenues</i>	<u>1,511,113</u>	<u>1,566,067</u>	<u>1,566,067</u>	<u>0</u>
Expenditures				
Current:				
Leisure Time Activities:				
Park Operating:				
Personal Services	670,781	670,782	560,448	110,334
Materials and Supplies	92,550	92,549	74,780	17,769
Contractual Services	307,986	307,987	230,323	77,664
Capital Outlay	172,613	235,590	232,859	2,731
Other	500	500	250	250
<i>Total Expenditures</i>	<u>1,244,430</u>	<u>1,307,408</u>	<u>1,098,660</u>	<u>208,748</u>
<i>Excess of Revenues Over Expenditures</i>	266,683	258,659	467,407	208,748
Other Financing Sources				
Sale of Capital Assets	7,400	7,400	7,400	0
<i>Net Change in Fund Balance</i>	274,083	266,059	474,807	208,748
<i>Fund Balance Beginning of Year</i>	218,434	218,434	218,434	0
Prior Year Encumbrances Appropriated	11,449	11,449	11,449	0
<i>Fund Balance End of Year</i>	<u>\$503,966</u>	<u>\$495,942</u>	<u>\$704,690</u>	<u>\$208,748</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Development and Improvement Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Licenses and Permits	\$152,270	\$158,237	\$162,111	\$3,874
Expenditures				
Current:				
Leisure Time Activities:				
Park Development and Improvement:				
Contractual Services	25,000	25,000	496	24,504
Capital Outlay	26,558	691,558	667,974	23,584
Other	6,000	6,000	0	6,000
Total Leisure Time Activities	57,558	722,558	668,470	54,088
Debt Service:				
Principal Retirement	851,800	856,321	856,321	0
Interest and Fiscal Charges	52,770	50,467	50,467	0
Total Debt Service	904,570	906,788	906,788	0
<i>Total Expenditures</i>	962,128	1,629,346	1,575,258	54,088
<i>Excess of Revenues Under Expenditures</i>	(809,858)	(1,471,109)	(1,413,147)	57,962
Other Financing Sources				
General Obligation Notes Issued	800,000	500,000	500,000	0
<i>Net Change in Fund Balance</i>	(9,858)	(971,109)	(913,147)	57,962
<i>Fund Balance Beginning of Year</i>	1,022,138	1,022,138	1,022,138	0
Prior Year Encumbrances Appropriated	6,558	6,558	6,558	0
<i>Fund Balance End of Year</i>	\$1,018,838	\$57,587	\$115,549	\$57,962

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Contributions and Donations	\$1,000	\$325	\$325	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Donations:				
Materials and Supplies	0	6,100	6,100	0
Contractual Services	19,001	19,001	10,107	8,894
<i>Total Expenditures</i>	19,001	25,101	16,207	8,894
<i>Excess of Revenues Under Expenditures</i>	(18,001)	(24,776)	(15,882)	8,894
Other Financing Sources				
Transfers In	6,750	11,000	11,000	0
<i>Net Change in Fund Balance</i>	(11,251)	(13,776)	(4,882)	8,894
<i>Fund Balance Beginning of Year</i>	7,708	7,708	7,708	0
Prior Year Encumbrances Appropriated	8,001	8,001	8,001	0
<i>Fund Balance End of Year</i>	\$4,458	\$1,933	\$10,827	\$8,894

City of Avon, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Economic Development and Tourism Fund
For the Year Ended December 31, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$312,305	\$312,305	\$312,305	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	312,305	312,305	312,305	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$312,305</u>	<u>\$312,305</u>	<u>\$312,305</u>	<u>\$0</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, 2017*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
Other Financing Uses				
Transfers Out	(1,762)	(1,762)	(1,762)	0
<i>Net Change in Fund Balance</i>	(1,762)	(1,762)	(1,762)	0
<i>Fund Balance Beginning of Year</i>	1,762	1,762	1,762	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Payments in Lieu of Taxes	\$4,518,341	\$4,105,746	\$4,105,746	\$0
Expenditures				
Current:				
General Government:				
Contractual Services	2,936,922	2,558,846	2,558,846	0
Other	44,059	55,915	55,915	0
Total General Government	2,980,981	2,614,761	2,614,761	0
Debt Service:				
Principal Retirement	656,788	656,788	644,838	11,950
Interest and Fiscal Charges	848,355	848,355	833,975	14,380
Total Debt Service	1,505,143	1,505,143	1,478,813	26,330
<i>Total Expenditures</i>	4,486,124	4,119,904	4,093,574	26,330
<i>Net Change in Fund Balance</i>	32,217	(14,158)	12,172	26,330
<i>Fund Balance Beginning of Year</i>	72,190	72,190	72,190	0
<i>Fund Balance End of Year</i>	\$104,407	\$58,032	\$84,362	\$26,330

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Property Taxes	\$515,560	\$581,547	\$581,547	\$0
Intergovernmental	122,896	138,625	138,625	0
Miscellaneous	2,172	3,637	3,637	0
<i>Total Revenues</i>	<u>640,628</u>	<u>723,809</u>	<u>723,809</u>	<u>0</u>
Expenditures				
Capital Outlay:				
Equipment:				
Capital Outlay	758,360	846,721	712,392	134,329
Other	15,200	15,200	9,523	5,677
<i>Total Expenditures</i>	<u>773,560</u>	<u>861,921</u>	<u>721,915</u>	<u>140,006</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(132,932)	(138,112)	1,894	140,006
Other Financing Sources				
Sale of Capital Assets	8,880	8,880	8,880	0
<i>Net Change in Fund Balance</i>	(124,052)	(129,232)	10,774	140,006
<i>Fund Balance Beginning of Year</i>	649,581	649,581	649,581	0
Prior Year Encumbrances Appropriated	221,760	221,760	221,760	0
<i>Fund Balance End of Year</i>	<u>\$747,289</u>	<u>\$742,109</u>	<u>\$882,115</u>	<u>\$140,006</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, 2017*

	<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	\$164,579	\$165,369	\$165,369	\$0
Expenditures				
Capital Outlay:				
Storm Water Detention:				
Contractual Services	116,839	116,839	80,707	36,132
<i>Net Change in Fund Balance</i>	47,740	48,530	84,662	36,132
<i>Fund Balance Beginning of Year</i>	290,550	290,550	290,550	0
Prior Year Encumbrances Appropriated	16,291	16,291	16,291	0
<i>Fund Balance End of Year</i>	<u>\$354,581</u>	<u>\$355,371</u>	<u>\$391,503</u>	<u>\$36,132</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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Land Purchases:				
Capital Outlay	25,000	25,000	25,000	0
Debt Service:				
Principal Retirement	1,500,000	1,500,000	1,500,000	0
Interest and Fiscal Charges	30,000	30,000	26,239	3,761
Total Debt Service	1,530,000	1,530,000	1,526,239	3,761
<i>Total Expenditures</i>	1,555,000	1,555,000	1,551,239	3,761
<i>Excess of Revenues Under Expenditures</i>	(1,555,000)	(1,555,000)	(1,551,239)	3,761
Other Financing Sources (Uses)				
General Obligation Notes Issued	1,530,000	1,530,000	1,530,000	0
Transfers In	25,000	75,000	75,000	0
Transfers Out	0	(1,468)	(1,468)	0
<i>Total Other Financing Sources (Uses)</i>	1,555,000	1,603,532	1,603,532	0
<i>Net Change in Fund Balance</i>	0	48,532	52,293	3,761
<i>Fund Balance Beginning of Year</i>	1,468	1,468	1,468	0
<i>Fund Balance End of Year</i>	\$1,468	\$50,000	\$53,761	\$3,761

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
French Creek Restoration Fund
For the Year Ended December 31, 2017

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

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sidewalk Programs Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$0	\$3,886	\$3,886	\$0
Miscellaneous	0	4,450	4,450	0
<i>Total Revenues</i>	0	8,336	8,336	0
Expenditures				
Capital Outlay:				
Sidewalk Programs:				
Capital Outlay	29,318	44,318	41,988	2,330
<i>Excess of Revenues Under Expenditures</i>	(29,318)	(35,982)	(33,652)	2,330
Other Financing Sources				
Transfers In	25,000	25,000	25,000	0
<i>Net Change in Fund Balance</i>	(4,318)	(10,982)	(8,652)	2,330
<i>Fund Balance Beginning of Year</i>	11,314	11,314	11,314	0
Prior Year Encumbrances Appropriated	4,318	4,318	4,318	0
<i>Fund Balance End of Year</i>	<u>\$11,314</u>	<u>\$4,650</u>	<u>\$6,980</u>	<u>\$2,330</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Storm Sewers Fund
For the Year Ended December 31, 2017

	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	94,377	94,377	84,359	10,018
<i>Net Change in Fund Balance</i>	(94,377)	(94,377)	(84,359)	10,018
<i>Fund Balance Beginning of Year</i>	12,518	12,518	12,518	0
Prior Year Encumbrances Appropriated	81,859	81,859	81,859	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$10,018	\$10,018

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$365,819	\$290,275	\$292,184	\$1,909
Intergovernmental	46,909	37,222	37,222	0
Interest	464	368	368	0
Contributions and Donations	94,487	74,975	74,975	0
Rentals	553,943	439,550	451,050	11,500
Miscellaneous	15,628	12,400	12,400	0
<i>Total Revenues</i>	<u>1,077,250</u>	<u>854,790</u>	<u>868,199</u>	<u>13,409</u>
Expenditures				
Capital Outlay:				
Municipal Buildings:				
Personal Services	337,879	310,629	293,203	17,426
Materials and Supplies	45,700	47,613	45,353	2,260
Contractual Services	137,788	149,875	131,995	17,880
Capital Outlay	10,922	100,922	95,369	5,553
Other	2,000	2,000	755	1,245
<i>Total Capital Outlay</i>	<u>534,289</u>	<u>611,039</u>	<u>566,675</u>	<u>44,364</u>
Debt Service:				
Principal Retirement	2,945,000	2,716,037	2,716,037	0
Interest and Fiscal Charges	85,000	63,963	63,963	0
<i>Total Debt Service</i>	<u>3,030,000</u>	<u>2,780,000</u>	<u>2,780,000</u>	<u>0</u>
<i>Total Expenditures</i>	<u>3,564,289</u>	<u>3,391,039</u>	<u>3,346,675</u>	<u>44,364</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,487,039)</u>	<u>(2,536,249)</u>	<u>(2,478,476)</u>	<u>57,773</u>
Other Financing Sources				
General Obligation Notes Issued	2,400,000	2,400,000	2,400,000	0
Transfers In	60,000	60,000	60,000	0
<i>Total Other Financing Sources</i>	<u>2,460,000</u>	<u>2,460,000</u>	<u>2,460,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(27,039)	(76,249)	(18,476)	57,773
<i>Fund Balance Beginning of Year</i>	156,253	156,253	156,253	0
Prior Year Encumbrances Appropriated	11,260	11,260	11,260	0
<i>Fund Balance End of Year</i>	<u>\$140,474</u>	<u>\$91,264</u>	<u>\$149,037</u>	<u>\$57,773</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
I-90 Interchange Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
Other Financing Uses				
Advances Out	(20,858)	(20,858)	(20,858)	0
<i>Net Change in Fund Balance</i>	(20,858)	(20,858)	(20,858)	0
<i>Fund Balance Beginning of Year</i>	20,858	20,858	20,858	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	\$1,183,476	\$1,194,400	\$1,194,400	\$0
Expenditures				
Capital Outlay:				
Recreation Complex:				
Contractual Services	87,818	93,818	61,520	32,298
Debt Service:				
Principal Retirement	937,500	1,007,500	1,007,500	0
Interest and Fiscal Charges	359,491	475,116	475,111	5
Total Debt Service	1,296,991	1,482,616	1,482,611	5
<i>Total Expenditures</i>	1,384,809	1,576,434	1,544,131	32,303
<i>Net Change in Fund Balance</i>	(201,333)	(382,034)	(349,731)	32,303
<i>Fund Balance Beginning of Year</i>	412,721	412,721	412,721	0
Prior Year Encumbrances Appropriated	3,920	3,920	3,920	0
<i>Fund Balance End of Year</i>	<u>\$215,308</u>	<u>\$34,607</u>	<u>\$66,910</u>	<u>\$32,303</u>

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$20,000	\$29,250	\$29,250	\$0
Expenditures				
Capital Outlay:				
Stadium Marquee:				
Capital Outlay	40,000	70,000	57,825	12,175
<i>Excess of Revenues Under Expenditures</i>	(20,000)	(40,750)	(28,575)	12,175
Other Financing Sources				
Transfers In	30,000	30,000	30,000	0
<i>Net Change in Fund Balance</i>	10,000	(10,750)	1,425	12,175
<i>Fund Balance Beginning of Year</i>	13,752	13,752	13,752	0
<i>Fund Balance End of Year</i>	\$23,752	\$3,002	\$15,177	\$12,175

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$55,081	\$165,000	\$165,000	\$0
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	55,081	165,000	165,000	0
Other Financing Sources (Uses)				
Transfers In	0	153,245	153,245	0
Transfers Out	(100,000)	(330,000)	(330,000)	0
<i>Total Other Financing Sources (Uses)</i>	(100,000)	(176,755)	(176,755)	0
<i>Net Change in Fund Balance</i>	(44,919)	(11,755)	(11,755)	0
<i>Fund Balance Beginning of Year</i>	30,374	30,374	30,374	0
<i>Fund Balance (Deficit) End of Year</i>	(\$14,545)	\$18,619	\$18,619	\$0

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Every Child's Playground Fund
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental	\$37,025	\$42,500	\$42,500	\$0
Contributions and Donations	13,590	15,600	15,600	0
Miscellaneous	105	120	120	0
<i>Total Revenues</i>	50,720	58,220	58,220	0
Expenditures				
Capital Outlay:				
Playground:				
Capital Outlay	50,000	105,000	104,948	52
<i>Excess of Revenues Over (Under) Expenditures</i>	720	(46,780)	(46,728)	52
Other Financing Sources				
Transfers In	0	75,000	75,000	0
<i>Net Change in Fund Balance</i>	720	28,220	28,272	52
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$720	\$28,220	\$28,272	\$52

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In 2018 the City will open a new playground facility, called **Every Child's Playground**. The playground will be accessible to kids of all ages, regardless of ability and will create meaningful play opportunities for all children. The project is being paid for with grants, donations and City funding.

Key features the playground will include are Harmony Circle, Fitness Court, Story Time Walk, History Walk & Earth Berm & Pavilion.

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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-S31
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)

	2017	2016	2015 (1)	2014
Governmental Activities:				
Net Investment in Capital Assets	\$38,145,169	\$36,167,606	\$35,118,979	\$29,363,504
Restricted:				
Capital Projects	673,086	0	0	0
Debt Service	12,259,293	6,845,284	6,970,159	7,274,056
Fire Department	457,789	1,819,386	1,566,828	1,763,116
Street Construction, Maintenance and Repair	936,227	797,185	877,451	758,676
Other Purposes	2,653,685	1,388,994	844,041	709,230
Unrestricted (Deficit)	<u>(8,111,014)</u>	<u>(7,739,091)</u>	<u>(7,953,442)</u>	<u>(7,407,222)</u>
<i>Total Governmental Activities Net Position</i>	<u>47,014,235</u>	<u>39,279,364</u>	<u>37,424,016</u>	<u>32,461,360</u>
Business-Type Activities:				
Net Investment in Capital Assets	27,982,733	27,325,569	25,107,622	24,624,861
Unrestricted (Deficit)	<u>7,678,112</u>	<u>7,627,901</u>	<u>6,581,243</u>	<u>5,817,722</u>
<i>Total Business-Type Activities Net Position</i>	<u>35,660,845</u>	<u>34,953,470</u>	<u>31,688,865</u>	<u>30,442,583</u>
Primary Government:				
Net Investment in Capital Assets	66,127,902	63,493,175	60,226,601	53,988,365
Restricted	16,980,080	10,850,849	10,258,479	10,505,078
Unrestricted (Deficit)	<u>(432,902)</u>	<u>(111,190)</u>	<u>(1,372,199)</u>	<u>(1,589,500)</u>
<i>Total Primary Government Net Position</i>	<u>\$82,675,080</u>	<u>\$74,232,834</u>	<u>\$69,112,881</u>	<u>\$62,903,943</u>

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

2013	2012	2011	2010	2009	2008
\$35,478,485	\$42,052,213	\$48,907,059	\$54,276,654	\$46,612,947	\$47,659,906
0	2,865,172	1,890,372	0	1,129,478	0
7,431,775	5,139,122	2,015,083	1,347,716	1,445,051	1,714,977
1,487,099	1,035,146	710,228	376,263	1,297,579	1,876,277
1,294,404	1,471,867	1,440,649	1,760,913	1,368,224	1,072,610
478,438	665,960	44,024	488,915	849,084	936,764
894,802	(7,415,865)	(8,747,905)	(1,799,650)	6,779,793	5,976,457
47,065,003	45,813,615	46,259,510	56,450,811	59,482,156	59,236,991
25,528,673	25,871,513	29,636,176	26,368,440	27,616,704	27,306,773
5,358,825	5,481,758	(182,452)	3,170,654	3,559,010	3,980,420
30,887,498	31,353,271	29,453,724	29,539,094	31,175,714	31,287,193
61,007,158	67,923,726	78,543,235	80,645,094	74,229,651	74,966,679
10,691,716	11,177,267	6,100,356	3,973,807	6,089,416	5,600,628
6,253,627	(1,934,107)	(8,930,357)	1,371,004	10,338,803	9,956,877
\$77,952,501	\$77,166,886	\$75,713,234	\$85,989,905	\$90,657,870	\$90,524,184

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

	2017	2016	2015 (1)	2014
Program Revenues				
Governmental Activities:				
Charges for Services and Operating Assessments:				
General Government	\$8,114,096	\$2,030,361	\$2,290,540	\$2,016,543
Security of Persons and Property	672,185	546,672	488,084	435,775
Transportation	5,810	0	0	0
Community Environment	1,282,241	1,332,972	1,463,186	1,092,889
Basic Utility Services	165,369	226,175	139,941	87,182
Leisure Time Activities	373,357	499,486	330,063	336,570
Subtotal - Charges for Services	<u>10,613,058</u>	<u>4,635,666</u>	<u>4,711,814</u>	<u>3,968,959</u>
Operating Grants and Contributions:				
General Government	0	0	0	7,778
Security of Persons and Property	91,377	92,698	99,565	108,650
Transportation	1,257,588	1,265,019	1,210,312	1,239,055
Community Environment	312,305	0	0	0
Basic Utility Services	0	0	0	0
Leisure Time Activities	62,251	64,361	72,308	64,625
Subtotal - Operating Grants and Contributions	<u>1,723,521</u>	<u>1,422,078</u>	<u>1,382,185</u>	<u>1,420,108</u>
Capital Grants and Contributions:				
General Government	139,194	74,008	72,453	75,239
Transportation	613,588	2,273,112	3,689,916	699,636
Community Environment	228,861	261,457	40,663	420,710
Basic Utility Services	761,643	1,543,907	1,421,007	0
Leisure Time Activities	58,100	33,333	0	0
Subtotal - Capital Grants and Contributions	<u>1,801,386</u>	<u>4,185,817</u>	<u>5,224,039</u>	<u>1,195,585</u>
<i>Total Governmental Activities Program Revenues</i>	<u>14,137,965</u>	<u>10,243,561</u>	<u>11,318,038</u>	<u>6,584,652</u>
Business-Type Activities:				
Charges for Services:				
Water	4,406,393	4,721,224	3,545,630	3,250,484
Sewer	4,073,106	4,160,768	3,604,548	3,330,982
Subtotal - Charges for Services	<u>8,479,499</u>	<u>8,881,992</u>	<u>7,150,178</u>	<u>6,581,466</u>
Capital Grants and Contributions				
Water	99,375	0	0	0
Sewer	401,656	590,677	2,003,839	111,193
Subtotal - Capital Grants and Contributions	<u>501,031</u>	<u>590,677</u>	<u>2,003,839</u>	<u>111,193</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>8,980,530</u>	<u>9,472,669</u>	<u>9,154,017</u>	<u>6,692,659</u>
<i>Total Primary Government Program Revenues</i>	<u>\$23,118,495</u>	<u>\$19,716,230</u>	<u>\$20,472,055</u>	<u>\$13,277,311</u>

2013	2012	2011	2010	2009	2008
\$6,309,922	\$6,766,870	\$1,628,202	\$1,122,652	\$1,420,788	\$1,109,333
440,527	488,240	1,816	2,340	1,771	88,885
1,251,613	95,000	0	0	0	0
779,557	885,991	394,643	457,238	429,764	470,431
34,791	18,911	0	0	20,052	30,219
277,233	234,889	221,838	272,808	219,656	296,925
9,093,643	8,489,901	2,246,499	1,855,038	2,092,031	1,995,793
5,168	7,851	9,033	150,827	8,810	131,238
89,373	75,479	10,448	230,744	150,203	175,872
1,178,946	1,177,492	1,112,132	1,239,397	1,178,652	1,382,026
0	0	11,955	87,280	81,575	163,341
0	0	0	0	0	150,000
70,213	24,594	21,675	65,314	56,530	56,496
1,343,700	1,285,416	1,165,243	1,773,562	1,475,770	2,058,973
108,822	74,772	325,251	0	105,407	0
628,713	110,124	246,075	0	1,142,925	0
364,393	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,101,928	184,896	571,326	0	1,248,332	0
11,539,271	9,960,213	3,983,068	3,628,600	4,816,133	4,054,766
2,561,315	3,170,442	2,105,969	2,613,627	2,007,943	2,144,366
1,788,695	2,738,682	1,644,692	1,356,918	1,628,898	1,322,418
4,350,010	5,909,124	3,750,661	3,970,545	3,636,841	3,466,784
318,715	87,805	77,010	0	0	507,811
230,520	185,721	63,408	310,925	453,148	587,409
549,235	273,526	140,418	310,925	453,148	1,095,220
4,899,245	6,182,650	3,891,079	4,281,470	4,089,989	4,562,004
\$16,438,516	\$16,142,863	\$7,874,147	\$7,910,070	\$8,906,122	\$8,616,770

(continued)

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

	2017	2016	2015 (1)	2014
Expenses				
Governmental Activities:				
General Government	\$4,552,425	\$4,632,151	\$4,340,391	\$5,326,980
Security of Persons and Property	12,455,701	11,960,179	10,611,997	10,094,196
Transportation	6,356,119	6,463,824	5,453,943	5,862,901
Community Environment	2,348,421	4,068,001	2,147,727	1,728,765
Basic Utility Services	840,382	911,121	814,317	688,440
Leisure Time Activities	2,200,268	1,629,373	1,377,791	1,302,661
Interest and Fiscal Charges	2,802,582	2,565,722	3,032,601	2,976,565
<i>Total Governmental Activities Expenses</i>	<u>31,555,898</u>	<u>32,230,371</u>	<u>27,778,767</u>	<u>27,980,508</u>
Business-Type Activities				
Water	4,098,831	2,999,014	4,509,372	3,102,338
Sewer	4,133,510	3,390,641	3,466,945	3,555,325
<i>Total Business-Type Activities Expenses</i>	<u>8,232,341</u>	<u>6,389,655</u>	<u>7,976,317</u>	<u>6,657,663</u>
<i>Total Primary Government Program Expenses</i>	<u>39,788,239</u>	<u>38,620,026</u>	<u>35,755,084</u>	<u>34,638,171</u>
Net (Expense)/Revenue				
Governmental Activities	(17,417,933)	(21,986,810)	(16,460,729)	(21,395,856)
Business-Type Activities	748,189	3,083,014	1,177,700	34,996
<i>Total Primary Government Net Expense</i>	<u>(\$16,669,744)</u>	<u>(\$18,903,796)</u>	<u>(\$15,283,029)</u>	<u>(\$21,360,860)</u>

2013	2012	2011	2010	2009	2008
\$6,098,761	\$5,244,263	\$4,525,898	\$4,349,901	\$3,042,622	\$2,968,222
10,444,993	9,315,052	8,769,685	8,611,264	7,948,875	7,572,725
6,538,774	6,284,978	4,150,279	6,025,615	5,140,893	6,638,018
1,544,542	1,521,616	1,320,973	1,236,395	1,406,060	1,680,851
996,170	618,381	682,667	862,479	495,523	848,296
1,888,391	1,432,240	1,464,779	1,104,319	1,130,300	1,217,094
2,822,762	2,688,373	2,300,130	2,211,663	1,669,318	1,761,494
30,334,393	27,104,903	23,214,411	24,401,636	20,833,591	22,686,700
3,063,812	3,239,898	2,338,775	3,924,685	2,392,503	2,594,517
2,311,111	1,142,172	1,662,416	1,871,978	2,127,598	1,725,241
5,374,923	4,382,070	4,001,191	5,796,663	4,520,101	4,319,758
35,709,316	31,486,973	27,215,602	30,198,299	25,353,692	27,006,458
(18,795,122)	(17,144,690)	(19,231,343)	(20,773,036)	(16,017,458)	(18,631,934)
(475,678)	1,800,580	(110,112)	(1,515,193)	(430,112)	242,246
(\$19,270,800)	(\$15,344,110)	(\$19,341,455)	(\$22,288,229)	(\$16,447,570)	(\$18,389,688)

(continued)

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

	2017	2016	2015 (1)	2014
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$1,724,850	\$1,661,026	\$1,536,192	\$1,532,142
Streets	1,219,882	1,212,333	1,180,355	1,188,229
Police	653,997	650,063	629,286	625,571
Police Pension	0	0	0	0
Park Operating	288,920	287,132	279,556	281,422
Library Bond Retirement	0	0	0	61,569
Equipment	579,088	572,212	552,147	560,244
Municipal Income Taxes levied for:				
General Purposes	9,582,138	9,135,298	7,902,348	7,018,713
Fire Department	2,729,053	4,415,368	3,911,656	4,229,098
Police	3,095,920	1,806,394	1,378,008	983,874
Park Operating	1,197,897	796,208	493,731	617,848
Recreation Complex	1,197,897	1,670,331	1,481,191	1,225,308
Grants and Entitlements not Restricted to				
Specific Programs	613,496	907,160	803,671	588,601
Unrestricted Contributions	1,825	3,521	225	150
Investment Earnings	188,035	135,853	70,407	124,974
Payments in Lieu of Taxes	1,481,646	1,149,003	647,795	2,580,037
Miscellaneous	532,736	166,277	556,817	562,343
<i>Total Governmental Activities</i>	<u>25,087,380</u>	<u>24,568,179</u>	<u>21,423,385</u>	<u>22,180,123</u>
Business-Type Activities				
Investment Earnings	0	9,974	11,791	19,561
Miscellaneous	24,610	171,617	56,791	88,492
<i>Total Business-Type Activities</i>	<u>24,610</u>	<u>181,591</u>	<u>68,582</u>	<u>108,053</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>25,111,990</u>	<u>24,749,770</u>	<u>21,491,967</u>	<u>22,288,176</u>
Transfers				
Governmental Activities	65,424	0	0	(4,622)
Business-Type Activities	(65,424)	0	0	4,622
Special Item				
I-90 Interchange Project	0	0	0	0
Change in Net Position				
Governmental Activities	7,734,871	2,581,369	4,962,656	779,645
Business-Type Activities	707,375	3,264,605	1,246,282	147,671
<i>Total Primary Government Change in Net Position</i>	<u>\$8,442,246</u>	<u>\$5,845,974</u>	<u>\$6,208,938</u>	<u>\$927,316</u>

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

2013	2012	2011	2010	2009	2008
\$1,455,757	\$1,612,249	\$1,566,237	\$1,496,579	\$1,520,272	\$1,520,015
1,136,911	1,268,453	1,228,341	1,223,635	1,268,806	776,504
593,648	637,761	629,793	613,253	411,556	433,011
0	0	0	0	198,297	198,262
269,269	300,430	293,924	289,808	297,378	244,631
50,171	69,927	74,421	78,640	72,822	71,874
540,442	580,310	568,618	559,583	559,752	575,854
7,177,133	6,336,213	5,478,107	4,692,358	4,726,399	4,639,884
4,406,655	3,839,955	4,164,144	3,386,770	3,343,630	3,519,526
660,266	564,936	143,118	0	0	0
0	0	0	0	0	0
1,907,862	1,613,687	1,413,615	1,179,680	1,172,927	1,256,991
983,110	1,537,673	1,223,337	1,837,467	979,590	1,139,985
0	0	0	0	0	0
(17,879)	154,534	64,712	293,374	315,399	865,425
2,373,141	2,150,075	1,701,068	1,319,031	668,139	0
258,370	302,223	453,527	607,322	1,165,347	185,009
21,794,856	20,968,426	19,002,962	17,577,500	16,700,314	15,426,971
0	1,714	3,818	8,309	7,499	49,163
34,879	123,264	2,696	34,455	16,746	33,858
34,879	124,978	6,514	42,764	24,245	83,021
21,829,735	21,093,404	19,009,476	17,620,264	16,724,559	15,509,992
24,974	26,011	(18,228)	164,191	(294,388)	(194,150)
(24,974)	(26,011)	18,228	(164,191)	294,388	194,150
(1,773,320)	(4,295,642)	(9,944,692)	0	0	0
1,251,388	(445,895)	(10,191,301)	(3,031,345)	388,468	(3,399,113)
(465,773)	1,899,547	(85,370)	(1,636,620)	(111,479)	519,417
\$785,615	\$1,453,652	(\$10,276,671)	(\$4,667,965)	\$276,989	(\$2,879,696)

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

	2017	2016	2015	2014
General Fund				
Nonspendable	\$583,871	\$190,961	\$189,085	\$202,048
Restricted	0	0	0	0
Assigned	770,604	112,088	1,199,671	863,715
Unassigned	6,922,744	5,970,523	3,629,253	4,290,707
Reserved	N/A	N/A	N/A	N/A
Unreserved	N/A	N/A	N/A	N/A
Total General Fund	8,277,219	6,273,572	5,018,009	5,356,470
All Other Governmental Funds				
Nonspendable	394,414	345,794	284,776	228,638
Restricted	5,511,082	5,003,524	4,375,547	5,927,793
Committed	605,342	914,525	721,199	594,804
Assigned	711,663	630,353	362,947	244,226
Unassigned (Deficit)	(8,249,154)	(13,835,549)	(8,098,171)	(2,575,669)
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)	(1,026,653)	(6,941,353)	(2,353,702)	4,419,792
Total Governmental Funds (Deficit)	\$7,250,566	(\$667,781)	\$2,664,307	\$9,776,262

Note: During 2010, the City implemented GASB 54.

2013	2012	2011	2010	2009	2008
\$1,168,421	\$1,170,558	\$1,250,272	\$25,615	\$23,773	N/A
0	0	0	974,616	973,798	N/A
341,665	1,742,480	107,024	83,948	50,844	N/A
4,569,321	6,058,076	7,509,648	8,632,072	6,854,374	N/A
N/A	N/A	N/A	N/A	N/A	\$178,261
N/A	N/A	N/A	N/A	N/A	6,319,932
<u>6,079,407</u>	<u>8,971,114</u>	<u>8,866,944</u>	<u>9,716,251</u>	<u>7,902,789</u>	<u>6,498,193</u>
242,741	201,058	178,349	166,340	151,638	N/A
6,055,705	6,180,850	4,539,257	8,171,553	8,058,375	N/A
417,020	497,513	565,102	186,029	598,223	N/A
307,741	683,639	39,389	86,605	214,528	N/A
(6,832,098)	(18,792,013)	(18,668,420)	(10,782,800)	(159,044)	N/A
N/A	N/A	N/A	N/A	N/A	25,344,685
N/A	N/A	N/A	N/A	N/A	3,083,916
N/A	N/A	N/A	N/A	N/A	643,228
N/A	N/A	N/A	N/A	N/A	1,684,436
<u>191,109</u>	<u>(11,228,953)</u>	<u>(13,346,323)</u>	<u>(2,172,273)</u>	<u>8,863,720</u>	<u>30,756,265</u>
<u>\$6,270,516</u>	<u>(\$2,257,839)</u>	<u>(\$4,479,379)</u>	<u>\$7,543,978</u>	<u>\$16,766,509</u>	<u>\$37,254,458</u>

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

	2017	2016	2015	2014
Revenues				
Property Taxes	\$4,507,570	\$4,412,562	\$4,197,012	\$4,234,545
Payments in Lieu of Taxes	1,490,985	1,156,913	663,744	2,535,911
Municipal Income Taxes	17,816,561	17,848,810	15,451,834	14,129,864
Charges for Services	2,076,575	2,168,666	1,710,546	1,383,468
Licenses and Permits	1,127,049	1,434,048	1,973,368	1,472,885
Fines and Forfeitures	153,008	145,250	281,221	262,517
Intergovernmental	2,923,261	2,773,270	4,791,149	2,247,864
Special Assessments	744,363	798,590	744,494	837,217
Interest	188,035	135,853	70,407	124,974
Contributions and Donations	93,230	36,850	39,475	4,606
Rentals	464,615	448,955	424,554	422,160
Miscellaneous	532,736	166,277	556,817	562,343
<i>Total Revenues</i>	<u>32,117,988</u>	<u>31,526,044</u>	<u>30,904,621</u>	<u>28,218,354</u>
Expenditures				
Current:				
General Government	3,514,261	3,780,366	3,625,119	4,585,168
Security of Persons and Property	10,699,681	10,015,974	9,827,877	9,752,745
Transportation	2,586,021	2,960,063	2,546,580	2,809,212
Community Environment	2,059,964	2,155,968	2,139,948	1,742,815
Basic Utility Services	0	0	0	0
Leisure Time Activities	1,832,622	1,302,536	1,123,760	1,119,428
Capital Outlay	4,450,283	15,364,564	13,047,443	4,350,175
Debt Service:				
Principal Retirement	7,756,574	2,912,141	2,621,565	2,602,713
Interest and Fiscal Charges	2,766,714	2,553,703	3,088,258	3,226,688
Bond Issuance Costs	215,598	295,316	0	106,786
<i>Total Expenditures</i>	<u>35,881,718</u>	<u>41,340,631</u>	<u>38,020,550</u>	<u>30,295,730</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(3,763,730)</u>	<u>(9,814,587)</u>	<u>(7,115,929)</u>	<u>(2,077,376)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	25,022	835,925	3,974	22,322
Inception of Capital Lease	0	117,535	0	0
Refunding Bonds Issued	1,975,000	26,834,600	0	0
General Obligation Bonds Issued	6,330,000	0	0	5,235,000
Special Assessment Bonds Issued	0	0	0	0
Premium on Bonds Issued	781,055	1,575,047	0	211,786
Notes Issued	4,400,000	5,075,000	0	0
Premium on Notes Issued	36,033	93,692	0	0
Loans Issued	0	57,414	0	114,014
Payment to Refunded Bond Escrow Agent	(1,930,457)	(28,106,714)	0	0
Transfers In	7,760,326	8,237,262	8,710,298	8,700,814
Transfers Out	(7,694,902)	(8,237,262)	(8,710,298)	(8,700,814)
<i>Total Other Financing Sources (Uses)</i>	<u>11,682,077</u>	<u>6,482,499</u>	<u>3,974</u>	<u>5,583,122</u>
Special Item	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>\$7,918,347</u>	<u>(\$3,332,088)</u>	<u>(\$7,111,955)</u>	<u>\$3,505,746</u>
Debt Service as a Percentage of Noncapital Expenditures	33.7%	20.6%	22.7%	22.3%

2013	2012	2011	2010	2009	2008
\$4,043,296	\$4,388,175	\$4,506,378	\$4,248,951	\$4,330,690	\$3,854,146
2,373,141	2,150,075	1,701,068	1,319,031	668,139	0
13,227,628	12,036,712	10,555,273	9,710,548	9,378,759	9,294,659
2,563,870	3,018,040	811,160	617,297	903,298	814,606
1,110,765	770,884	742,571	1,090,059	745,232	974,480
188,494	399,610	203,505	147,987	115,165	206,707
2,612,270	2,953,599	3,286,920	3,296,064	3,672,996	3,581,433
2,026,513	481,394	410,752	249,816	240,379	243,986
(17,879)	154,534	64,712	293,374	315,399	853,783
1,803	0	625	5,000	6,575	40,650
411,833	391,088	380,000	380,000	328,361	0
258,330	302,223	453,527	227,322	1,165,347	185,009
<u>28,800,064</u>	<u>27,046,334</u>	<u>23,116,491</u>	<u>21,585,449</u>	<u>21,870,340</u>	<u>20,049,459</u>
4,795,581	4,528,308	3,644,554	3,451,160	2,824,337	2,664,209
9,457,216	8,751,701	8,403,805	7,834,770	7,526,545	7,134,465
2,382,597	2,235,594	2,474,040	2,035,160	1,982,203	1,632,598
1,510,405	1,439,019	1,268,823	1,204,080	1,386,408	1,282,138
0	8,587	46,497	15,286	14,838	99,491
1,614,582	1,272,269	1,350,087	840,942	986,909	1,071,323
5,836,420	10,969,183	3,816,253	11,799,587	23,767,231	20,549,738
2,443,614	2,051,057	7,530,941	7,326,169	40,432,357	7,729,043
2,740,512	2,380,527	2,363,849	2,191,887	2,009,751	1,354,369
176,031	206,242	178,073	0	0	0
<u>30,956,958</u>	<u>33,842,487</u>	<u>31,076,922</u>	<u>36,699,041</u>	<u>80,930,579</u>	<u>43,517,374</u>
<u>(2,156,894)</u>	<u>(6,796,153)</u>	<u>(7,960,431)</u>	<u>(15,113,592)</u>	<u>(59,060,239)</u>	<u>(23,467,915)</u>
25,141	0	0	0	0	0
0	0	0	0	0	0
0	0	2,620,000	0	0	0
8,735,028	11,575,392	5,760,000	0	32,890,000	6,910,000
3,084,972	3,734,608	0	0	0	0
556,031	536,863	133,036	0	376,678	0
0	0	0	5,675,000	5,600,000	39,120,000
0	0	0	51,870	0	0
32,423	97,167	0	0	0	145,194
0	(2,656,706)	(2,613,042)	0	0	0
11,872,993	8,410,863	9,652,720	11,341,838	8,676,343	14,475,111
<u>(11,848,019)</u>	<u>(8,384,852)</u>	<u>(9,670,948)</u>	<u>(11,177,647)</u>	<u>(8,970,731)</u>	<u>(14,669,261)</u>
<u>12,458,569</u>	<u>13,313,335</u>	<u>5,881,766</u>	<u>5,891,061</u>	<u>38,572,290</u>	<u>45,981,044</u>
<u>(1,773,320)</u>	<u>(4,295,642)</u>	<u>(9,944,692)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$8,528,355</u>	<u>\$2,221,540</u>	<u>(\$12,023,357)</u>	<u>(\$9,222,531)</u>	<u>(\$20,487,949)</u>	<u>\$22,513,129</u>
18.7%	17.9%	37.1%	33.4%	73.2%	33.8%

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
2017	\$647,599,910	\$168,351,740	\$2,331,290,429	\$15,573,110	\$17,696,716
2016	633,809,990	168,060,590	2,291,058,800	14,083,250	16,003,693
2015	573,754,960	168,064,920	2,119,485,371	13,371,550	15,194,943
2014	559,668,300	170,425,410	2,085,982,029	12,652,910	14,378,307
2013	550,176,210	169,038,370	2,054,898,800	11,582,520	13,161,955
2012	591,340,020	170,542,580	2,176,807,429	10,591,870	12,036,216
2011	577,927,270	191,542,460	2,198,484,943	10,293,520	11,697,182
2010	567,702,900	176,422,410	2,126,072,314	9,888,710	11,237,170
2009	578,232,900	170,637,860	2,139,630,743	9,597,120	10,905,818
2008	560,820,750	173,342,630	2,097,609,657	8,051,870	9,149,852

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

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

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

Source: Lorain County, Ohio; County Auditor

<u>Tangible Personal Property</u>							
<u>General Business</u>		<u>Total</u>					
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>	<u>Total Tax Rate (mills)</u>	<u>Weighted Average (mills)</u>	
\$0	\$0	\$831,524,760	\$2,348,987,144	35.40 %	\$9.15	\$6.76	
0	0	815,953,830	2,307,062,493	35.37	9.15	6.62	
0	0	755,191,430	2,134,680,315	35.38	9.15	6.62	
0	0	742,746,620	2,100,360,335	35.36	9.15	6.87	
0	0	730,797,100	2,068,060,755	35.34	9.24	6.98	
0	0	772,474,470	2,188,843,645	35.29	9.23	6.99	
0	0	779,763,250	2,210,182,125	35.28	9.25	6.93	
388,577	3,108,616	754,402,597	2,140,418,101	35.25	9.27	7.12	
407,606	3,260,848	758,875,486	2,153,797,409	35.23	9.26	7.07	
11,458,960	91,671,680	753,674,210	2,198,431,189	34.28	9.41	6.33	

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

	2017	2016	2015	2014
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>	<u>2.60000</u>	<u>2.60000</u>	<u>2.60000</u>	<u>2.60000</u>
Voted Millage - by levy				
1984 Police				
General Business and Public Utility Personal	2.00000	2.00000	2.00000	2.00000
Residential/Agricultural Real	0.55284	0.55445	0.55535	0.59993
Commercial/Industrial and Public Utility Real	0.63098	0.63243	0.63513	0.63809
1994 Bond	0.00000	0.00000	0.00000	0.00000
1996 Library				
General Business and Public Utility Personal	1.20000	1.20000	1.20000	1.20000
Residential/Agricultural Real	0.56123	0.56287	0.56378	0.60904
Commercial/Industrial and Public Utility Real	0.46416	0.46523	0.46721	0.46939
2002 Fire - 5 years (2)				
General Business and Public Utility Personal	0.00000	0.50000	0.50000	0.50000
Residential/Agricultural Real	0.00000	0.37738	0.37799	0.40833
Commercial/Industrial and Public Utility Real	0.00000	0.24401	0.24505	0.24620
2017 Fire - 5 years				
General Business and Public Utility Personal	0.50000	0.00000	0.00000	0.00000
Residential/Agricultural Real	0.49854	0.00000	0.00000	0.00000
Commercial/Industrial and Public Utility Real	0.49885	0.00000	0.00000	0.00000
2007 Police - 10 years (4)				
General Business and Public Utility Personal	0.50000	0.50000	0.50000	0.50000
Residential/Agricultural Real	0.45904	0.46038	0.46113	0.49815
Commercial/Industrial and Public Utility Real	0.36885	0.36970	0.37128	0.37301
2008 Park & Recreation - 5 years (3)				
General Business and Public Utility Personal	0.45000	0.45000	0.45000	0.45000
Residential/Agricultural Real	0.41314	0.41434	0.41502	0.44833
Commercial/Industrial and Public Utility Real	0.33196	0.33273	0.33415	0.33571
2008 Street Improvement - 10 years (5)				
General Business and Public Utility Personal	1.90000	1.90000	1.90000	1.90000
Residential/Agricultural Real	1.74436	1.74945	1.75229	1.89296
Commercial/Industrial and Public Utility Real	1.40163	1.40487	1.41086	1.41743
<i>Total Voted Millage by Type of Property</i>				
General Business and Public Utility Personal	6.55000	6.55000	6.55000	6.55000
Residential/Agricultural Real	4.22915	4.11888	4.12556	4.45673
Commercial/Industrial and Public Utility Real	3.69643	3.44898	3.46369	3.47981
<i>Total Millage by Type of Property</i>				
General Business and Public Utility Personal	\$9.15000	\$9.15000	\$9.15000	\$9.15000
Residential/Agricultural Real	6.82915	6.71888	6.72556	7.05673
Commercial/Industrial and Public Utility Real	6.29643	6.04898	6.06369	6.07981
<i>Total Weighted Average Tax Rate</i>	<u>\$6.76466</u>	<u>\$6.62286</u>	<u>\$6.62119</u>	<u>\$6.86823</u>

2013	2012	2011	2010	2009	2008
\$2.30000	\$2.30000	\$2.30000	\$2.30000	\$2.30000	\$2.30000
0.30000	0.30000	0.30000	0.30000	0.30000	0.30000
2.60000	2.60000	2.60000	2.60000	2.60000	2.60000
2.00000	2.00000	2.00000	2.00000	2.00000	2.00000
0.60160	0.60220	0.55225	0.55410	0.53226	0.53285
0.65150	0.66340	0.69723	0.81900	0.82591	0.85532
0.09200	0.08000	0.10000	0.12000	0.11000	0.11000
1.20000	1.20000	1.20000	1.20000	1.20000	1.20000
0.61070	0.61130	0.56064	0.56250	0.54034	0.54090
0.47920	0.48800	0.51289	0.60250	0.60760	0.62919
0.50000	0.50000	0.50000	0.50000	0.50000	0.50000
0.40940	0.40980	0.37588	0.37710	0.36220	0.36268
0.25140	0.26000	0.26901	0.31600	0.31870	0.33001
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.50000	0.50000	0.50000	0.50000	0.50000	0.50000
0.49950	0.50000	0.49837	0.50000	0.49570	0.49630
0.38090	0.38780	0.40758	0.47880	0.48280	0.50000
0.45000	0.45000	0.45000	0.45000	0.45000	0.50000
0.44950	0.45000	0.44853	0.45000	0.44950	0.37191
0.34280	0.34900	0.36682	0.43090	0.43450	0.34928
1.90000	1.90000	1.90000	1.90000	1.90000	2.00000
1.89810	1.90000	1.89380	1.90000	1.89790	1.18352
1.44730	1.47360	1.54880	1.81930	1.83470	1.04860
6.64200	6.63000	6.65000	6.67000	6.66000	6.81000
4.56080	4.55330	4.42947	4.46370	4.38790	3.59816
3.64510	3.70180	3.90234	4.58650	4.61421	3.82240
\$9.24200	\$9.23000	\$9.25000	\$9.27000	\$9.26000	\$9.41000
7.16080	7.15330	7.02947	7.06370	6.98790	6.19816
6.24510	6.30180	6.50234	7.18650	7.21421	6.42240
\$6.98198	\$6.99379	\$6.92930	\$7.12247	\$7.06874	\$6.33288

(continued)

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

	2017	2016	2015	2014
<i>Overlapping Rates by Taxing District:</i>				
Avon Local School District				
General Business and Public Utility Personal	\$57.45000	\$57.93000	\$58.53000	\$56.83000
Residential/Agricultural Real	40.73049	41.25673	41.88248	41.45910
Commercial/Industrial and Public Utility Real	39.83640	40.31810	40.92124	39.22470
Lorain County Voted Millage				
General Business and Public Utility Personal	15.08200	15.08200	15.08200	14.48200
Residential/Agricultural Real	14.18175	14.20059	14.20966	14.08570
Commercial/Industrial and Public Utility Real	14.48742	14.41649	14.37154	13.77480
Special Taxing Districts (1)				
General Business and Public Utility Personal	2.95000	3.45000	3.45000	3.45000
Residential/Agricultural Real	2.71516	3.17286	3.17538	3.31090
Commercial/Industrial and Public Utility Real	2.59437	3.02708	3.01105	3.01670

Source: Lorain County Auditor

Notes: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

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

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

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

- (1) Health District, Joint Vocational School
- (2) The 1997 Fire levy was renewed in 2002, and then replaced in 2017.
- (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.

2013	2012	2011	2010	2009	2008
\$57.03000	\$57.28000	\$56.57000	\$50.49000	\$50.44000	\$50.49000
41.70590	41.97290	39.83377	33.80550	33.13120	33.18246
39.44030	39.70420	39.03372	33.09590	33.05389	33.20530
14.48200	13.65500	13.69000	13.39000	13.39000	13.39000
14.09270	12.85340	12.22255	11.53460	10.93800	10.96180
13.71860	12.51930	12.48408	11.97180	11.84360	11.90610
3.45000	3.45000	3.45000	3.45000	3.45000	3.45000
3.31370	3.31610	3.11836	3.11540	2.99490	2.99750
2.98580	2.98470	2.97790	3.01200	2.98470	3.00560

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

Tax Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collection to Current Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2016	\$5,050,472	\$4,918,505	97.39%	\$79,460	\$4,997,965
2015	5,066,557	4,863,588	95.99	83,497	4,947,085
2014	4,748,618	4,547,681	95.77	36,904	4,584,585
2013	4,750,344	4,694,267	98.82	54,351	4,748,618
2012	4,674,336	4,489,505	96.05	76,128	4,565,633
2011	4,931,999	4,858,738	98.51	93,250	4,951,988
2010	5,208,709	5,509,845	105.78	35,867	5,545,712
2009	4,935,250	4,573,721	92.67	94,251	4,667,972
2008	4,936,187	4,531,143	91.79	144,098	4,675,241
2007	4,311,718	3,851,783	89.33	140,881	3,992,664

Source: Lorain County, Ohio; County Auditor

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

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

Percent of Total Tax Collection to Current Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Tax Levy
98.96%	\$82,782	1.64%
97.64	127,240	2.51
96.55	159,993	3.37
99.96	181,775	3.83
97.67	165,855	3.55
100.41	148,792	3.02
106.47	73,805	1.42
94.58	231,539	4.69
94.71	190,617	3.86
92.60	268,151	6.22

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

2017		
Taxpayer	Real Property Assessed Valuation (1)	Percentage
First Interstate Avon, LTD	\$18,450,670	2.26 %
Avon Senior Living	8,757,880	1.07
Cleveland Electric Illuminating Company	8,542,630	1.05
ILPT Avon, LLC	7,350,000	0.90
AERC Avon, LLC	6,822,430	0.84
HTA Avon Hospital, LLC	6,550,580	0.80
Orion Properties	6,497,380	0.80
AP Res Hospitaly, LLC	5,271,330	0.65
Chester Properties, LTD	5,057,330	0.62
FPG Avon Limited	4,798,120	0.58
Total	\$78,098,350	9.57 %
Total Real Property Assessed Valuation	\$815,951,650	

2008		
Taxpayer	Real Property Assessed Valuation (1)	Percentage
First Interstate Avon, LTD	\$17,776,050	2.42 %
Franciscan Communities	10,302,580	1.40
AERC Avon, LLC	7,195,020	0.98
Henkel	7,140,600	0.97
Avon Local School District	7,123,310	0.97
Timberlake Apartments	5,695,910	0.78
Cleveland Electric Illuminating Company	5,577,650	0.76
Wal Mart Real Estate Business Trust	4,755,290	0.65
Comprehensive Healthcare of Ohio	4,701,630	0.64
Chester Properties, LTD	4,565,100	0.62
Total	\$74,833,140	10.19 %
Total Real Property Assessed Valuation	\$734,163,380	

Source: Lorain County, Ohio; County Auditor

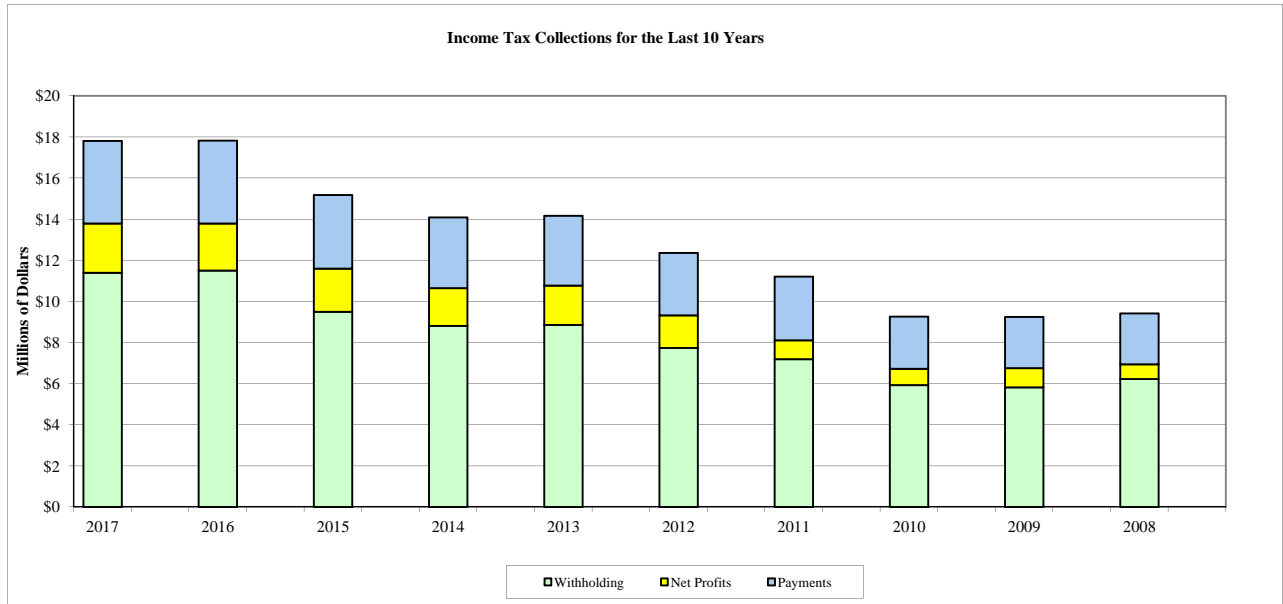
(1) The amounts presented represent the assessed values upon which 2017 and 2008 collections were based.

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

Collection Year	Tax Rate	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
2017	1.75%	\$17,802,905	\$11,386,738	63.96%	\$2,392,710	13.44%	\$4,023,457	22.60%
2016	1.75	17,823,599	11,505,133	64.55	2,276,074	12.77	4,042,392	22.68
2015	1.75	15,166,934	9,485,401	62.54	2,112,754	13.93	3,568,780	23.53
2014	1.75	14,074,841	8,803,813	62.55	1,833,952	13.03	3,437,076	24.42
2013	1.75	14,151,916	8,844,948	62.50	1,916,169	13.54	3,390,799	23.96
2012	1.75	12,354,791	7,731,628	62.58	1,581,413	12.80	3,041,750	24.62
2011	1.75	11,198,984	7,184,484	64.15	916,189	8.18	3,098,311	27.67
2010	1.75	9,258,808	5,932,674	64.08	784,221	8.47	2,541,913	27.45
2009	1.75	9,242,956	5,822,877	63.00	935,017	10.12	2,485,061	26.88
2008	1.75	9,416,401	6,214,542	66.00	717,436	7.62	2,484,423	26.38

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



City of Avon, Ohio

Income Tax Statistics

Last Ten Years

<u>Tax Year</u>	<u>Income Range</u>	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
2016	\$0 - 24,999	2,041	26.08 %	\$18,922,573	2.14 %
2016	25,000 - 49,999	942	12.04	35,065,354	3.97
2016	50,000 - 74,999	773	9.88	48,113,426	5.45
2016	75,000 - 99,999	748	9.56	64,842,877	7.34
2016	Over 100,000	<u>3,323</u>	42.44	<u>715,940,744</u>	81.10
	Total	<u><u>7,827</u></u>		<u><u>\$882,884,974</u></u>	
2015	\$0 - 24,999	1,921	25.13 %	\$17,654,809	2.03 %
2015	25,000 - 49,999	952	12.46	35,379,461	4.07
2015	50,000 - 74,999	785	10.27	49,049,486	5.65
2015	75,000 - 99,999	735	9.62	64,018,859	7.37
2015	Over 100,000	<u>3,250</u>	42.52	<u>702,750,502</u>	80.88
	Total	<u><u>7,643</u></u>		<u><u>\$868,853,117</u></u>	
2014	\$0 - 24,999	1,838	24.81 %	\$17,061,544	2.14 %
2014	25,000 - 49,999	919	12.41	34,214,734	4.30
2014	50,000 - 74,999	812	10.96	50,502,423	6.34
2014	75,000 - 99,999	791	10.68	68,780,514	8.63
2014	Over 100,000	<u>3,048</u>	41.14	<u>626,035,615</u>	78.59
	Total	<u><u>7,408</u></u>		<u><u>\$796,594,830</u></u>	
2013	\$0 - 24,999	1,824	24.94 %	\$17,314,080	2.27 %
2013	25,000 - 49,999	967	13.22	36,038,652	4.73
2013	50,000 - 74,999	842	11.51	52,691,022	6.91
2013	75,000 - 99,999	776	10.61	67,801,465	8.89
2013	Over 100,000	<u>2,906</u>	39.73	<u>588,594,129</u>	77.20
	Total	<u><u>7,315</u></u>		<u><u>\$762,439,348</u></u>	
2012	\$0 - 24,999	1,759	25.02 %	\$16,842,101	2.33 %
2012	25,000 - 49,999	924	13.14	34,254,980	4.74
2012	50,000 - 74,999	844	12.01	53,186,130	7.36
2012	75,000 - 99,999	784	11.15	68,562,392	9.49
2012	Over 100,000	<u>2,719</u>	38.68	<u>549,889,680</u>	76.08
	Total	<u><u>7,030</u></u>		<u><u>\$722,735,283</u></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
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>	

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, 2017, year 2017 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)
2017	\$64,771,523	2.76 %	\$3,056.27
2016	67,136,120	2.91	3,167.84
2015	66,875,295	3.13	3,155.54
2014	69,197,678	3.29	3,265.12
2013	66,059,675	3.19	3,117.05
2012	59,049,585	2.70	2,786.28
2011	47,759,093	2.16	2,253.53
2010	43,406,999	2.03	2,048.18
2009	44,931,915	2.09	2,496.22
2008	12,809,258	0.58	1,117.15

Year	Business-Type Activities Debt		
	General Obligation Bonds	Special Assessment Bonds	Avon Lake Debt
2017	\$3,532,588	\$1,139,828	\$309,471
2016	3,585,719	1,150,532	335,952
2015	3,601,868	1,157,669	361,012
2014	3,639,825	1,164,806	385,452
2013	3,676,764	1,171,813	539,171
2012	3,701,211	1,174,762	684,008
2011	351,623	0	821,698
2010	419,158	0	952,191
2009	490,581	0	1,074,817
2008	557,576	0	683,979

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

Source:

- (1) See S14-15 for taxable property value data.
- (2) See S34 for population and personal income data.
- (3) Includes general bonded debt, other governmental debt and business-type activities debt.
- (4) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

Governmental Activities Debt				
General Obligation Bonds	Special Assessment Bonds	Bond Anticipation Notes	OPWC Loans	Capital Lease
\$61,238,935	\$14,651,144	\$4,436,033	\$349,860	\$71,994
63,550,401	7,835,346	5,168,692	377,768	94,495
63,273,427	8,205,732	0	345,137	0
65,557,853	8,603,358	0	366,796	0
62,382,911	8,989,810	0	274,441	0
55,348,374	6,125,921	0	263,028	0
47,407,470	2,720,771	0	182,336	0
42,987,841	2,959,042	5,726,870	198,811	0
44,441,334	3,208,858	5,600,000	215,286	0
12,251,682	3,449,237	39,120,000	223,523	0

Business-Type Activities Debt					
Bond Anticipation Notes	OWDA Loans	Capital Lease	Total Debt (3)	Percentage of Personal Income (2)	Per Capita (2)
\$7,250,000	\$0	\$411,903	\$93,391,756	12.76 %	\$4,406.73
9,250,000	0	156,080	91,504,985	12.50	4,318
10,950,000	0	202,848	88,097,693	12.04	4,157
9,300,000	0	248,320	89,266,410	12.20	4,212
0	0	0	77,034,910	10.52	3,635
0	38,610	0	67,335,914	9.20	3,177
0	173,081	0	51,656,979	7.06	2,437
0	301,923	0	53,545,836	7.32	2,527
0	425,464	0	55,456,340	10.87	3,081
0	544,006	0	56,830,003	17.52	4,956

City of Avon, Ohio

Legal Debt Margin

Last Ten Years

	2017	2016	2015	2014
Total Assessed Property Value	\$831,524,760	\$815,953,830	\$755,191,430	\$742,746,620
General Bonded Debt Outstanding:				
General Obligation Notes/Bonds	\$73,992,780	\$78,892,362	\$76,440,382	\$77,041,162
General Obligation Revenue Notes/Bonds	0	0	0	0
Special Assessment Bonds	14,872,220	8,837,638	9,204,618	9,598,838
Bond Anticipation Notes	8,175,000	15,180,000	8,500,000	7,500,000
Bond Anticipation Notes Enterprise	2,000,000	1,700,000	1,350,000	500,000
OPWC Loans	349,860	377,768	345,137	366,796
OWDA Loans	0	0	0	0
Contractual Debt Obligation	309,471	335,952	361,012	385,452
Total Gross Indebtedness	99,699,331	105,323,720	96,201,149	95,392,248
Less Exempt Outstanding:				
General Obligation Bonds	(66,265,760)	(68,711,211)	(65,011,270)	(50,416,381)
General Obligation Revenue Notes/Bonds	(7,250,000)	(9,250,000)	0	0
Special Assessment Bonds	(14,872,220)	(8,837,638)	(9,204,618)	(9,598,838)
Bond Anticipation Notes	(8,175,000)	(15,180,000)	(8,500,000)	(7,500,000)
Bond Anticipation Notes Enterprise	(2,000,000)	(1,700,000)	(1,350,000)	(500,000)
OPWC Loans	(349,860)	(377,768)	(345,137)	(366,796)
OWDA Loans	0	0	0	0
Contractual Debt Obligation	(309,471)	(335,952)	(361,012)	(385,452)
General Obligation Bond Retirement Fund Balance	(195,853)	(182,973)	(153,061)	(96,577)
Total Net Debt Applicable to Debt Limit	281,167	748,178	11,276,051	26,528,204
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	87,310,100	85,675,152	79,295,100	77,988,395
Legal Debt Margin Within 10 ½ % Limitations	\$87,028,933	\$84,926,974	\$68,019,049	\$51,460,191
Legal Debt Margin as a Percentage of the Debt Limit	99.68%	99.13%	85.78%	65.98%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	\$45,733,862	\$44,877,461	\$41,535,529	\$40,851,064
Total Gross Indebtedness	99,699,331	105,323,720	96,201,149	95,392,248
Less Exempt Outstanding:				
General Obligation Bonds	(66,265,760)	(68,711,211)	(65,011,270)	(50,416,381)
General Obligation Revenue Notes/Bonds	(7,250,000)	(9,250,000)	0	0
Special Assessment Bonds	(14,872,220)	(8,837,638)	(9,204,618)	(9,598,838)
Bond Anticipation Notes	(8,175,000)	(15,180,000)	(8,500,000)	(7,500,000)
Bond Anticipation Notes Enterprise	(2,000,000)	(1,700,000)	(1,350,000)	(500,000)
OPWC Loans	(349,860)	(377,768)	(345,137)	(366,796)
OWDA Loans	0	0	0	0
Contractual Debt Obligation	(309,471)	(335,952)	(361,012)	(385,452)
General Obligation Bond Retirement Fund Balance	(195,853)	(182,973)	(153,061)	(96,577)
Net Debt Within 5 ½ % Limitations	281,167	748,178	11,276,051	26,528,204
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$45,452,695	\$44,129,283	\$30,259,478	\$14,322,860
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	99.39%	98.33%	72.85%	35.06%

Source: City Financial Records and Prior Year CAFRs.

2013	2012	2011	2010	2009	2008
<u>\$730,797,100</u>	<u>\$772,474,470</u>	<u>\$779,763,250</u>	<u>\$754,402,597</u>	<u>\$758,875,486</u>	<u>\$753,674,210</u>
\$72,928,246	\$58,098,800	\$47,348,171	\$42,987,841	\$44,441,334	\$12,251,682
0	0	67,200	130,200	193,200	252,000
9,981,754	7,261,200	2,657,553	2,959,042	3,208,858	3,449,237
8,180,000	19,490,000	28,945,000	5,675,000	5,600,000	39,120,000
0	0	0	0	0	0
274,441	263,028	182,336	198,811	215,286	223,523
0	38,610	173,081	301,923	425,464	544,006
539,171	684,008	821,698	952,191	1,074,817	683,979
91,903,612	85,835,646	80,195,039	53,205,008	55,158,959	56,524,427
(54,490,082)	(40,484,768)	(30,865,000)	(31,675,000)	(32,970,000)	0
0	0	(67,200)	(130,200)	(193,200)	(252,000)
(9,981,754)	(7,261,200)	(2,657,553)	(2,959,042)	(3,208,858)	(3,449,237)
(8,180,000)	(19,490,000)	(28,945,000)	(5,675,000)	(5,600,000)	(39,120,000)
0	0	0	0	0	0
(274,441)	(263,028)	(182,336)	(198,811)	(215,286)	(223,523)
0	(38,610)	(173,081)	(301,923)	(425,464)	(544,006)
(539,171)	(684,008)	(821,698)	(952,191)	(1,074,817)	(683,979)
(63,560)	(102,117)	(44,968)	(64,469)	(52,292)	(48,136)
18,374,604	17,511,915	16,438,203	11,248,372	11,419,042	12,203,546
76,733,696	81,109,819	81,875,141	79,212,273	79,681,926	79,135,792
<u>\$58,359,092</u>	<u>\$63,597,904</u>	<u>\$65,436,938</u>	<u>\$67,963,901</u>	<u>\$68,262,884</u>	<u>\$66,932,246</u>
76.05%	78.41%	79.92%	85.80%	85.67%	84.58%
<u>\$40,193,841</u>	<u>\$42,486,096</u>	<u>\$42,886,979</u>	<u>\$41,492,143</u>	<u>\$41,738,152</u>	<u>\$41,452,082</u>
91,903,612	85,835,646	80,195,039	53,205,008	55,158,959	56,524,427
(54,490,082)	(40,484,768)	(30,865,000)	(31,675,000)	(32,970,000)	0
0	0	(67,200)	(130,200)	(193,200)	(252,000)
(9,981,754)	(7,261,200)	(2,657,553)	(2,959,042)	(3,208,858)	(3,449,237)
(8,180,000)	(19,490,000)	(28,945,000)	(5,675,000)	(5,600,000)	(39,120,000)
0	0	0	0	0	0
(274,441)	(263,028)	(182,336)	(198,811)	(215,286)	(223,523)
0	(38,610)	(173,081)	(301,923)	(425,464)	(544,006)
(539,171)	(684,008)	(821,698)	(952,191)	(1,074,817)	(683,979)
(63,560)	(102,117)	(44,968)	(64,469)	(52,292)	(48,136)
18,374,604	17,511,915	16,438,203	11,248,372	11,419,042	12,203,546
<u>\$21,819,237</u>	<u>\$24,974,181</u>	<u>\$26,448,776</u>	<u>\$30,243,771</u>	<u>\$30,319,110</u>	<u>\$29,248,536</u>
54.29%	58.78%	61.67%	72.89%	72.64%	70.56%

City of Avon, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2017

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to the City of Avon
Direct - City of Avon:			
General Obligation Bonds	\$61,238,935	100.00%	\$61,238,935
Special Assessment Bonds	14,651,144	100.00%	14,651,144
General Obligation Notes	4,436,033	100.00%	4,436,033
OPWC Loans	349,860	100.00%	349,860
Capital Lease	71,994	100.00%	71,994
<i>Total Direct Debt</i>	<u>80,747,966</u>		<u>80,747,966</u>
Overlapping:			
Avon Local School District			
General Obligation Bonds	64,076,023	100.00%	64,076,023
Capital Leases	256,282	100.00%	256,282
Lorain County			
General Obligation Bonds	20,645,000	11.99%	2,475,336
<i>Total Overlapping Debt</i>	<u>84,977,305</u>		<u>66,807,641</u>
Total	<u><u>\$165,725,271</u></u>		<u><u>\$147,555,607</u></u>

Source: Lorain County, Ohio; County Auditor

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

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

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

Year	Sewer Operating Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$0	\$0	\$0	\$0	\$0	0.00
2016	0	0	0	0	0	0.00
2015	0	0	0	0	0	0.00
2014	0	0	0	0	0	0.00
2013	1,794,967	1,526,056	268,911	38,610	752	6.83
2012	1,865,750	956,508	909,242	134,471	13,692	6.14
2011	1,646,944	1,028,665	618,279	128,842	16,612	4.25
2010	1,360,364	1,240,708	119,656	123,541	16,612	0.85
2009	1,629,741	1,526,181	103,560	118,542	21,447	0.74
2008	1,333,487	1,102,775	230,712	113,824	25,745	1.65

Note: During 2013, the City paid down the outstanding OWDA debt in the sewer fund; therefore, the City has no pledged revenue in 2017.

(1) Revenues include interest and operating grants.

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

Source: City Financial Records

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

2017			
Employer	Employees	Percentage of Total City Employment	
Cleveland Clinic Foundation	790	4.08	%
Avon Local School District	737	3.81	
ShurTech Brands, LLC	437	2.26	
University Hospitals Health System	431	2.23	
Technifab	292	1.51	
A.J. Rose Manufacturing Company	282	1.46	
City of Avon	190	0.98	
Costco Wholesale	187	0.97	
Jenne Distributors, Incorporated	161	0.83	
Parker Hannifin Corporation	126	0.65	
Total	3,633	18.78	%
Total Estimated Employment within the City	19,341		

2008			
Employer	Employees	Percentage of Total City Employment	
Henkel	424	3.26	%
Willoway Nurseries, Incorporated	344	2.65	
Our Lady of the Wayside	320	2.46	
Avon Local School District	309	2.38	
Walmart	230	1.77	
A.J. Rose Manufacturing Company	160	1.23	
City of Avon	160	1.23	
Good Samaritan Nursing Home	150	1.15	
Avon Oaks Nursing Home	149	1.15	
Costco Wholesale	148	1.14	
Total	2,394	18.42	%
Total Estimated Employment within the City	13,000		

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

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita	Median Household Income (1)	Median Age (1)
2017	21,193	\$731,963,834	\$34,538	\$75,951	38
2016	21,193	731,963,834	34,538	75,951	38
2015	21,193	731,963,834	34,538	75,951	38
2014	21,193	731,963,834	34,538	75,951	38
2013	21,193	731,963,834	34,538	75,951	38
2012	21,193	731,963,834	34,538	75,951	38
2011	21,193	731,963,834	34,538	75,951	38
2010	21,193	731,963,834	34,538	75,951	38
2009	18,000	510,012,000	28,334	66,747	38
2008	11,466	324,877,644	28,334	66,747	38

(1) Source: U. S. Census

(a) Year 2008 - 2000 Federal Census; 2009 estimated

(b) Years 2010 through 2017 - 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

<u>Educational Attainment: Bachelor's Degree or Higher (1)</u>	<u>School Enrollment (2)</u>	<u>Lorain County Unemployment Rate (3)</u>	<u>Average Sales Price of Residential Property (4)</u>	<u>Total Assessed Property Value (4)</u>
32.3%	4,277	4.5%	\$260,000	\$831,524,760
32.3	4,277	4.5	260,000	815,953,830
32.3	4,246	4.5	260,000	755,191,430
32.3	4,102	5.7	260,000	742,746,620
32.3	4,153	9.3	260,000	730,797,100
32.3	4,076	7.0	260,000	772,474,470
32.3	4,078	7.7	260,000	779,763,250
32.3	3,976	8.8	260,000	754,402,597
32.3	3,580	9.4	245,000	758,875,486
32.3	3,136	7.0	251,011	753,674,210

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

Function/Program	2017	2016	2015	2014
General Government				
Council	5.50	5.50	5.50	5.50
Finance	4.50	4.00	4.00	4.00
Finance Director	1.00	1.00	1.00	1.00
Law	1.00	1.00	1.00	1.00
Mayor's Office	2.00	2.00	2.00	2.00
Human Resources	0.50	0.50	0.50	0.50
Planning	3.50	3.50	3.50	3.50
Civil Service	1.50	1.50	1.50	1.50
Court	1.50	1.50	1.50	1.50
Zoning	3.50	3.50	3.50	3.50
Information Technology	1.00	1.00	1.00	0.00
Senior Center	5.00	5.00	4.50	4.00
Engineering	0.50	0.50	0.50	1.00
Project Manager	0.00	0.00	0.00	1.00
Security of Persons and Property				
Police	37.50	36.00	35.00	32.50
Police - Dispatchers/Office/Other	9.00	8.50	8.50	10.50
Safety Director	0.00	0.00	0.00	0.00
Fire	33.00	33.00	34.00	32.50
Fire - Dispatchers/Office/Other	1.00	1.00	1.00	1.00
Leisure Time Activities				
Recreation and Parks	8.00	11.00	10.50	12.00
Landmarks Preservation	2.00	2.00	2.00	2.00
Community Development				
Building	9.00	9.50	9.50	7.00
Transportation				
Service/Street M&R	15.00	15.00	14.50	15.50
Basic Utility Services				
Water and Sewer	14.50	14.00	13.50	12.00
Totals:	<u>160.00</u>	<u>160.50</u>	<u>158.50</u>	<u>155.00</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.

Note: Some employees work in two different departments.

2013	2012	2011	2010	2009	2008
5.50	5.50	5.50	5.50	5.50	5.50
4.00	4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
0.50	0.00	0.00	0.00	0.00	0.00
3.50	3.50	3.50	3.50	3.50	3.50
1.50	1.50	1.50	1.50	1.50	1.50
1.50	1.50	1.50	1.50	1.50	1.50
3.50	3.50	3.50	3.50	3.50	3.50
1.00	1.00	1.00	0.00	0.00	0.00
3.50	3.50	3.50	3.00	3.00	2.50
1.00	1.00	1.00	0.00	0.00	0.00
1.00	1.00	1.00	0.00	1.00	1.00
31.00	32.00	31.00	34.00	34.00	30.00
10.50	10.50	9.00	10.50	10.50	8.00
0.00	0.00	0.00	0.00	0.50	0.50
32.00	32.00	33.00	32.00	30.00	28.00
1.00	1.00	1.00	1.00	1.00	1.00
12.50	12.50	14.00	14.50	15.50	13.50
2.00	2.00	2.00	2.00	2.00	2.00
7.00	7.00	7.50	7.50	6.50	9.50
18.00	16.00	15.00	15.50	15.00	13.00
11.00	12.00	10.50	9.50	10.50	11.00
<u>155.50</u>	<u>155.00</u>	<u>153.00</u>	<u>153.00</u>	<u>153.00</u>	<u>143.50</u>

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

Function/Program	2017	2016	2015	2014
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	110	129	152	142
Number of Resolutions Passed	28	31	17	23
<i>Planning Commission/Zoning Board of Appeals</i>				
Number of Planning Commission docket items	78	104	91	111
Zoning Board of Appeals docket items	50	44	31	23
<i>Finance Department</i>				
Amount of checks written	\$69,985,588	\$75,766,185	\$68,238,526	\$49,976,640
Interest earnings for fiscal year (cash basis)	\$177,631	\$115,913	\$91,796	\$73,481
Number of Receipts issued	4,689	4,724	4,903	4,684
Number of Budget Adjustments issued	21	21	23	22
Agency Ratings - Moody's Financial Services	Aa2	Aa1	Aa1	Aa1
General Fund Receipts (cash basis in thousands)	\$13,642	\$12,994	\$13,000	\$12,542
General Fund Expenditures (cash basis in thousands)	\$11,793	\$12,704	\$13,494	\$12,885
General Fund Cash Balances including Income Tax (in thousands)	\$4,356	\$2,508	\$2,275	\$2,769
<i>Income Tax Department</i>				
Number of Annual withholding forms processed	26,872	24,849	22,758	20,184
Number of Business net profit forms processed	4,683	4,037	3,930	4,077
Number of Individual forms processed	20,034	19,389	20,378	19,000
Amount of Penalties and Interest Collected	N/A	N/A	N/A	N/A
Annual number of balance due/estimated payment forms processed	N/A	N/A	N/A	N/A
Annual number of reconciliations of withholdings processed	2,600	2,400	2,394	2,184
<i>Engineer Contracted Services</i>				
Dollar amount of Construction overseen by Engineer	\$3,406,934	\$12,287,508	\$12,707,077	\$5,415,017
<i>Mayor's Court</i>				
Number of Traffic cases	1,014	924	2,088	2,260
Number of Criminal cases	41	38	51	59
<i>Civil Service</i>				
Number of police entry tests administered	0	1	1	0
Number of fire entry tests administered	0	0	1	0
Number of police promotional tests administered	1	0	0	0
Number of fire promotional tests administered	0	0	3	0
Number of hires of Police Officers from certified lists	0	0	3	1
Number of hires of Fire/Medics from certified lists	0	0	1	0
Number of promotions from police certified lists	1	0	0	0
Number of promotions from fire certified lists	0	0	3	0
<i>Building Department Indicators</i>				
Single Family Permits Issued	93	114	120	128
Commercial Permits Issued	313	324	283	270
Estimated Value of Construction	\$86,499,932	\$93,180,158	\$135,229,296	\$190,769,916
Number of permits issued (all types)	1,261	1,886	1,590	1,540
Amount of Revenue generated from permits	\$2,388,517	\$3,128,862	\$2,280,180	\$2,451,429
Number of contractor registrations issued	1,146	979	865	788

2013	2012	2011	2010	2009	2008
137	134	116	113	132	168
35	33	22	39	18	44
131	78	76	60	74	121
26	14	17	17	20	26
\$59,114,557	\$79,149,951	\$53,594,606	\$42,389,310	\$37,724,785	\$30,942,350
\$71,310	\$80,715	\$95,029	\$112,699	\$231,386	\$665,519
4,306	3,584	3,687	4,018	3,658	3,661
29	22	35	32	26	44
Aa1	Aa1	Aa1	Aa1	Aa2	Aa2
\$12,554	\$11,224	\$12,821	\$13,284	\$9,254	\$7,555
\$13,269	\$10,739	\$15,015	\$11,466	\$9,029	\$9,887
\$3,113	\$3,828	\$3,343	\$5,570	\$3,752	\$3,527
19,814	18,616	16,323	13,275	11,009	11,066
3,466	3,279	2,893	2,075	1,882	1,559
18,887	17,504	17,619	8,883	12,204	8,616
N/A	N/A	N/A	\$125,422	\$88,437	\$63,898
N/A	N/A	8,874	10,195	11,165	9,234
1,957	1,917	1,862	N/A	1,251	1,215
\$2,107,283	\$4,022,623	\$9,550,735	\$1,899,519	\$2,471,597	\$7,854,087
1,233	784	1,103	982	880	867
40	41	40	62	44	50
0	2	0	0	1	0
0	1	0	0	0	1
0	2	1	0	0	0
0	1	0	0	0	2
1	4	0	1	5	0
1	2	0	1	1	0
1	3	1	0	0	0
0	0	0	5	2	0
122	96	113	146	115	142
217	131	228	137	109	210
\$88,664,341	\$72,114,502	\$40,702,895	\$113,771,043	\$47,821,980	\$67,973,353
1,142	1,112	1,199	1,112	1,022	1,124
\$1,199,584	\$847,201	\$972,849	\$1,464,343	\$506,654	\$1,281,070
862	810	769	932	609	694

(continued)

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

Function/Program	2017	2016	2015	2014
Security of Persons and Property				
<i>Police</i>				
Total Calls for Services	19,941	21,425	21,101	20,204
Number of traffic citations issued	1,786	1,368	2,399	2,178
Number of parking citations issued	54	42	458	513
Number of criminal arrests	707	364	529	369
Number of accident reports completed	601	669	731	653
Part 1 Offenses (major offenses)	289	350	508	389
DUI Arrests	78	39	66	72
Prisoners	414	312	306	375
Prisoner meal costs	\$0	\$0	\$0	\$0
Motor Vehicle Accidents	1,229	1,246	1,165	1,123
Fatalities from Motor Vehicle Accidents	0	1	1	1
Gasoline costs of fleet	\$84,524	\$60,373	\$73,531	\$114,883
<i>Fire</i>				
EMS Calls	2,448	2,097	1,810	1,657
Ambulance Billing Collections (net)	\$603,625	\$494,141	\$417,407	\$398,467
Fire Calls	686	639	673	635
Fires with Loss	53	35	31	10
Fires with Losses exceeding \$10K	3	13	8	3
Fire Losses	\$263,600	\$1,257,700	\$448,405	\$258,052
Fire Safety Inspections	1,222	1,215	1,215	832
Number of times Mutual Aid given to Fire and EMS and Auto Aid	90	89	113	99
Number of times Mutual Aid received for Fire and EMS and Auto Aid	94	57	58	85
Leisure Time Activities				
Recreation Men's and Women's Leagues receipts	\$4,425	\$7,966	\$3,923	\$4,993
Recreation Youth Activities receipts	\$153,937	\$104,370	\$118,652	\$113,981
Transportation				
Street Improvements - asphalt overlay (linear feet)	N/A	N/A	N/A	N/A
Crackseal Coating Program (Miles)	N/A	N/A	N/A	N/A
Street Repair (Curbs, aprons, berms, asphalt) (hours)	N/A	N/A	N/A	N/A
Guardrail Repair (hours)	N/A	N/A	N/A	N/A
Paint Striping (hours)	N/A	N/A	N/A	N/A
Cold Patch (hours)	N/A	N/A	N/A	N/A
Snow and Ice Removal overtime hours	N/A	N/A	N/A	N/A
Street Improvements Cost	\$228,642	\$144,807	\$112,196	\$137,092
Street Improvements Cost per mile	\$1,669	\$1,047	\$853	\$1,063
Miles of City Streets	137	138	132	129
Tons of snow melting salt purchased (November - May - winter season)	4,094	3,936	4,951	5,961
Cost of salt purchased	\$131,959	\$218,088	\$271,643	\$205,480
Water Department				
Water Rates per 1st 6,000 gallons of water used (per thousand)	\$4.51	\$4.26	\$3.98	\$3.51
Average gallons of water billed monthly (in thousands)	69,766	86,988	62,048	66,366
Total Water Collections Annually (Including P&I) (in thousands)	\$3,766	\$3,848	\$2,985	\$2,594
Wastewater Department				
Sewer Rates per 1,000 gallons of water used	\$6.70	\$6.38	\$6.08	\$5.79
Average gallons of sewer billed monthly (in thousands)	46,747	60,359	44,349	43,065
Total Sewer Collections Annually (Including P&I) (in thousands)	\$3,795	\$3,734	\$3,233	\$2,979

(1) Information for some years is not available.

Source: City of Avon Records

2013	2012	2011	2010	2009	2008
17,748	18,789	16,208	15,817	15,268	15,367
1,770	1,495	2,018	1,733	1,446	1,267
384	475	306	294	441	104
466	579	565	677	682	725
598	569	581	507	488	575
494	481	313	303	325	283
85	100	82	90	67	76
461	358	363	399	380	363
\$0	\$0	\$5	\$0	\$0	\$35
1,073	911	705	780	488	575
0	2	0	0	1	2
\$105,400	\$99,212	\$102,384	\$84,013	\$64,291	\$83,693
1,737	1,666	1,530	1,511	1,557	1,516
\$418,414	\$458,386	\$372,867	\$346,078	\$367,927	\$331,076
623	589	567	536	490	459
14	16	17	18	25	22
1	4	3	6	5	0
\$186,450	\$240,550	\$220,700	\$1,107,750	\$719,120	\$571,215
727	682	640	859	608	619
73	67	143	54	61	45
54	86	75	29	16	4
\$5,056	\$4,041	\$3,381	\$6,375	\$5,822	\$5,405
\$94,373	\$87,527	\$81,460	\$83,125	\$62,899	\$121,872
N/A	N/A	N/A	10,685	21,375	6,012
N/A	N/A	N/A	40	20	20
N/A	N/A	N/A	200	150	150
N/A	N/A	N/A	20	40	40
N/A	N/A	N/A	900	400	400
N/A	N/A	N/A	550	400	400
N/A	N/A	N/A	850	350	350
\$186,735	\$139,421	\$138,295	\$129,301	\$151,940	N/A
\$1,503	\$1,134	\$1,143	\$1,078	\$1,266	N/A
124	123	121	120	120	N/A
3,850	4,083	5,135	5,291	5,323	4,700
\$177,714	\$188,538	\$239,792	\$240,733	\$242,204	\$194,854
\$3.05	\$2.94	\$2.63	\$2.33	\$2.33	\$2.33
63,206	71,913	69,692	65,571	63,672	62,494
\$2,183	\$2,316	\$1,822	\$1,809	\$1,674	\$1,689
\$5.79	\$5.79	\$5.59	\$4.98	\$4.98	\$4.23
41,409	42,831	40,103	40,145	41,419	37,227
\$1,630	\$1,630	\$1,445	\$1,327	\$1,137	\$1,081

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

Function/Program	2017	2016	2015	2014
General Government				
Inspection Vehicles	9	9	9	8
Security of Persons and Property				
 Police				
Stations	1	1	1	1
Vehicles	37	38	36	34
 Fire				
Stations	1	1	1	1
Vehicles	13	15	15	15
Leisure Time Activities				
 Recreation				
Number of Parks	8	7	7	7
Number of Ice Rinks	1	1	1	1
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	12	12	12	12
Number of Tot Lots	4	4	4	4
Number of Soccer Fields	16	16	16	16
Number of Swimming Pools	1	1	1	0
Vehicles	12	12	10	9
Transportation				
 Service				
Buildings	1	1	1	1
Service Vehicles	24	22	22	20
Streets (miles)	143.51	138.37	131.58	128.91
Water and Sewer				
Buildings	11	10	10	10
Water Lines (miles)	122.49	121.40	122.43	118.70
Sanitary Sewers (miles)	100.36	99.60	100.75	97.10
Vehicles	14	12	13	14

Source: City of Avon Records

2013	2012	2011	2010	2009	2008
8	8	8	7	8	9
1	1	1	1	1	1
34	35	33	37	34	27
1	1	1	1	1	1
15	15	15	14	15	16
7	7	7	7	7	7
1	1	1	1	1	1
1	1	1	1	1	1
12	12	12	12	12	11
4	4	4	4	4	4
16	16	14	14	14	14
0	0	0	0	0	0
8	8	8	9	10	6
1	1	1	1	1	1
20	23	22	21	17	16
123.00	123.00	121.00	120.00	120.00	120.00
10	10	9	9	9	9
117.80	117.30	115.80	114.10	113.58	111.55
96.70	96.30	95.20	93.30	92.97	91.34
9	7	7	10	9	9

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CITY OF AVON
EST 1814

36080 CHESTER ROAD
AVON, OHIO 44011
440-937-7800

Bryan K. Jensen, Mayor

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Dave Yost • Auditor of State

CITY OF AVON

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY, 31 2018