

Office of Mayor

Dear Residents and Businesses of Avon:



Welcome to our second “Community Financial Report.” While this report contains some basic financial information, we hope that it provides a sense of where the City is at from an overall growth perspective as well. For those of you seeking more detailed financial information, please pick up a copy of the City’s 2016 Comprehensive Annual Financial Report, or visit our website at www.cityofavon.com.

We are excited about a couple of projects that we are working on here in Avon that should produce some exciting results.

First is the construction of a “round-a-bout” at the SR 83 and Mills Road intersection. Partnering with the City of North Ridgeville and the Ohio Public Works Commission, the improved roadway will allow traffic to flow through in a much more efficient and expedient manner. This will be the first “round-a-bout” in Lorain County.

The second project is the creation of an “interactive” playground for all children with varying abilities, known as “Every Child’s Playground.” The one acre site is adjacent to the Aquatic Facility. The City is working with various organizations and individuals to bring this project to reality.

The City continues to experience extraordinary commercial growth, primarily on the north side of Interstate 90. In addition to the many new businesses you see here in town, there are many industrial plant expansions and renovations that go unseen. The commercial tax base in Avon benefits from these additions. Both income tax revenues (See page 2) and tax increment financing revenues (See page 2) are increasing as a result of the commercial and industrial growth in Avon.



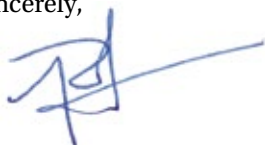
BELOW IS A SUMMARY OF PROJECTS COMPLETED IN 2016

- ✓ Completed the re-location of Chester Road at SR 611 which will allow traffic from I-90 to exit more efficiently and safely. 90% of the project was funded by the Ohio Department of Transportation and the Federal Highway Administration.
- ✓ Completed improvements to Chester Road between State Route 83 east to Jaycox Road. The new roadway contains five lanes and services the recently opened Cabella’s and other planned commercial projects along this corridor.
- ✓ Completed a water meter change-out project that will greatly enhance meter reads and the accuracy of water/sewer billing.

We invite you to read over this brief but informative report. In addition to all of the public infrastructure projects and commercial development mentioned above and on pages 5-7, it may interest you to read over our City Profile on page 8.

It is a privilege to serve as the Mayor of Avon. Our staff and I are always open to comments and feedback from you about any City matters.

Sincerely,



Bryan K. Jensen, Mayor

TABLE OF CONTENTS

Letter from the Mayor	Page 1
Largest Source of City Revenues	Page 2
Detail of City Revenues/ Expenses/Fund Balance	Page 3
Summary of City Debt	Page 4
Capital Project Highlights	Page 5-6
Commercial Development Activity	Page 7
Avon City Profile	Page 8

Financial Review

LARGEST SOURCES OF REVENUE

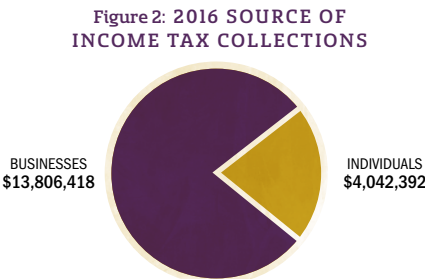
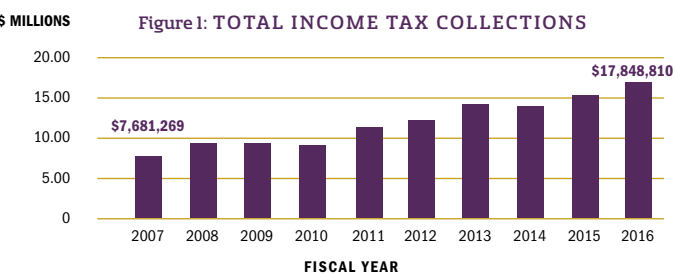
Prepared by William Logan, CPA, Director of Finance

Governmental Revenues

Governmental revenues include those received by the City of Avon other than business/enterprise revenues which are the water and sewer revenues, used solely for those specific purposes. Income Tax and Property Tax are the City’s primary source of revenue for most essential services. In 2016 these revenues made up over 57% of total governmental revenues of the City. The City’s income tax rate is 1.75% (see explanation of income tax below). Of this 1.75%, 1.00% is used for general purposes, 0.50% was voted in by Avon residents in 2002 and is used exclusively for Safety forces, and 0.25% was voted in by the Avon residents in 2007 and is used exclusively for parks and recreation. See figure 1 for a history of the City’s income tax collections over the last ten years. Residents of Avon are assessed 85.612 mills on the value of their home for property taxes, which equates to a tax rate of 2.02% of market value.

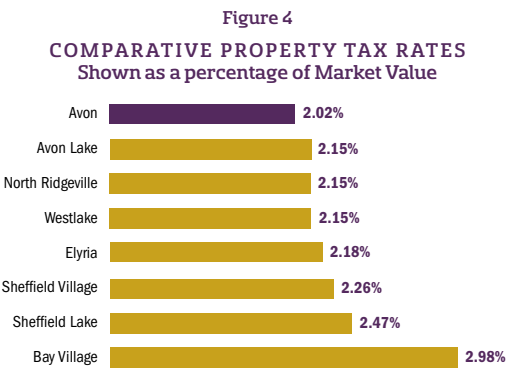
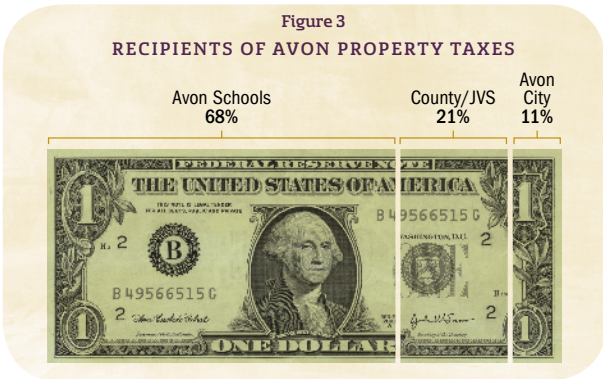
Income Tax Collections

Net income tax receipts for fiscal year 2016 were \$17,848,810 (See Figure 1), which is 17% higher than 2015 income tax receipts. The increase is primarily due to new businesses opening in Avon, businesses expanding and an overall healthier local economy. The receipts are recorded on a modified accrual basis. It is estimated that presently 20,000 people are employed in the City of Avon. Of this amount we estimate that about 4,000 of these employees live in Avon. The City of Avon assigns a 1.75% income tax rate on earned income within the City which is applied to gross salaries, wages, personal services compensation and net income of for-profit organizations that conduct business in Avon. Avon residents are required to pay this tax on income they earn outside of the City but are given 1.50% credit for income taxes paid to the municipality in which they work. The chart in Figure 2 displays the sources of income tax collections as they were received in fiscal year 2016.



Avon Property Taxes

A fundamental difference between the City of Avon and the Avon School District is the main funding source used by each entity for operating purposes (See Figure 3). The City of Avon primarily relies on income tax revenues which total approximately 48% of the City’s annual sources of income. The Avon School District is primarily funded by taxes paid on property that falls within its district. Property tax in Avon, administered by the Lorain County Auditor, is based on the county-assigned value of all parcels of land within each taxing district. The County Auditor determines an assessed value which is 35 percent of the appraised market value for each parcel. This value is updated every three years based on the average price that surrounding or similar properties sold for within the previous three-year period. See Figure 4.



TAX DISTRIBUTION
Using \$100,000 Home Value:

A homeowner in Avon will pay 2.02% of market value of their home in property taxes. For example, taxes for a \$100,000 house in Avon:

\$100,000 x 2.02% = \$2,020 total annual property taxes, distributed as follows:

Recipient	Amount (\$)	Percentage (%)
Avon Schools	\$1,374	68%
Lorain County	344	17%
City of Avon	222	11%
Joint Vocational Schools	60	3%
County Health District	20	1%
Total	\$2,020	100%

Tax Increment Revenue

In addition to property tax revenue, the City collects “payments in lieu of taxes” on parcels that are included in Tax Increment Financing Districts, or TIF. Tax Increment Financing is a State of Ohio authorized economic development tool used by municipalities and other political subdivisions to spur the economy, in the form of infrastructure additions. Avon has been utilizing TIF for over 10 years, and has used these revenues on various improvements (interchange, roadway, utilities, parks) throughout the City.

2016 Summary of Revenues & Expenses

GOVERNMENTAL FUNDS

(GAAP basis—pages 23, 24 of CAFR)

The following is an overview of the City’s financial position and operations for the fiscal year ended December 31, 2016 inclusive of all governmental funds. Financial items presented in this report are derived from a combination of cash basis and Generally Accepted Accounting Principles (GAAP) and are based on the modified accrual method of accounting.

GOVERNMENTAL FUNDS

Most City services and projects are accounted for in governmental funds that are funded through taxes and intergovernmental state-shared revenues. A brief description of the governmental funds included in this report are as follows:

GENERAL FUND: Accounts for revenues and expenditures associated with the majority of government operations of the City that are not required to be accounted for in specific funds: Building, Planning & Zoning, Finance, Legal, Information Technology, Human Resources, Engineering.

SPECIAL REVENUE FUNDS: Accounts for revenue and expenses (other than major capital projects) that are restricted by law or administrative action: Fire, Police, Street Repair & Maintenance, Parks & Recreation, Senior Center, Aquatic Facility, various other funds accounting for smaller operations that have few or no employees.

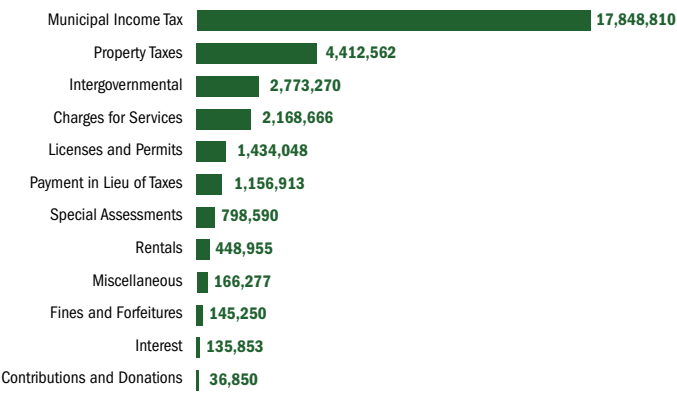
DEBT SERVICE FUNDS: Used to account for revenues and expenditures dedicated to pay general obligation and special assessment debt.

CAPITAL PROJECT FUNDS: Accounts for financial resources used for the construction or acquisition of major capital facilities or projects.

Where the Money Comes From

REVENUES	2015	2016
Municipal Income Taxes	\$15,451,834	\$17,848,810
Property Taxes	4,197,012	4,412,562
Intergovernmental	4,791,149	2,773,270
Charges for Services	1,710,546	2,168,666
Licenses and Permits	1,973,368	1,434,048
Payment in Lieu of Taxes	1,824,012	1,156,913
Special Assessments	744,494	798,590
Rentals	424,554	448,955
Miscellaneous	556,817	166,277
Fines and Forfeitures	281,221	145,250
Interest	70,407	135,853
Contributions and Donations	39,475	36,850
Total Revenues	\$32,064,889	\$31,526,044

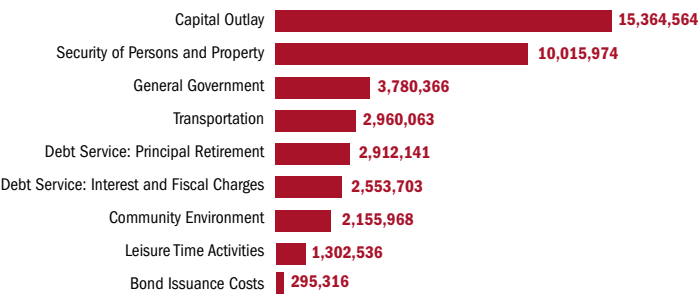
2016 REVENUE BY TYPE



Where the Money is Used

EXPENDITURES	2015	2016
Capital Outlay	\$13,047,443	\$15,364,564
Security of Persons and Property	9,827,877	10,015,974
General Government	4,758,387	3,780,366
Transportation	2,546,580	2,960,063
Debt Service: Principal Retirement	2,621,565	2,912,141
Debt Service: Interest and Fiscal Charges	3,088,258	2,553,703
Community Environment	2,139,948	2,155,968
Leisure Time Activities	1,123,760	1,302,536
Bond Issuance Costs	0	295,316
Total Expenditures	\$39,180,818	\$41,340,631

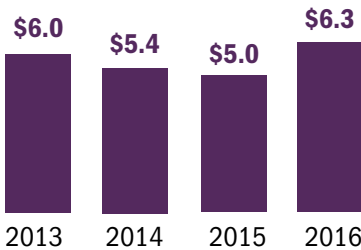
2016 EXPENSE BY TYPE



Explanation of General Fund Year End Balance

An important indicator of the financial health of any community is the year-end General Fund balance (or sometimes referred to as the reserve or savings account of the City). The General Fund balance presents a measurement of how much money the City has available at the end of the year to address future emergencies or budgetary gaps. The General Fund is the primary operating fund of the City. An adequate year-end General Fund cash balance is an essential component in both short-term and long-term financial planning.

COMPARISON OF
GENERAL FUND YEAR
END BALANCE
(in millions)



Debt Profile

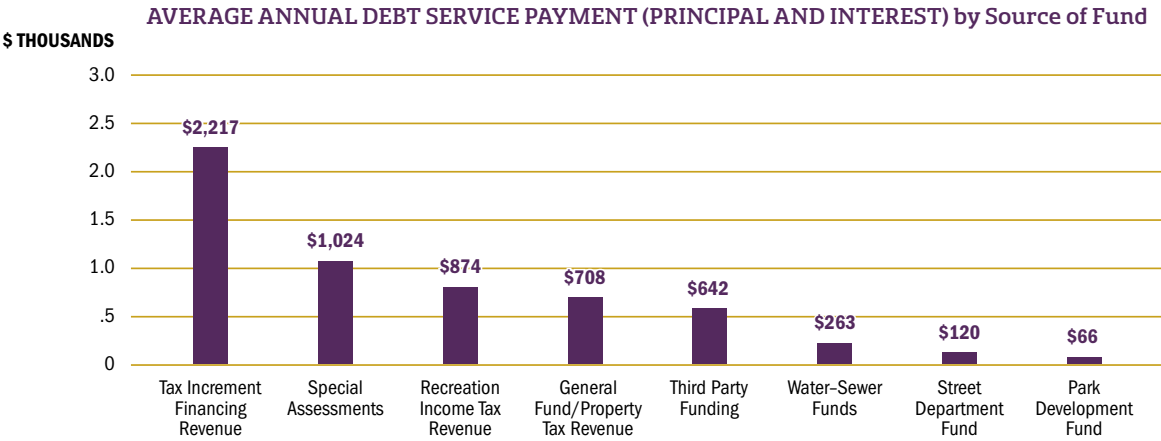
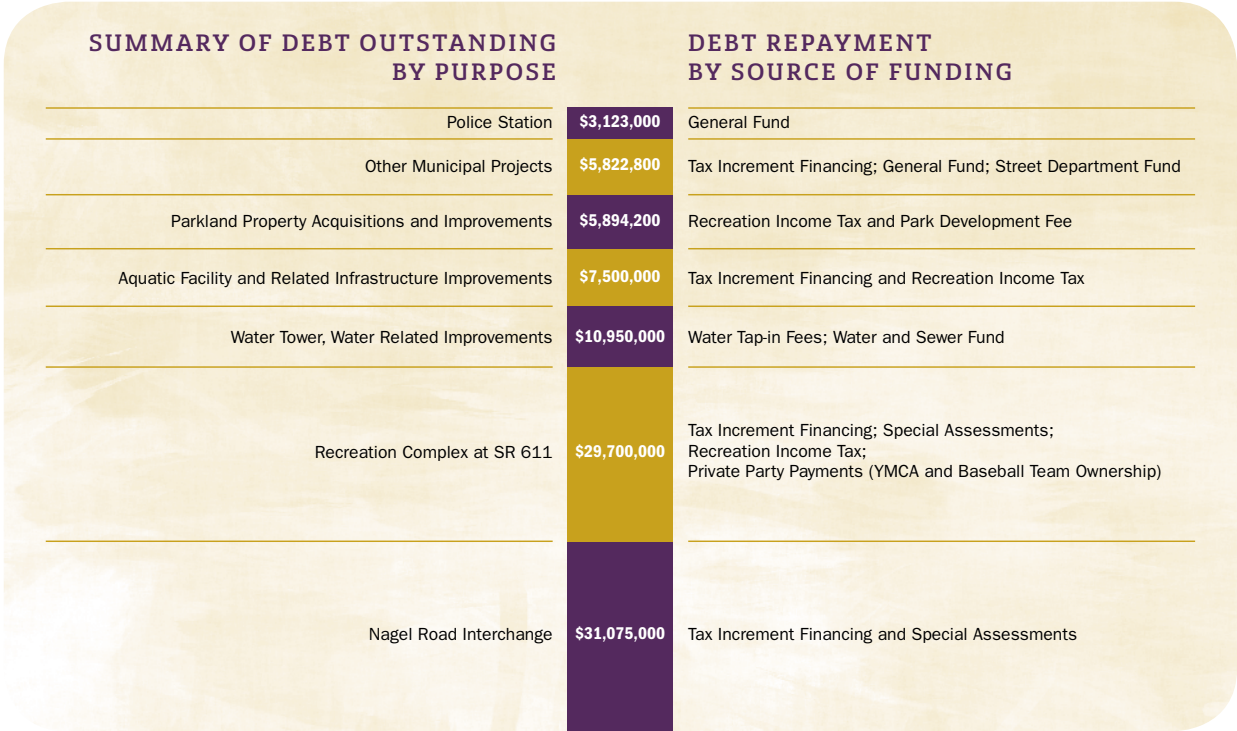
How does the City of Avon use debt?

Cities borrow money not only to help pay for capital projects, but to share the costs of those projects between current and future residents, sometimes referred to as Intergenerational Equity.

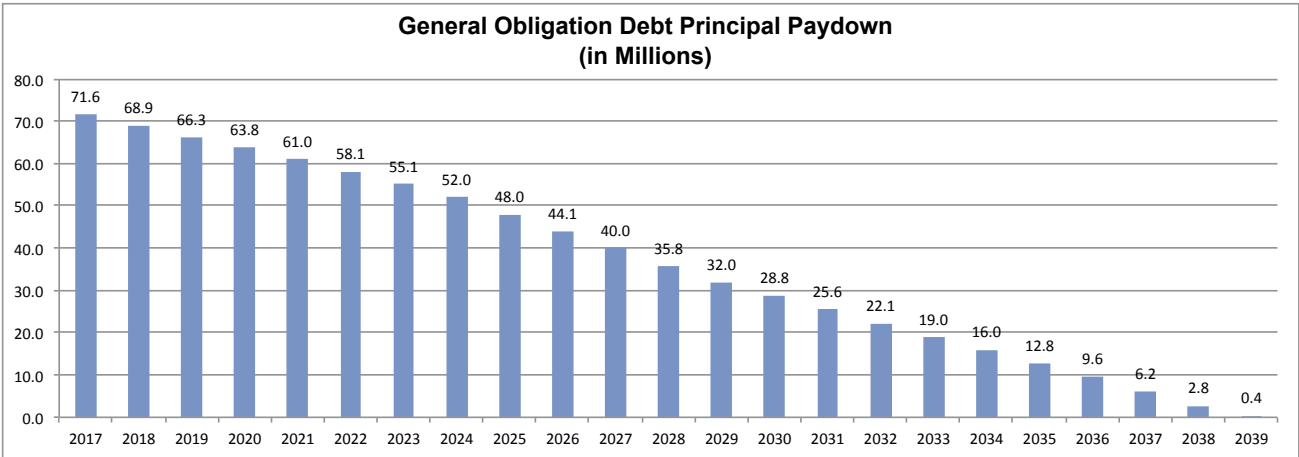
Avon's Debt Management

Avon's total outstanding debt as of December 31, 2016 is \$104,987,768 and is detailed below by Purpose and Repayment Source (See Figure 5). As shown in Figure 5, a significant portion of Avon's debt has been issued to fund key capital projects, some of which were specifically requested by Avon residents, such as: the Recreation Center (YMCA) and the Municipal Aquatic Facility. Debt has also been used to fund major infrastructure projects which support commerce in Avon including the Nagel Road Interchange and Chester Road Widening.

Figure 5



The table below details the paydown of Avon's existing outstanding bonded debt from 2017-2039, when the debt will be fully retired.



Capital Projects

COMPLETED

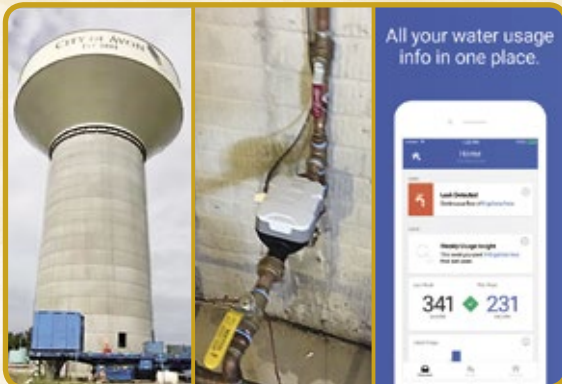
The City of Avon has paid over \$20 million in cash from the General Fund for infrastructure improvements and other capital projects since 2007. In addition, the City utilizes debt to fund projects, particularly where the repayment sources do not affect the General Fund.



Capital Projects Accomplished

- With over \$3,000,000 of grants received from the Federal Highway Administration, the City completed the re-location of Chester Road at State Route 611 which aligns the road with Recreation Lane. The widening along with new traffic signalization greatly improves the safety and traffic flow at this busy intersection.

WATER METER REPLACEMENT PROGRAM



- The City contracted with Badger Meter in 2016 to replace over 9,000 water meters at both residential and commercial addresses. These new meters provide much more accuracy and will reduce “water loss.” The software associated with the new water meters allows us to read meters more accurately and timely, via radio-wave and cellular transmission. As a result of this new software, residents are able to download an app called “eye on water” that allows them to monitor their water usage and set alerts for continuous flow, which may indicate a leak in their plumbing. Finally, using the new system, the Utility Department is contacting residents with possible leaks at their home.



- Widened Chester Road to five lanes between SR 83 and Jaycox Road. This project included re-locating the utilities and improving the street lighting, as well as new traffic signalization. Much of this project is being paid for through voluntary assessments to three property owners. Additionally, the City received a \$250,000 grant from the Lorain County Transportation Improvement District and a \$150,000 grant from the Ohio Department of Transportation Jobs and Commerce.

- Paved and slightly widened Jaycox Road between Detroit Road and Chester Road.

- Re-surfaced SR 83 from Detroit Road to the Avon Lake border. This was a joint project among Avon, Avon Lake and the Ohio Department of Transportation.

- Applied pavement markings on 70 miles of major thoroughfares throughout the City.



- The City sold 57 acres of land to Lorain County Metroparks who will develop and operate the property as parkland. This effort will greatly reduce the possibility of the French Creek flooding in this section of the City.



Capital Projects

UNDERWAY AND PLANNED FOR 2017-2018

Every Child's Playground

- The City is in the planning stages of constructing an “interactive” playground near the Aquatic Facility that will be accessible for both children and adults with a wide range of abilities. The City is partnering with various private organizations and has been awarded a \$42,500 grant for the project from the Lorain County General Health District. The project is known as Every Child's Playground and is expected to be completed in 2018.



Round-A-Bout

- Construction is almost complete of a “round-a-bout” at the intersection of State Route 83 and Mills Road. This is a joint project between Avon and the City of North Ridgeville, with a substantial grant from the Ohio Public Works Commission. This will be the first “round-a-bout” constructed in Lorain County.



Commercial Development Activity IN AVON

Avon Commercial Development

In 2016 and the first half of 2017 the following businesses constructed new facilities and opened in Avon:

- Cleveland Clinic inpatient hospital
- Rose Senior Living
- Cabela's
- Panda Express
- Café Piccolo at Market Place
- Christian Brothers Automotive
- Goo-Goo Car Wash
- Red Wing Shoes at City Centre
- Sherwin Williams at City Centre



Cleveland Clinic Avon Campus

Recent development along the I-90 corridor in Avon.



These businesses have taken space in existing buildings and opened in 2016 or 2017: Melt Bar & Grilled, Penn Station, Big Frog Custom T-Shirts, Homegoods, Oskosh B'gosh & Carters, Mattress Firm, Avon NorthShore Eye Care, Railroad Brewing Company, Avon Brewing Company.

In addition, the following businesses are under construction:

- Duluth Trading Company
- Journey Church
- Rose Senior Living Phase 2
- Taco Bell
- T3 Performance



Rose Senior Living Phase 2



Duluth Trading Company

The following businesses have been approved through the City's Planning Department and will begin construction in the near future:

- Ashley Furniture
- Dunkin Donuts
- Main Event
- Meijer's
- Menard's





PLEASE VISIT US ONLINE
FOR MORE INFORMATION.

www.cityofavon.com
www.facebook.com/AvonOH
www.twitter.com/CityOfAvonOH



City of Avon Website Search Activity in 2016

Total Website Searches 194,189
Most Visited Pages In Order Of Views

- #1 Parks & Recreation
#4 Police Department
- #2 Online Payment Options (Water Billing)
#5 Utility Billing
- #3 Garbage and Recycling
#6 Building Department

AVON CITY PROFILE

City of Avon residents enjoy the benefits of:

- Quality and Affordable Housing
 - Numerous Outdoor Recreation Facilities
 - Attractive Indoor Recreation Facilities
 - Convenient Location to Lake Erie and City of Cleveland
- Outstanding Healthcare Options
 - Popular Retail and Shopping Options
 - Plentiful Opportunities for employment

These amenities provide the residents of Avon with the foundation for a superior quality of life.

Avon By The Numbers

Avon Population

21,193

Gender

Male 10,258
Female 10,935

City Voting Population

Male 7,483
Female 7,766

Population by Age Group

Under 10 years	17.3%	3,664
10 to 19 years	14.8%	3,129
20 - 29 years	6.5%	1,381
30 - 39 years	14.5%	3,070
40 - 49 years	17.3%	3,662
50 - 59 years	11.8%	2,509
60 - 69 years	8.9%	1,884
70 - 79 years	5.2%	1,103
80 years and over	3.7%	791
	100.0%	21,193

Median Age 40.9

2010 census
2011 - 2015 American Community Survey 5-Year Estimates

Housing

Median Home Value	\$248,900	
Housing units	8,007	100.0%
- Owner occupied	6,385	79.7%
- Renter occupied	1,199	15.0%
- Vacant housing units	423	5.3%

Educational Attainment

Graduate or professional degree	17.7%	2,750
Bachelor's degree	27.6%	4,292
Associate's degree	7.3%	1,141
Some college, no degree	21.0%	3,259
High school graduate, GED	20.8%	3,236
Less than high school graduate	5.4%	846
	100.0%	

Economic Characteristics

Per Capita Income	\$41,938
Median Family Income	\$106,905
Household income less than \$25,000	10.7%
Between \$25,000 and \$50,000	18.3%
Between \$50,000 and \$75,000	17.9%
Between \$75,000 and \$100,000	9.1%
Between \$100,000 and \$200,000	31.1%
Greater than \$200,000	12.9%
	100.0%

ELECTED OFFICIALS



MAYOR
Bryan K. Jensen
440-937-7803



COUNCIL PRESIDENT
Craig Witherspoon
440-937-5815



COUNCIL AT-LARGE
Brian Fischer
216-392-9399



COUNCIL AT-LARGE
Tammy Holtzmeier
440-937-8426



COUNCIL WARD 1
Bob Butkowski
440-937-8118



COUNCIL WARD 2
Dennis McBride
216-409-1454



COUNCIL WARD 3
Mary Berges
440-937-0292



COUNCIL WARD 4
Scott Radcliffe
440-937-1842

INCOMING WARD 3
COUNCILMAN
Anthony Moore
440-937-3981

