



**Auditor of State
Betty Montgomery**

CITY OF AVON
CUYAHOGA COUNTY

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Auditor of State Betty Montgomery

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

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

We have audited 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, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 10, 2005, wherein we noted the City implemented Governmental Accounting Standards Board Statements 39 and 46, and Technical Bulletin No. 2004-2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated June 10, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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, providing an opinion 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*. In a separate letter to the City's management dated June 10, 2005, we reported other matters related to noncompliance we deemed immaterial.

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City of Avon
Lorain County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and City Council. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 10, 2005

City of Avon, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2004

Prepared by:

Office of the Director of Finance

Robert F. Hamilton
Director of Finance

City of Avon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004
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CITY OF AVON

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June 10, 2005

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

We are pleased to submit the fourteenth Comprehensive Annual Financial Report (CAFR) prepared by the Finance Office of the City of Avon. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material respects and that it is presented in a manner designed to set forth fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. This is the City's fourth year reporting under the GASB Statement 34 reporting model.

This report will provide the taxpayers of Avon with comprehensive financial data in a format which will enable them to gain an understanding of the City of Avon's financial status. Copies will be made available to the Chamber of Commerce, major taxpayers, the Avon Branch of the Lorain Public Library, financial rating services and other interested parties.

The comprehensive annual financial report is presented in three sections:

1. The Introductory Section, which contains a Table of Contents, the Letter of Transmittal, a list of the City's principal officials and department heads, an organizational chart and the GFOA Certificate of Achievement.
2. The Financial Section, which contains the Independent Accountants' Report, Management's Discussion and Analysis, the Basic Financial Statements and notes that provide an overview of the City's financial position and operating results, and also includes the Combining Statements for Nonmajor Funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section, which presents various tables reflecting social and economic information, financial trends and the fiscal capacity of the City of Avon.

Reporting Entity

For financial purposes, the City includes all funds that comprise the primary government and all agencies, boards and commissions for which the City is financially accountable. The City is financially accountable for an organization if the organization is fiscally dependent on the City or if the City appoints a majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the City. The ability to impose its will on the organization exists if the City can either remove members of the governing board at will, modify or approve the organization's budget, modify or approve rates or fees, modify or overrule decisions of the organization's governing body, or appoint, hire, reassign or dismiss persons responsible for management of the organization's day-to-day activities. A financial benefit exists if the City is legally entitled to or can otherwise access the

organization's assets. A financial burden exists if the City is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization, or if the City is obligated in some manner for the debt of the organization. No component units have been included in the City's reporting entity.

The City is associated with the Lorain County General Health District and the Northeast Ohio Public Energy Council (NOPEC). These are jointly governmental organizations and are presented in Note 16.

The City of Avon

The City of Avon is located in Lorain County in northwestern Ohio, 22 miles west of downtown Cleveland. The City is bound on the north by the City of Avon Lake, on the east by the City of Westlake, on the west by the Village of Sheffield, and on the south by the City of North Ridgeville. The City covers 20.5 square miles, or a total of 16,000 acres. Avon is between 625 and 700 feet above sea level. The French Creek waterway runs throughout the City's relatively flat topography.

The first permanent settlement in Avon was established in 1814 by three families from Montgomery County, New York. Other families from New England followed in the years between 1815 and 1824, and in 1833, several families arrived from Bavaria, Germany.

Early industries included saw mills, a grist mill, and by the 1850's, a steam saw mill, a steam flouring mill, and a wagon manufacturer were established industries. Farms and orchards produced abundant harvests to give Avon the name of "garden spot of America".

Avon was incorporated as a village in 1917 and officially made a City in 1961. Avon has carefully maintained its attractive rural features while allowing for controlled growth. The Old Town Hall was constructed in 1871 and served as the official gathering place where Village business was conducted.

The second Avon Municipal Building was built in 1958 at an approximate cost of \$100,000. At that time, the City's population was estimated to be 4,500. According to the 2000 census, the City's population was 11,353, although current projections have the population set closer to 11,446. In late 1997, the City purchased a new city hall building on Chester Road and turned the Avon Municipal Building into the police department facility.

On May 27, 1965, the seal of the City of Avon was designed and presented by the Avon Chamber of Commerce. The cornucopia pictured on the City's seal (see front cover) represents the abundance of food found here from the pioneer days to the present. Although Avon has experienced many changes in its long history, it is still known for its rich soil - a source of wealth for the growing of vegetables, fruits and flowers. Avon's future still lies in its largely undeveloped acres, promising future residential, agricultural, and industrial growth.

Long known for its many greenhouses, Avon has also become noted as a major center for antiques with several stores housed in century old homes within the French Creek Historic District. Annually, the French Creek Antiques Association sponsors the Christmas Candlelight Walk which brings scores of visitors to Avon.

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

Three daily newspapers, *The Plain Dealer*, *The Morning Journal*, and the *Elyria Chronicle-Telegram* and two weekly newspapers, *The Press* and *The Sun*, serve the City.

The City has two new shopping centers, Avon Commons and French Creek Square, located in the center of town. In addition, several large shopping centers are located within ten minutes of the City; Avon Lake, two miles; North Ridgeville, six miles, the Promenade and Crocker Park in Westlake, two miles; Great Northern Shopping Center, North Olmsted, ten miles and Midway Mall, Elyria, eight miles. Located within the City are branches of First Merit-EST Bank, Fifth Third Bank, The First Federal Savings of Lorain, Parkview Federal Savings Bank, National City Bank, Dollar Bank and Lorain National Bank.

St. John Westshore Hospital, Westlake and Community Health Partners Hospital, Lorain, are located within six miles of the City while Elyria Memorial Hospital is within ten miles of the City. The Cleveland Clinic is approximately twenty-five miles from the City. In 1999, Elyria Memorial Hospital constructed a Center for Health and Fitness which is recognized as the premier medical based facility in Northeast Ohio. It encompasses special programming and services, including cardiac rehab program, integrated weight management and bariatric services, sports therapy and outpatient testing services.

Institutions of higher education within Lorain County include Lorain County Community College in Elyria, approximately five miles west of Avon; Southeastern Business College in Lorain, approximately twelve miles west of the City, and Oberlin College in Oberlin, approximately twenty miles south of Avon. Both Lorain County Community College and Southeastern Business College are junior colleges (two-year degree programs and/or certificate studies), and Oberlin College is a four-year institution with a fine arts discipline. Lorain County Community College is a public institution while Southeastern Business College and Oberlin College are proprietary schools. Lorain County Community College offers a University Partnership Program where students can coordinate their educational program with a number of universities including: University of Akron, Ashland University, Cleveland State University, Kent State University, Ohio State University and Youngstown State University.

City Government

Avon was founded in 1814, incorporated as a village in 1917, and achieved City status in 1961. 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. The member receiving the greatest number of votes becomes the 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. Members of Council are elected to a two-year term.

The City provides a full range of municipal services. These services include police, fire, emergency rescue, recreation and parks, a Mayor's Court, water and sewer utility, planning, zoning and general administrative services.

Employee Relations

The City has 157 employees; 97 are full-time, and 60 are part-time. Full-time employees may join one of the collective bargaining units for their group as determined by the State Employee Relations Board (SERB). The four unions in the City are:

<u>Name</u>	<u>Contract Expires</u>	<u>Membership</u>
AFSCME Local #277	December 31, 2006	23
Fraternal Order of Police, Dispatchers & Sergeants	December 31, 2005	27
Teamsters Local #52	November 30, 2006	6
International Assoc. of Fire Fighters, Local 4310	December 31, 2007	17

Economic Conditions and Outlook

During 2004, the City experienced a period of amazing growth in the construction of residential, commercial and industrial development. The economic outlook appears to be very aggressive. Below are highlights regarding residential and commercial/industrial growth within the City of Avon.

Residential - The number of new single-family home permits for the year 2004 was 391 with a valuation of \$112,171,053 compared to 383 single-family home permits issued the previous year with a valuation of \$93,017,246. Duplex construction consisted of 11 structures with 22 units and a value of approximately \$3,670,200.

New and existing residential projects continue and expand in various stages including but not limited to: Amberwood, Arbor Acres, Augusta Woods, Avenbury Lakes, Bentley Park, Briar Lakes, Camelot, Cottage Gate, Creekside, Centennial Village, Greenview Estates, Hawkesbury Lane, Highland Park, North Star Lane, Pin Oak Preserve, Red Tail Golf Community, Stonebridge, Saddlecreek, The Village at Creekside, Vineyard Estates, West Park and Willow Creek subdivisions.

Commercial/Industrial - Commercial permits were issued with a valuation of \$71,646,647. Contributing to the growth of commercial permits with continuing development was the Avon Commons, the opening of Heritage South School, Hope Christian Church, Ethan Allen Furniture, Dollar Bank, KeyBank, Fifth Third Bank, Cold Stone Creamery, Moe's Grill, Cousin's Cigar, Malley's Chocolate, Tri Tech Medical, Silk Stone Orthodontics, EMH Emergency Center, North Coast Bearing addition, Kopf's Mini Storage, Bearing Technologies and the construction of the St. Mary of the Woods complex and DM Foods.

Assessed Valuation- The assessed valuation of the City of Avon has been growing steadily over the past ten years, as can be seen in the Statistical Section of this report. The assessed valuation grew from \$417,641,340 in 2003 to \$510,089,580 in 2004, primarily due to the expansion of industry and an increase in residential construction.

Major Initiatives

In 2004, the City of Avon addressed several major initiatives and planned for many others in 2005 and beyond. All departments met important goals in 2004. The following summarizes the departments' accomplishments.

The Director of Public Safety is responsible for overseeing the police, fire and building departments. With the continuing growth of the City, there will be a need to increase the personnel in all departments.

The City's newly adopted full-time fire department is averaging over 100 calls per month (both fire and squad).

Many safety concerns are being addressed through the widening of streets, the addition of new turn lanes at major intersections and new street lights where needed. The City continued to address all safety concerns in 2004 and for the future.

Police Department – In 2004 the Police Department continued its steps to upgrade equipment and provide its personnel with training to better serve the community. Two additional patrol officers were added bringing our total strength to 25 sworn and 6 civilian personnel.

The rank structure within the department changed adding a Captain's position for Executive Officer. Two Lieutenants were promoted from the Sergeants group as well as two Sergeants from the patrol group. One additional patrol officer was assigned to the Detective Bureau to assist with the increased demands for investigative services.

Final implementation of the CAD (Computer Aided Dispatch) was completed. Training for dispatch personnel will continue through the year 2005.

Three 2004 cruisers were received and replaced aging line vehicles with high mileage. One 2005 Harley Davidson Police motorcycle was leased to replace the 2002 motorcycle.

All sworn personnel received extensive pursuit driver training skills sponsored by EROC (Emergency Response Operators Course).

Three tasers (non-lethal weapon) were purchased to assist officers in the performance of their duties and offer an alternative to deadly force situations. One Body Bunker (ballistic shield) was purchased to provide cover for officers making a dynamic entry in emergency situations (active shooter and barricaded suspect).

Substantial renovations of the first floor jail facility were completed in order to comply with State mandates on Jail Standards. Also, the department began the planning process for a new Police Facility to accommodate the needs of the department and the ever-growing community.

Fire and Emergency Rescue Departments – The Avon Fire Department has been fully operational for approximately eighteen months operating 3 shifts with 4 Firefighters/Paramedics and 1 Lieutenant. Daily operations consist of a Captain/Training Officer, Dispatcher/Secretary, Assistant Chief/Fire Marshall and the Chief. In 2004 the Fire Department responded to 371 fire runs and 1,073 ambulance runs. A new 2004 Ford ambulance was placed in service. A 2004 Ford pickup truck with a snowplow was also added to assist with maintenance.

The Fire Department flushed 1,501 hydrants from May through August with no major problems occurring.

All self-contained breathing apparatus were checked and serviced by Lorain Fire Equipment and found to be fully operational. The breathing air compressor was serviced and checked by Breathing Air Systems. Air samples are taken four times a year to assure that the breathing air meets all standards for the self-contained breathing apparatus and air tanks for divers.

American Test Center conducted their annual test of all ladders used at the Fire Department at William Detroit Diesel.

The 1972 FMC Pumper, 1990 FMC Pumper and 1999 U. S. Tanker Pumper had their yearly pump test at William Detroit Diesel and pumped at rated capacity. Fire Truck Specialties completed the yearly maintenance on the apparatus portion of the 1972 FMC Pumper, the 1990 FMC Pumper and 1999 U. S. Tanker Pumper. Mike Bass Ford did the yearly maintenance and completed the Federal Department of Transportation inspections on the following vehicles: 1972 FMC Pumper, 1990 FMC Pumper, 1999 U. S. Tanker Pumper, 1990 International Heavy Rescue, 1992 Ford Squad, 2000 Ford Squad and 2004 Ford Squad. All units passed and the reports are on file at the Avon Fire Department.

Yearly inspections were completed on all businesses and industries. The Fire Prevention Bureau's annual report indicated 390 inspections were performed throughout the City for the year 2004.

The following public and private schools were inspected: Avon Village, Avon East, Avon Heritage, Avon Middle, Avon High School, St. Mary's and Holy Trinity. During Fire Prevention Week, all members of the department participated with the Fire Safety House and Fire Hazard House at the various schools.

The Avon Fire Department has a number of non-emergency services for our citizens. The department is involved in the Vials of Life Program, where a vial to store important medical information is given to the citizens to keep in their refrigerators so the emergency personnel know where to find it in case of an emergency. Smoke detectors can be obtained for free at the department. A new Lockbox Program has been established with the help of the Avon Senior Citizens Association. Members of the department provided training in CPR, the proper use of fire extinguishers and proper child car seat installation.

The Fire Department is affiliated with the Lorain County Dive Team, Lorain County Haz-Mat Team and Lorain County Water Shuttle. Firefighters are additionally trained in Confined Space and Rope Rescue.

Building Department - The Building Department issued permits for 391 single-family dwellings and 11 duplexes consisting of 22 units with a valuation of \$115,841,253, not including infrastructure. The Commercial/Industrial permits issued were 260 with an approximate value of \$71,646,647. A total of 2,471 permits were issued for the year 2004 which include residential (new and remodeling), commercial, miscellaneous and zoning permits at an estimated construction cost of \$194,077,164.

The shopping plazas in the City of Avon continue to expand. Avon Commons has completed more tenant space to include Ethan Allen, Cameo Pizza, Dollar Bank and KeyBank. The shopping plaza known as French Creek Square also continues to expand with the addition of tenant spaces for Moe's Grille, Cousins Cigar, Malley's Chocolate, Curves, Coldstone Creamery and Fifth Third Bank. Not to be excluded in the growth of shopping plazas is 2100 Center Shopping Center. This plaza has added Ladies Workout Express, The American Red Cross and Mark Kendall Day Spa. Lake Erie Harley Davidson outgrew their original building and constructed a larger building.

The industrial area had expansion in existing plants which include Bearing Technologies, Berrington Pumps, CDI, Leonard's Plumbing as well as new construction of DM Foods Processing plant, Great Lakes Computer, Kopf Mini Storage and North Coast Bearings. Numerous medical facilities have been added to the City including Dr. Voier's Cosmetic Family Dental, Orthodontics office in Stonebridge Center, Orthopedic office on Travelers Pointe, Dr. Dobrovich's office on Hale Street, Kaiser Medical building along with two other medical buildings on American Way, Tri-Tech Medical on Avon Commerce Parkway and the expansion of EMH Emergency Department. Other projects completed are the restaurants Winking Lizard Tavern, Vintage House Café and Dianna's Deli. Major renovations to Avon East Elementary School took place in 2004 along with the addition of a new elementary school, Avon Heritage South.

The Building Department conducted thousands of inspections for the year 2004 with a staff consisting of a Chief Building Official, five Field Inspectors and one full-time Residential Plan Examiner/Inspector. The Building Department office staff also includes one full-time Clerk and two part-time Clerks along with a full-time Zoning Enforcement Officer.

Engineering - The City's Consulting Engineer, Bramhall Engineering and Surveying Company, Inc. provided engineering design services for the City of Avon infrastructure projects including major drainage, water supply, sanitary sewer collection and pavement reconstruction projects. Projects include State Route 254/Nagel Road Intersection Improvements, 2004 Road Program improvements on French Creek Road, Riegelsberger Road, Hale Street, Julian Street, State Route 83/Falcon Crest Intersection, Wisteria Way, Violet Court and Periwinkle Street. Other projects include Little League Concession Stand,

Schwartz Road Park Improvements, Avon Maintenance Building Site Engineering, State Route 83 Ditch Enclosure Phase IV (State Issue II), 2004 Bridge Inspections, Center Road Relocation (Preliminary Design) and Chester Road Relocation (Preliminary Design).

Bramhall Engineering also provided Planning Commission reviews and construction inspection for commercial, industrial and residential developments. The department conducted 612 topographic site plan reviews and over 1,000 foundation and final grade inspections.

Bramhall Engineering prepared the 2004 updates to the infrastructure assets inventory for the current year GASB 34 conversion process.

There was a continuation of the development of the City of Avon Geographic Information System (GIS) including updates of the digital mapping model of property parcels, zoning and infrastructure systems. Updates to the GIS included 2002 aerial photography, watersheds, septic system identification, storm system outfalls, soil surveys, 100-year flood zone and traffic data.

ADA – The Americans with Disabilities Department (ADA) of the City of Avon reviews all projects coming from the Planning Commission and the Building Department for ADA Compliance. During the construction of commercial, retail and industrial projects, the Coordinator visits the job site to verify that all ADA requirements are being met. The department also mediates complaints referred by residents of the City.

At the beginning of 2002, a Grant Assistance Board was formed by the Mayor and the ADA Coordinator. The main function of this Board is to review qualified applications from residents for ramps. In 2003 the Grant Assistance Board funded the cost of construction materials for two separate residential ramps, in 2004 three ramps were funded.

The Coordinator furnishes quarterly reports to City officials and directors explaining the ADA Department activities throughout the year. For the first three quarters of 2004, eighty-seven development plan reviews were performed on residential, commercial and industrial projects.

Due to the illness of the ADA Coordinator, reviews for the last quarter of 2004 were performed by the Planning Commission and the Building Department.

Service Department - All Water and Sewer and Street Department operations are conducted from a combined facility located at the corner of Detroit and Jaycox Roads.

Water and Sewer Departments - The City of Avon does not operate its own water or sewer treatment facilities. Water is supplied by the Avon Lake Water Plant through Avon's distribution system. The system includes a 36-inch water main that serves the Rural Lorain County Water Authority in southern Lorain County. The City has approximately 101 miles of water mains and 79 miles of sanitary sewer mains.

The City completed the installation of the new sixteen inch main water supply on State Route 83, the total reconditioning of the existing Ground Storage Tank, and the installation of the new Pump Station. This project has been in the works for five years. The completion of the project has increased the City's capacity to pump water from 1.7 million gallons per day to over 5 million gallons per day. This installation and other water sources have raised the City's total water availability to over 11 million gallons per day and should meet the City's need for the next 15 to 20 years.

During the year, the major City project for the Utilities Department was the total reconditioning of the Elevated Water Tower. This project consisted of the total removal of the exterior coating and spot repairs of the inside coating. The new paint coating will extend the usefulness of this tower for 30 years.

The Utilities Department also installed six new fire hydrants to better serve a particular subdivision for which the existing hydrants were installed in the 1950's.

In 2004, the Utilities Department was directly or indirectly involved in eighteen major projects: twelve residential developments and six major commercial/industrial projects.

With the construction of the new subdivisions, both residential and commercial, the City of Avon's customer base has grown from 6,656 to 7,120. In addition to the above mentioned projects, the Utilities Department has performed many routine daily jobs such as inspections for all building site work; meter installations; fire hydrant repairs; billing; customer service; repairs to water breaks; installation of water services and maintenance of all Utility Department facilities.

The French Creek Water Pollution Control Center, which is owned by the City of North Ridgeville, handles 75 percent of the sanitary sewer discharge of the City of Avon. The City currently discharges the majority of the commercial/industrial wastewater to the Avon Lake Water Pollution Control Center. The City is constantly expanding and upgrading our sanitary system that discharges to those treatment facilities. These expansions have made key areas more accessible to commercial, industrial and residential growth.

The Utilities Department also maintains the City's wastewater collection system. In 2004, the Utilities Department performed the annual jetting and cleaning of the more than 79 miles of sanitary sewer lines. During the annual maintenance of the system the Department repairs, raises and inspects all manholes and service laterals in an effort to provide uninterrupted services.

The Utilities Department is presently staffed with eleven employees; seven "outside crew" employees, three clerical employees and the Superintendent. These employees handle all day to day operations of the Department including billing and accounting, meter reading, taps, breaks and normal operations associated with the department and its appurtenances.

Street Department -The Street Department employs ten full-time employees, who are under the direction of the Street Department Superintendent. The department is responsible for the repairs and maintenance of all City streets and State routes within the City, with the exception of Interstate 90, which is the responsibility of the Ohio Department of Transportation. The Street Department is also responsible for signage and pavement markings in the City of Avon.

The Street Department oversees ground maintenance for City Hall, the Avon Senior Center, the Police Station and one City owned cemetery.

Major road resurfacing and reconstruction projects completed in 2004 included Moore Road, French Creek Road, Riegelsberger Road, Julian and Hale Streets. Old Colorado Road was also resurfaced in 2004.

Another obligation of the Street Department is the cleaning up of road side debris, off-road ditches and French Creek. All work is done on an as-needed basis to provide optimum flow and distribution of storm water throughout the City.

The City of Avon started construction of a new service department garage and headquarters for the Street Department to replace the original building which collapsed in a snow storm on December 23, 2004. The department should move into the new facility in mid-2005.

The enclosure of the channel adjacent to Route 83 was deferred in 2004 due to lack of State funding and the City plans to complete the project in 2005.

Parks and Recreation – The Parks Department takes great pride in keeping the City parks a place of beauty and recreation for the citizens of Avon. The Parks and Recreation offices are located at 35001 Schwartz Road and park/recreation information can also be accessed through the City website, (Cityofavon.com). The staff at the Parks Department, which as of 2004, consists of a Director, two full-time employees, three permanent part-time employees, a secretary and four summer helpers now maintain five parks located throughout various locations in Avon. The department maintains 135 acres of park land.

Northgate Community Park is located off Colorado Avenue on Eaton Drive in central Avon and encompasses roughly 24 acres. There are a multitude of activities offered at this park including an outdoor fitness track, playground, fishing pond, sled riding hill and outdoor skating rink during the winter months, sand volleyball and green space for play. Additionally, this facility offers the Avon Community Center which is available for indoor programs and other activities.

Schwartz Community Park is found at Schwartz and Jaycox Roads in east Avon and encompasses 49 acres. Here you will find our largest number of soccer fields, a baseball field, playground, basketball courts, horseshoe pits, sand volleyball, winter skating rink, restrooms and a pavilion with grills and picnic tables (which is available for rental). There is also a walking/bike path that winds through the trees and creeks for the nature lover.

Heritage Square at French Creek can be found at the corner of Detroit and Stoney Ridge Road in central Avon. The main feature of this area is the beautiful gazebo (which can be rented) surrounded by a flower garden, as well as park benches and picnic tables.

Avon Isle Park, located just north of Heritage Square, is the “quiet” park with mature trees and a meandering creek. This acreage offers a wood structure dating from 1920, picnic tables for retreat and solitude and the rippling sound of the French Creek.

Veteran’s Memorial Park opened in the spring of 2003 and is currently home to four baseball fields, two softball fields, two soccer fields, a fishing pond, winter skating rink, playground and a restroom/concession building. The City will be acquiring an additional 14 acres at this location to be developed at a later date. This park is also the site of the Avon Duct Tape Festival which is held annually for the community.

Our newest endeavor is the French Creek Restoration Project which is an ecology based project that will address the overflow of water from the French Creek, filtering it and creating wetland areas that will be a natural habitat for wildlife and wildflowers. The Park Department will maintain approximately 11 of its 26 acres.

The Recreation Department has a Recreation Coordinator on staff and offers many excellent activities for the citizens of Avon either seasonally or year round. Information about the programs and registration can be found either at the Parks Department or on the City of Avon website.

Adult Programs: Co-Ed Volleyball., 30+ men's basketball, 25+ women's basketball, Co-ed Softball, Health Screening with St. John's Westshore Outreach program.

Youth Programs: Safety Town, gymnastics, cheerleading and dance, baton, pom pom, pony and horseback riding camp, little scientists, flag football, basketball, supervised playground activities, swimming lessons, and baseball/softball/soccer skills clinics.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

Development of the City's accounting system includes consideration of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from its implementation and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control Budgetary control is maintained by an encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when a sufficient unencumbered appropriation balance is not available.

To maintain budgetary control, the department head first reviews the purchase order which is then forwarded to the Finance Director. The Finance Director then reviews the purchase order for availability of funds. Copies of all approved purchase orders are returned to the department head pending receipt of the goods and invoices. Once goods or services and the invoice are received, the department head signs a copy of the purchase order for verification that all goods or services were received and are in acceptable condition. Each department is furnished a monthly report showing the status of the budget accounts for which it is responsible. The reports detail monthly transactions and summarize the available balance.

The Mayor and the Finance Director prepare an annual appropriation ordinance which is submitted to the Council's Finance Committee for its recommendations by November 1st of each year for the period January 1st through December 31st. All members of Council review it before its adoption. All disbursements require appropriation authority.

In November of 2004 the City prepared the annual appropriation ordinance for year 2005. The ordinance was submitted to Council's Finance Committee and was subsequently passed by Council on December 13, 2004. With this action, the City has chosen to by-pass the temporary appropriation ordinance.

For all operating funds, the Finance department maintains the appropriations at the object level within a department and fund for the daily accounting of the City activity. However, the legal level of budgetary control, as established by Council, is at the fund level for all funds.

Financial Condition This is the fourth year the City has prepared financial statements following GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliations to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City finances for 2004.

Cash Management

The City adheres to the regulations set forth in the Ohio Revised Code to ensure the safety of its investments. All deposits are made under contracts with local banking institutions and with the State Treasurer's Investment Pool (STAROhio).

A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of the public funds on deposit. The collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Risk Management

The City of Avon has liability insurance coverage through the Custis Insurance Co. In 2004 the City expended \$99,651 for general liability insurance coverage, a \$4,823 increase in premium compared to \$94,828 for 2003.

The City carries a \$2,000,000 general liability policy with \$3,500 deductible, a general law enforcement liability policy of \$1,000,000 with a \$5,000 deductible, a public officials liability policy of \$1,000,000 with a \$7,500 deductible, an employment practices liability policy of \$1,000,000 with a \$7,500 deductible, an automobile liability policy of \$1,500,000 with no deductible, an inland marine police of \$782,012 and a \$13,450,304 blanket building and contents policy. An additional \$9,000,000 umbrella policy was also purchased.

Awards

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 received this honor for its Comprehensive Annual financial report for the year ended December 31, 2003. A Certificate of Achievement is valid for a period of one year only. We believe our report continues to conform to the requirements and standards of the Certificate of Achievement Program, and we are submitting the 2004 Comprehensive Annual Financial Report to the GFOA for consideration.

The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its award represents a significant accomplishment by a government and its management.

Independent Audit

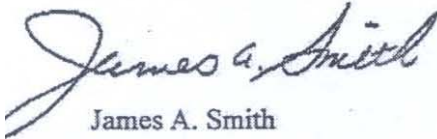
Independent auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the City's financial statements as of December 31, 2004. The Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

Acknowledgments

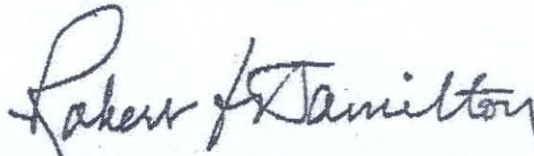
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the supervisors of other various departments. The preparation of the Comprehensive Annual Financial Report requires a major effort, and we would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

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

Respectfully submitted,



James A. Smith
Mayor



Robert F. Hamilton
Director of Finance

City of Avon, Ohio
Principal Officials
December 31, 2004

Elected Officials:

Mayor.....	James A. Smith
President of Council	Larry Hoekstra
Councilman at Large.....	Jo Anne Easterday
Councilman at Large.....	Larry Kroeger
Councilman – Ward I.....	Mark D. Julius
Councilman – Ward II	Dennis McBride
Councilman – Ward III.....	Timothy E. Nickum
Councilman – Ward IV.....	Gerald T. Gentz

Directors:

Law Director.....	John A. Gasior
Finance Director	Robert F. Hamilton
Safety Director.....	Robert E. Allen
Service Director.....	Gerald W. Plas
Parks and Recreation Director	Gerald Galant

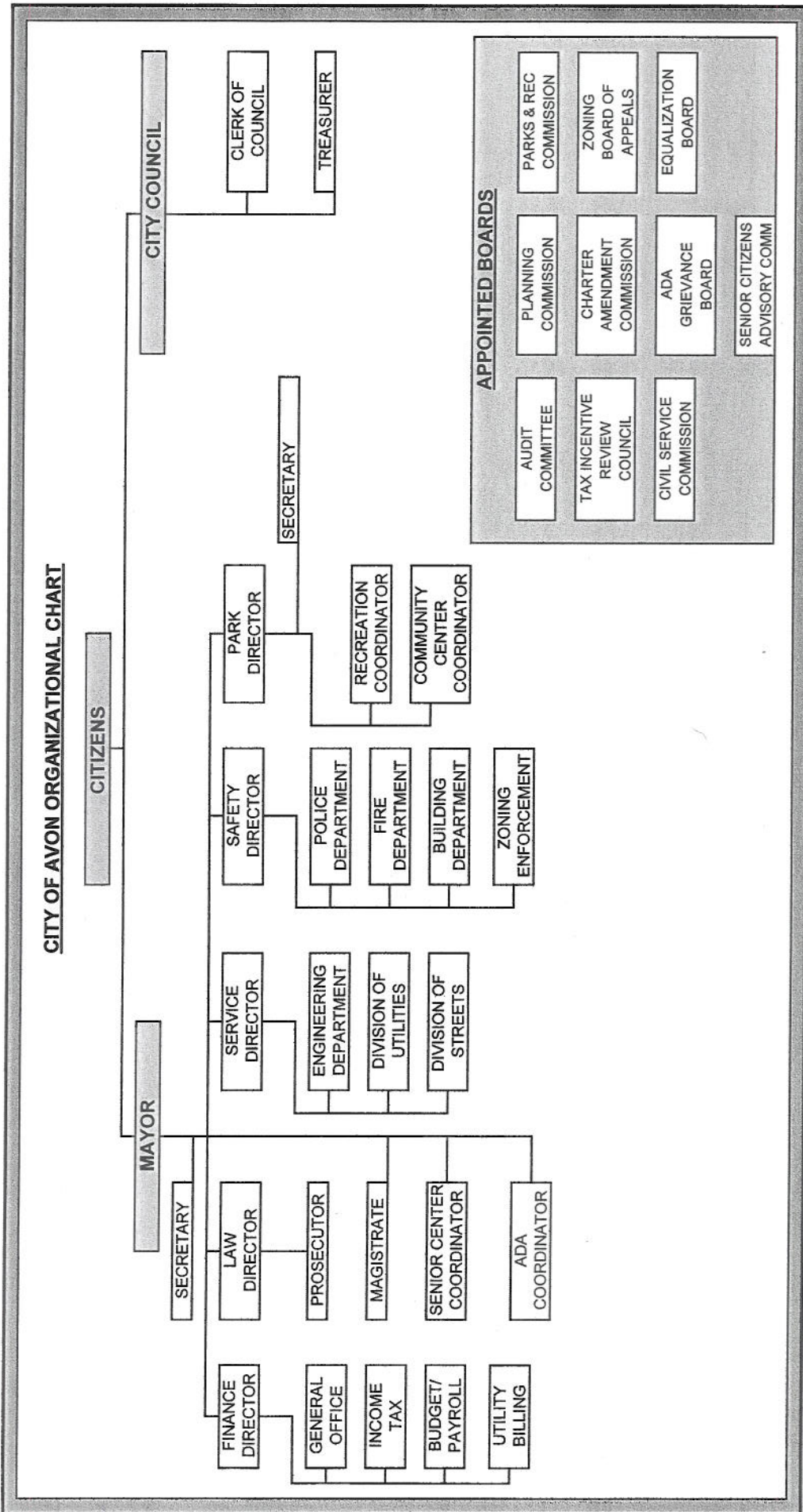
Chairmen, Boards and Commissions:

Board of Zoning and Building Appeals.....	Randy Fratianne
Planning Commission.....	Carolyn Witherspoon
Civil Service Commission	Jimmy Marsiglia
Park and Recreation Commission.....	Jo Anne Easterday

Other Staff Members:

Treasurer.....	Barbara A. Kraus
City Consulting Engineer	Michael C. Bramhall
Superintendent of Utilities.....	David A. Conrad
Superintendent of Streets.....	William M. Biro
Secretary to the Mayor.....	Sandra K. Martin
Clerk of Council	Ellen R. Young
Clerk of Court.....	Jill K. Clements
Assistant Finance Director.....	June F. Mitchell
Clerk Secretary of Planning Commission and Zoning Board of Appeals	Dorothy A. Bommer
Zoning Enforcement Officer.....	Timothy Y. Krugman
Prosecutor	Anthony L. Manning
City Magistrate	Daniel P. Stringer
Police Chief	John R. Vilagi
Police Lieutenant	Paul T. Romond
Fire Chief.....	Frank Root, Jr.
Assistant Fire Chief	John R. Votava
Building Inspector	James P. Smith

CITY OF AVON ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Avon,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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



Nancy L. Zjella

President

Jeffrey R. Emer

Executive Director

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

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 fiscal year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Avon, Lorain County, Ohio as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General, Fire Department, Police, and Street Construction, Maintenance and Repair Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the City implemented Governmental Accounting Standards Board Statements 39 and 46, and Technical Bulletin No. 2004-2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. 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 tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

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

Betty Montgomery
Auditor of State

June 10, 2005

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
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, 2004. The intent of this discussion and analyses is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2004 are:

- Charges for services totaled \$2,687,595 in governmental activities, an increase of \$604,816 or 29.04 percent over 2003.
- Total assets increased by \$9,383,876, a 9.92 percent increase over 2003.
- Total net assets increased \$6,661,856 or 9.09 percent over 2003.
- Total capital assets increased \$7,081,877 or 10.54 percent over 2003.
- Total outstanding long term liabilities increased \$831,572 over 2003, an increase of 5.24 percent.

Using This Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets* 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 Assets 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 2004?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities 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.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

These two statements report the City's net assets and the changes in those assets. The changes in assets 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 Assets* and the *Statement of Activities* are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Revenue and Expenses
- General Revenues
- Net Assets Beginning of Year and Year's End

Reporting the City Of Avon's Most Significant Funds

Fund Financial Statements

The presentation of the City's funds begins on page 18. Fund financial reports 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, fire station bond retirement, special assessment bond retirement, Schneider Court site development, water and sewer.

Government 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. Government 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 Assets* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

Proprietary Funds

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

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The City of Avon as a Whole

The *Statement of Net Assets* looks at the City as a whole. Table I provides a summary of the City's net assets for 2004 compared to 2003.

Table I
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and Other Assets	\$23,097,541	\$21,211,988	\$6,623,188	\$6,206,742	\$29,720,729	\$27,418,730
Capital Assets, Net	49,691,081	44,580,262	24,587,717	22,616,659	74,278,798	67,196,921
<i>Total Assets</i>	<u>72,788,622</u>	<u>65,792,250</u>	<u>31,210,905</u>	<u>28,823,401</u>	<u>103,999,527</u>	<u>94,615,651</u>
Current and Other Liabilities	5,723,811	3,922,219	1,619,878	1,531,022	7,343,689	5,453,241
Long-Term Liabilities:						
Due Within One Year	582,185	461,371	238,160	213,876	820,345	675,247
Due In More Than One Year	13,591,272	12,648,904	2,297,218	2,553,112	15,888,490	15,202,016
<i>Total Liabilities</i>	<u>19,897,268</u>	<u>17,032,494</u>	<u>4,155,256</u>	<u>4,298,010</u>	<u>24,052,524</u>	<u>21,330,504</u>
Invested in Capital Assets, Net of Related Debt	39,265,179	36,408,687	20,706,039	17,442,509	59,971,218	53,851,196
Restricted:						
Capital Projects	5,412,596	2,124,737	0	0	5,412,596	2,124,737
Debt Service	2,339,940	2,156,992	0	0	2,339,940	2,156,992
Other Purposes	2,711,568	4,080,830	0	0	2,711,568	4,080,830
Unrestricted	3,162,071	3,988,510	6,349,610	7,082,882	9,511,681	11,071,392
<i>Total Net Assets</i>	<u>\$52,891,354</u>	<u>\$48,759,756</u>	<u>\$27,055,649</u>	<u>\$24,525,391</u>	<u>\$79,947,003</u>	<u>\$73,285,147</u>

Total assets increased by \$9,383,876 from 2003 to 2004. The increase was due to additions to capital assets, such as work in progress involving the new Senior Citizen Center, Service Department building, Little League and Skateboard complex, along with various road, water and sewer line contributions from developers and more cash available at the end of the year.

Total liabilities increased by \$2,722,020. The City retired \$1,400,000 in business-type fund notes for water and sewer improvements and issued \$1,470,000 in notes. \$3,805,000 in governmental fund notes were issued during 2004 for land purchase, fire station improvement, Schneider Court development and roadway, French Creek restoration and other municipal purposes. General obligation bonds of \$2,500,000 were issued for service garage construction. The City refunded sanitary water construction general obligation bonds of \$96,000 and water and sewer construction bonds of \$504,000 during the year.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Total net assets increased \$6,661,856 with governmental net assets comprising of \$4,131,598 and business-type activities comprising of \$2,530,258 of that amount. Net assets increased mainly due to additions to capital assets for the construction of a new Senior Citizen Center and a Service Department building. Contributions from developers for street and drainage improvements and water and sewer lines connected to the Municipal Waterworks System also added to the increase in capital assets.

Table 2 shows the changes in net assets for the year ended December 31, 2004. Total revenues decreased \$1,501,473 or 5.63 percent. Total expenses increased \$3,804,517 or 25.84 percent.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues:						
Charges for Services	\$2,687,595	\$2,082,779	\$2,872,662	\$2,732,047	\$5,560,257	\$4,814,826
Operating Grants and Contributions	913,014	695,341	0	0	913,014	695,341
Capital Grants and Contributions	5,185,377	7,058,526	3,533,820	3,325,429	8,719,197	10,383,955
General Revenues:						
Property Taxes	2,842,733	2,664,197	0	0	2,842,733	2,664,197
Municipal Income Taxes	5,866,995	6,746,942	0	0	5,866,995	6,746,942
Grants and Entitlements	507,009	275,722	0	0	507,009	275,722
Investments	525,863	291,920	44,133	27,272	569,996	319,192
Gain on the Sale of Capital Assets	0	647,650	0	0	0	647,650
Miscellaneous	178,207	96,670	30,415	44,801	208,622	141,471
Total Revenues	18,706,793	20,559,747	6,481,030	6,129,549	25,187,823	26,689,296
Program Expenses						
General Government	1,935,275	1,695,377	0	0	1,935,275	1,695,377
Security of Persons and Property	4,532,738	3,932,378	0	0	4,532,738	3,932,378
Transportation	4,894,334	3,288,035	0	0	4,894,334	3,288,035
Community Development	1,222,720	1,091,550	0	0	1,222,720	1,091,550
Basic Utility Services	395,185	22,007	0	0	395,185	22,007
Leisure Time Activities	1,052,267	1,131,505	0	0	1,052,267	1,131,505
Interest and Fiscal Charges	522,343	479,473	0	0	522,343	479,473
Water	0	0	2,656,298	1,852,642	2,656,298	1,852,642
Sewer	0	0	1,314,807	1,228,483	1,314,807	1,228,483
Total Expenses	14,554,862	11,640,325	3,971,105	3,081,125	18,525,967	14,721,450
Increase in Net Assets						
Before Transfers	4,151,931	8,919,422	2,509,925	3,048,424	6,661,856	11,967,846
Transfers	(20,333)	3,627	20,333	(3,627)	0	0
Increase in Net Assets	4,131,598	8,923,049	2,530,258	3,044,797	6,661,856	11,967,846
Net Assets, January 1, 2004	48,759,756	39,836,707	24,525,391	21,480,594	73,285,147	61,317,301
Net Assets, December 31, 2004	<u>\$52,891,354</u>	<u>\$48,759,756</u>	<u>\$27,055,649</u>	<u>\$24,525,391</u>	<u>\$79,947,003</u>	<u>\$73,285,147</u>

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Revenue decreased primarily due to a decrease in capital contributions of \$1,664,758 and income tax of \$879,947 due to more monies collected in 2003 than in 2004. The increase in charges for services in the amount of \$745,431 due to changes in the fee structure established to comply with the International Code Council was not enough to offset these decreases. Expenses increased \$600,360 in security of persons and property due to the full year of operations of a full-time fire department and \$1,606,299 in transportation due to increase in road repair and maintenance projects which included the additions of sidewalks to various areas in the City.

The overall financial strength of the City improved in 2004. The City experienced a 16 percent decrease in revenues in capital grants and contributions that come from developer contributions of new streets, storm sewers and water and sewer lines. Interest revenue increased in 2004 due to higher interest rates and more cash available to invest. With a recovering national economy in 2004, the growth of the City continued on an upward path. Income tax revenues decreased due to the geographical economic decline occurring in Ohio.

General government and security of persons and property expenses increased primarily due to contractual wage agreements and new additions to staff. Transportation expenses increased significantly because of a major street maintenance and repair program. The City opted to pay cash for the maintenance and repair expenses opposed to incurring long term debt.

GOVERNMENTAL ACTIVITIES

Several revenue sources fund the City's governmental activities with City income tax being the largest contribution. The 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, 2001 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 2004, the revenue from income taxes decreased by \$879,947 from \$6,746,942 to 5,866,995, a decrease of 13.04 percent. This decrease mainly reflects the decline in earned income on which the tax is based on for the year. General revenues from property taxes and charges for services are also significant revenue generators. The City monitors its sources of revenue very closely for any changes or fluctuations.

Overall, the City has enjoyed a steady increase in income tax collections for the past ten years. In 2004, there was a 13 percent decrease in revenues due to the above mentioned decline. This has been especially important to the City because the tax revenue has provided the City the funds to maintain streets, make infrastructure improvements and strengthen safety forces. The City of Avon continues to be very aggressive in collecting delinquent income tax. The City has a strong economic development program which supports the outstanding growth and income tax revenues. The number of businesses, be they industrial or commercial, large or small, provide the City with an income tax base that can sustain the loss of any major tax paying entity and still be able to meet the financial needs of the City. City income tax revenues of \$5,866,995 were designated for the City's general fund and fire department. In November 2001, the electors approved a one half percent increase in the income tax rate with the proceeds to be used to build and operate a new fire station. The present fire department has converted from part-time to full-time staffing and is funded by the new income tax.

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Total revenues for governmental activities for 2004 were \$18,706,793. Capital grants accounted for 27.72 percent of total revenues for governmental activities for the City. Income tax made up 31.36 percent, property taxes accounted for 15.20 percent, charges for services accounted for 14.36 percent, operating grants accounted for 4.88 percent; and the remaining 6.48 percent consists of grants and entitlements, investments and miscellaneous revenues. Charges for services represents receipts from the Mayor's Court, cable television, building permits, park development and fees, recreation fees, emergency rescue fees, county health fees, contractor registration, New Community Baptist Church rental fees, community center fees, retention and rental fees.

Total governmental activities program expenses for 2004 were \$14,554,862. Transportation expenses accounted for program expenses of \$4,894,334 which is 33.63 percent of the total governmental activity expenses for the City. Security of persons and property expenses represent 31.14 percent, followed by general government expenses at 13.30 percent.

Transportation expenses were for the depreciation, maintenance and repairs to the City's roads and infrastructure. The City paid for these projects primarily from the City's general revenues, a part of which is provided by the City income tax. Because of the City's history of economic growth and subsequent increases in income tax revenue, the City has taken advantage of placing these dollars into street maintenance and repairs. The City takes great pride in maintaining its streets in above average condition and continues to set aside money towards future capital maintenance and repairs.

The Police Department is very efficient and continues to operate within its operating budget. The department has an equipment levy that is utilized to purchase two new vehicles per year. The money is also used to purchase equipment that will better serve our community and provide extra safety for the police officers. The Police Department is funded from revenues transferred from the general fund. A five year operating levy generated \$391,964 for the Police Department. Complementing the Police operating levy was a five-year one-half mill equipment levy which provided revenues of \$168,010, reported in the equipment capital projects fund.

The Fire Department is funded with income tax revenues. In November 2001, the electors approved changes to the City's income tax laws to construct a new building and to operate the Department. During 2004, the department received \$2,223,953 in income tax revenues towards these items. The Fire Department also has an equipment levy that is used to purchase vehicles for both the Fire Department and the rescue squad. The department received \$168,010 from the equipment tax levy, reported in the equipment capital projects fund. The department continues to upgrade emergency fire and rescue equipment to better serve the community.

Table 3 presents a summary for governmental activities, the total cost of services and the net cost of providing these services.

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Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General Government	\$1,935,275	\$1,695,377	\$591,808	\$626,645
Security of Persons and Property	4,532,738	3,932,378	4,470,872	3,818,016
Transportation	4,894,334	3,288,035	(1,033,435)	(3,982,901)
Community Environment	1,222,720	1,091,550	282,866	419,585
Basic Utility Services	395,185	22,007	361,185	(240,063)
Leisure Time Activities	1,052,267	1,131,505	573,237	682,924
Interest and Fiscal Charges	522,343	479,473	522,343	479,473
Total Cost of Services	<u>\$14,554,862</u>	<u>\$11,640,325</u>	<u>\$5,768,876</u>	<u>\$1,803,679</u>

BUSINESS-TYPE ACTIVITIES

Utility services for water and sewer saw a 5.15 percent increase in charges for services along with a 28.88 percent increase in total expenses in 2004. These changes were primarily the result of the City's growth in both commercial and residential customer usage. Approximately four hundred new homes were built and sold in 2004. Commercial development continued to expand in several of the City's industrial parks. Because of the growth, water and sewer updates and connections were accepted by the City adding to the capital assets of the City. The City closely monitors the growth in services and will adjust the water tap-in fee structure to pay for future development and related costs, as needed. The last major adjustment was in 2002.

The City's Funds

Information about the City's governmental funds begins on page 18. These funds are accounted for by using the modified accrual basis of accounting. All governmental funds had total revenues of \$14,138,934 and expenditures of \$18,580,622. The most significant fund is the general fund with a year-end fund balance of \$4,740,189, which included an unreserved fund balance of \$4,692,475 compared to annual expenditures of \$2,600,923. While revenues exceeded expenditures by \$5,007,831, most of the excess was transferred to other City funds. These transferred funds enabled the City to fund the Police Department, service long-term debt, reduce cost of short-term debt and fund capital improvements.

The Fire Department has completed its first full year as a full-time department in its new building. Municipal income tax revenues of \$2,628,949 exceeded expenditures of \$1,759,689 by \$888,663. The Fire Department transferred this excess plus some available fund balance to the Fire Station bond retirement fund for debt payments. The Police Department had expenditures of \$2,207,648 which exceeded revenues of \$436,553 by \$1,771,095. The Department relies on transfers from the general fund to operate. The Schneider Court Site Development is in the beginning stages of construction. \$2,500,000 in bonds and \$1,000,000 in bond anticipation notes were issued to fund the project.

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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. The most significant budgeted fund is the general fund. During the course of 2004 the City amended its general fund budget five times for a total increase to certified revenues in the amount of \$1,365,177. 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. The legal level of budgetary control has been established by Council at the fund level for all funds. The Finance Director, with approval from the Mayor, has been authorized to allocate appropriations to the function and object level within each fund.

The general fund supports many major activities such as the Police Department, Fire Department, Building and Planning Departments as well as the legislative and most executive activities. Some major 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.

For the general fund, the original budgeted revenues were \$5,415,386, and the final budgeted amount was \$6,780,563. Of this \$1,365,177 difference, most was due to increased income tax revenues received, licenses and permits cost adjustments and interest revenue increase due to more money available to invest. Original appropriations of \$1,900,517 were increased during the year by \$1,081,139 to establish final appropriations of \$2,981,656 for the year. These increases were due to primarily to contract negotiations and new hires. The City continued to maintain a respectable level of liquidity in the general fund by maintaining unrestricted cash at year-end of 61.31 percent of total actual revenues received during the year.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for the City of Avon as of December 31, 2004 were \$74,278,798. The most significant additions in governmental activities capital assets came in the area of infrastructure acceptance from developers of industrial and residential developments: \$3,297,517 for streets and \$1,865,282 for storm sewer lines. Business-type activities capital assets additions included infrastructure acceptance of \$982,824 in water lines and \$1,769,809 in sewer lines from developers.

In 2004, some City streets were improved by developers of the new residential and industrial developments as they were connected to new roadways within the developments, for a total cost of \$3,297,517. This is the eleventh consecutive year the City has improved City streets either through City projects or by contributions from developers. All streets in the City are in outstanding condition as a result of the City's program to dedicate money each year for this purpose.

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Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$1,878,092	\$1,878,092	\$7,580	\$7,580	\$1,885,672	\$1,885,672
Construction in Progress	2,850,655	1,765,063	99,644	143,700	2,950,299	1,908,763
Land Improvements	121,012	139,388	0	0	121,012	139,388
Buildings and Improvements	4,685,309	4,787,991	1,236,323	1,270,195	5,921,632	6,058,186
Machinery and Equipment	1,791,817	1,508,041	99,634	93,544	1,891,451	1,601,585
Infrastructure						
Park Improvements	952,962	241,507	0	0	952,962	241,507
Streets	24,673,740	23,176,684	0	0	24,673,740	23,176,684
Bridges and Culverts	455,241	428,908	0	0	455,241	428,908
Traffic Signals	734,371	661,960	0	0	734,371	661,960
Storm Sewer	11,547,882	9,992,628	0	0	11,547,882	9,992,628
Water Lines	0	0	9,997,385	9,331,315	9,997,385	9,331,315
Sewer Lines	0	0	13,147,151	11,770,325	13,147,151	11,770,325
<i>Total Capital Assets</i>	<u>\$49,691,081</u>	<u>\$44,580,262</u>	<u>\$24,587,717</u>	<u>\$22,616,659</u>	<u>\$74,278,798</u>	<u>\$67,196,921</u>

The City continued to add sidewalks in high pedestrian traffic areas. New sidewalks are added each year in areas where the administration views critical to the safety of the people living in Avon. Sidewalks are paid for by the property owners. The City does not incur any costs unless the sidewalks installed are on City property, in which case the sidewalks are paid from general fund revenues and included with streets infrastructure on the capital assets.

City Council is committed along with the Administration to maintain its capital assets at a condition acceptable to provide the best possible service for all residents. In 1995, the City established a sanitary sewer capital enterprise fund for the purpose of maintaining the sanitary sewer system which is funded by intergovernmental transfers. This fund has been combined with the sewer enterprise fund for reporting purposes.

In 1995, the City purchased 62.25 acres of land for a City Park. City Council and the Administration are committed to park and recreational facilities improvements at the Veteran's Memorial Park location and other locations throughout the City for the benefit of its residents. Park improvements for 2004 included new playing fields, a fishing pond, playgrounds and restroom facilities to name a few.

The Administration continues to seek grants for infrastructure projects as well as improving City facilities and services. In 2003, the City applied to the Ohio Department of Development for a grant totaling \$180,700 for a major ditch enclosure along State Route 83 at Mills Road. In 2004 the project was dormant due to inadequate funding. The State grant comprises 76 percent of the project costs with the difference paid from the City's general fund.

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See Note 8 of the Notes to the Basic Financial Statements for additional information on the City's capital assets.

Debt

On December 31, 2004, the City of Avon had \$17,940,390 in bonds, loans, notes and intergovernmental payables outstanding, with \$820,345 due within one year. Table 5 summarizes bonds, loans, contractual commitments and notes outstanding.

Table 5
Outstanding Debt at Year End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
General Obligation Bonds	\$6,588,567	\$4,283,189	\$424,932	\$504,000	\$7,013,499	\$4,787,189
Special Assessment Bonds	3,596,389	3,777,810	0	0	3,596,389	3,777,810
OPWC Loans	56,540	90,580	0	0	56,540	90,580
OWDA Loans	0	0	974,117	1,071,526	974,117	1,071,526
Intergovernmental Payable	0	0	1,024,845	1,099,312	1,024,845	1,099,312
Notes Payable	<u>3,805,000</u>	<u>3,870,000</u>	<u>1,470,000</u>	<u>1,400,000</u>	<u>5,275,000</u>	<u>5,270,000</u>
Total	<u><u>\$14,046,496</u></u>	<u><u>\$12,021,579</u></u>	<u><u>\$3,893,894</u></u>	<u><u>\$4,074,838</u></u>	<u><u>\$17,940,390</u></u>	<u><u>\$16,096,417</u></u>

The general obligation bonds include a Library improvement bond of \$650,000 - a \$700,000 issue by the voters on May 3, 1996; payments are made from property taxes collected by the Lorain County Auditor. Other general obligation bonds include: Moore Road/Formanek improvements \$4,034, Detroit Road Park \$170,000, Northgate Sanitary Sewer \$290,000, purchase of Avon City Hall \$683,037, Just Imagine Drive Paving \$495,000, North Branch Sewer Avins Ditch \$69,338, Moore Road Improvement \$92,202, Veteran's Park \$1,545,000, the new issue for the Service Garage of \$2,500,000 and the \$114,000 in refunding bonds. These bond obligations are paid from monies transferred from the general fund into the debt service funds. The Service Garage is currently paid from special revenue funds collected from property tax levy and gasoline taxes.

The special assessment bond retirement funds consist of Moore/Formanek Improvements, Route 83 Sewer Improvement, Chester Road Sanitary Sewer, Moore/Chester Road Waterline, Chester Road Waterline East, Avon Road Waterline, Eaton Subdivisions, North Branch Sewer Avins Ditch, Moore Road Improvements, Mills Road/Jaycox Road/Sandy Lane Improvements and a various purpose sanitary sewer project. 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 sanitary sewers for the Sanitary Sewer Rehabilitation and the State Route 83 sewer improvement. The third interest free loan was for the reconstruction of the Nagel Road Bridge. The Route 83 Channel is paid from the bond retirement fund. The State Route 83 sanitary sewer line loan is paid from collection of special assessments by the County Auditor; the Nagel Road bridge loan is paid from monies transferred into the debt

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service funds from the general fund; the sanitary rehabilitation loan is paid from monies transferred into the debt service funds from the proprietary funds and from the general fund.

The notes payable represent bond anticipation notes for the following improvement projects: (1) Land Purchase CEI/First Energy of \$375,000 - the note will be paid by transfers from the general fund, (2) Schneider Court Roadway, \$830,000 - the note will be paid by transfers from the general fund; (3) the Municipal Waterworks System note of \$350,000 for the North Branch Sanitary Sewer will be paid by bonds and special assessments on completion of the project, and (4) the Municipal Waterworks System note for \$1,050,000 and (5) the Schneider Court Water/Sewer Extension notes for \$70,000 will be paid from charges for tap-in fees from the water fund.

The City retired \$3,870,000 in general obligation bond anticipation notes and issued \$2,600,000 in new notes with a maturity date of April 13, 2006. Therefore these notes are considered to be long-term obligations of the City. The notes issued were for Fire Facility Construction, \$600,000, Schneider Court Development, \$1,000,000, French Creek Development, \$600,000, Municipal Purposes, \$400,000. Business-type activities retired notes for Water Capital Improvements, \$350,000 and Sewer Capital Improvements, \$1,050,000.

The City's overall legal ten and one-half percent debt limitation (voted and unvoted) on December 31, 2004 was \$53,559,406. The aggregate outstanding debt after issuance of bonds subject to the ten and one-half percent limitation is \$10,378,795. The difference of \$43,180,611 between the maximum issuable amount and the outstanding amount represents the aggregate principal amount of additional voted and unvoted nonexempt debt which the City may issue without exceeding the ten and one-half percent limitation.

See Notes 9 and 10 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, has granted a tax abatement to nine companies. Although property taxes have been partially deferred as a result of the tax abatement, the deferral has been more than offset by the significant increase in income tax collections.

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 a perfect separation for industrial development north of Interstate 90 and commercial and upscale residential development south of Interstate 90. With development of the industrial sites on the north side, the City's financial conditions have been significantly strengthened. The economic development of the City has lead to a strong healthy community that has seen its bond rating improve from A1 to AA2.

The City adopted a master plan for the development, growth and expansion of the City. A Master Sewer Plan is in place. The City has hired URS Corporation to design a master street/road plan. Forty thousand dollars was allotted for the road analysis study. The Council and Administration work with the French Creek Development Association to preserve the French Creek District section of the City. Restoration and preservation of the French Creek District centralizes small commercial businesses in the core area of the City. The City takes great pride in its French Creek business district.

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The City makes applications for and has been receiving recycling grants on an annual basis. In 2004, the City received one grant from the Lorain County Solid Waste Management District. The grant of \$99,265 was for solid waste recycling. In 2003 the City applied for and received a grant of \$60,000 to use towards the conversion of the former fire station into a senior citizens center. Conversion of the building is expected to be completed in 2005. The Administration and Council work very hard to obtain grants for the benefit of Avon residents while keeping taxes at a minimum.

In 2003, City Council approved the study for a new I-90 interchange. The cost of the study is \$149,000 and will be paid from pledges from local industry totaling \$111,200 and \$37,800 from the City. A new I-90 interchange will open up new industrial and commercial development in the City. It is expected the study will be completed in 2005.

City health care costs for employees skyrocketed at the beginning of 1996. In October, 1996, the City joined the Lorain County Health Care Program, a self-funded insurance program under the direction of the Lorain County Commissioners. The City's insurance premium costs dropped significantly as a result of the move to the County program. During the period of 1996 through 2002, health care insurance costs continued to escalate everywhere while the Lorain County's insurance costs remained at reasonable levels while providing the best possible insurance coverage for City employees. In late 2002, the County announced significant cost increases to the program. The City negotiated an 80/20 sharing of cost with all the bargaining units in the City. Health insurance costs continue to escalate with costs adjustments to all parties in 2003 and 2004.

The Finance Director, Mayor and City Council work extremely hard at keeping our debt low. We plan our finances so that we can pay cash for many of the facility improvements and acquisitions, and continue to pay cash for all equipment and other major purchases necessary to maintain our level of services. We live within our means and plan ahead knowing that responsible leadership commands that we observe the budget and expend less than the revenues we receive. We manage our assets and our annual budget by monthly reviews within each department, a responsibility given to our Department Heads. We have expanded our services but yet have kept the size of our work force to a level where we believe we meet the needs of our residents.

The City of Avon has committed itself to financial excellence and has a history of doing just that. The City has received the Government Finance Officers Award Certificate of Achievement for Excellence since 1991, the year of our first Comprehensive Annual Financial Report. The City of Avon was one of the first cities in Ohio to report using the Government Accounting Standards Board (GASB) 34 requirements. Our commitment to our residents has always been one of full disclosure of the financial position of the City.

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 financial information contact Director of Finance, Robert F. Hamilton, 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 Assets
December 31, 2004

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$13,029,774	\$4,704,023	\$17,733,797
Materials and Supplies Inventory	56,346	304,377	360,723
Accounts Receivable	252,100	277,638	529,738
Intergovernmental Receivable	812,068	0	812,068
Prepaid Items	45,126	4,700	49,826
Municipal Income Taxes Receivable	1,529,536	0	1,529,536
Property Taxes Receivable	3,645,934	0	3,645,934
Special Assessments Receivable	3,596,389	295,389	3,891,778
Deferred Charges	130,268	1,037,061	1,167,329
Capital Assets, Non-Depreciable	4,728,747	107,224	4,835,971
Capital Assets, Depreciable, Net	44,962,334	24,480,493	69,442,827
<i>Total Assets</i>	<u>72,788,622</u>	<u>31,210,905</u>	<u>103,999,527</u>
Liabilities			
Accounts Payable	339,392	15,695	355,087
Contracts Payable	88,882	13,882	102,764
Accrued Wages and Benefits	198,294	20,507	218,801
Intergovernmental Payable	242,976	75,009	317,985
Deferred Revenue	3,522,265	0	3,522,265
Accrued Interest Payable	127,002	24,785	151,787
Notes Payable	1,205,000	1,470,000	2,675,000
Long-Term Liabilities:			
Due Within One Year	582,185	238,160	820,345
Due In More Than One Year	13,591,272	2,297,218	15,888,490
<i>Total Liabilities</i>	<u>19,897,268</u>	<u>4,155,256</u>	<u>24,052,524</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	39,265,179	20,706,039	59,971,218
Restricted for:			
Capital Projects	5,412,596	0	5,412,596
Debt Service	2,339,940	0	2,339,940
Fire Department	815,856	0	815,856
Street Construction, Maintenance and Repair	906,927	0	906,927
State Highway	146,937	0	146,937
Park Development, Operations	536,980	0	536,980
Other Purposes	304,868	0	304,868
Unrestricted	3,162,071	6,349,610	9,511,681
<i>Total Net Assets</i>	<u>\$52,891,354</u>	<u>\$27,055,649</u>	<u>\$79,947,003</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Activities
For the Year Ended December 31, 2004

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$1,935,275	\$1,343,467	\$0	\$0
Security of Persons and Property	4,532,738	9,223	30,565	22,078
Transportation	4,894,334	530	763,940	5,163,299
Community Environment	1,222,720	839,327	100,527	0
Basic Utility Services	395,185	34,000	0	0
Leisure Time Activities	1,052,267	461,048	17,982	0
Interest and Fiscal Charges	522,343	0	0	0
<i>Total Governmental Activities</i>	<u>14,554,862</u>	<u>2,687,595</u>	<u>913,014</u>	<u>5,185,377</u>
Business-Type Activities				
Water	2,656,298	2,046,470	0	1,290,440
Sewer	1,314,807	826,192	0	2,243,380
<i>Total Business-Type Activities</i>	<u>3,971,105</u>	<u>2,872,662</u>	<u>0</u>	<u>3,533,820</u>
<i>Total</i>	<u>\$18,525,967</u>	<u>\$5,560,257</u>	<u>\$913,014</u>	<u>\$8,719,197</u>

General Revenues

Property Taxes Levied for:

- General Purposes
- Street Construction, Maintenance and Repair
- Police
- Other Purposes
- Debt Service
- Capital Projects

Municipal Income Taxes Levied for

- General Purposes
- Fire Department
- Grants and Entitlements not Restricted to Specific Programs
- Investment Earnings
- Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activity	Total
(\$591,808)	\$0	(\$591,808)
(4,470,872)	0	(4,470,872)
1,033,435	0	1,033,435
(282,866)	0	(282,866)
(361,185)	0	(361,185)
(573,237)	0	(573,237)
(522,343)	0	(522,343)
(5,768,876)	0	(5,768,876)
0	680,612	680,612
0	1,754,765	1,754,765
0	2,435,377	2,435,377
(5,768,876)	2,435,377	(3,333,499)
1,037,165	0	1,037,165
654,620	0	654,620
391,964	0	391,964
343,569	0	343,569
79,395	0	79,395
336,020	0	336,020
3,643,042	0	3,643,042
2,223,953	0	2,223,953
507,009	0	507,009
525,863	44,133	569,996
178,207	30,415	208,622
9,920,807	74,548	9,995,355
(20,333)	20,333	0
9,900,474	94,881	9,995,355
4,131,598	2,530,258	6,661,856
48,759,756	24,525,391	73,285,147
\$52,891,354	\$27,055,649	\$79,947,003

City of Avon, Ohio

Balance Sheet

Governmental Funds

December 31, 2004

	<u>General</u>	<u>Fire Department</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Police</u>
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$3,851,766	\$522,478	\$872,894	\$40,705
Materials and Supplies Inventory	4,553	2,032	40,150	8,824
Accounts Receivable	151,187	19,028	0	0
Interfund Receivable	205,000	0	0	0
Intergovernmental Receivable	367,115	0	298,679	32,581
Prepaid Items	17,328	5,898	3,850	18,050
Municipal Income Taxes Receivable	948,312	581,224	0	0
Property Taxes Receivable	1,364,222	0	833,201	482,636
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$6,909,483</u>	<u>\$1,130,660</u>	<u>\$2,048,774</u>	<u>\$582,796</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$27,809	\$7,765	\$160,099	\$20,272
Contracts Payable	44,959	6,284	2,031	6,328
Accrued Wages and Benefits	40,632	43,828	29,362	78,222
Interfund Payable	0	0	0	0
Intergovernmental Payable	32,105	85,268	13,018	24,093
Deferred Revenue	2,023,789	150,458	1,042,719	514,817
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>2,169,294</u>	<u>293,603</u>	<u>1,247,229</u>	<u>643,732</u>
Fund Balances				
Reserved for Encumbrances	47,714	6,911	62,571	18,810
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	4,692,475	0	0	0
Special Revenue Funds	0	830,146	738,974	(79,746)
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>4,740,189</u>	<u>837,057</u>	<u>801,545</u>	<u>(60,936)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,909,483</u>	<u>\$1,130,660</u>	<u>\$2,048,774</u>	<u>\$582,796</u>

See accompanying notes to the basic financial statements

<u>Fire Station Bond Retirement</u>	<u>Special Assessment Bond Retirement</u>	<u>Schneider Court Site Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$813,676	\$333,597	\$1,982,529	\$4,612,129	\$13,029,774
0	0	0	787	56,346
0	0	10,608	71,277	252,100
0	0	0	0	205,000
0	0	0	113,693	812,068
0	0	0	0	45,126
0	0	0	0	1,529,536
0	0	0	965,875	3,645,934
0	3,596,389	0	0	3,596,389
<u>\$813,676</u>	<u>\$3,929,986</u>	<u>\$1,993,137</u>	<u>\$5,763,761</u>	<u>\$23,172,273</u>
\$0	\$0	\$18,278	\$105,169	\$339,392
0	0	0	29,280	88,882
0	0	0	6,250	198,294
0	0	0	205,000	205,000
0	3,065	0	85,427	242,976
0	3,596,389	0	1,059,292	8,387,464
0	0	0	23,433	23,433
0	0	0	1,205,000	1,205,000
<u>0</u>	<u>3,599,454</u>	<u>18,278</u>	<u>2,718,851</u>	<u>10,690,441</u>
0	0	1,585,837	1,793,926	3,515,769
0	0	0	0	4,692,475
0	0	0	776,916	2,266,290
813,676	330,532	0	95,356	1,239,564
0	0	389,022	378,712	767,734
<u>813,676</u>	<u>330,532</u>	<u>1,974,859</u>	<u>3,044,910</u>	<u>12,481,832</u>
<u>\$813,676</u>	<u>\$3,929,986</u>	<u>\$1,993,137</u>	<u>\$5,763,761</u>	<u>\$23,172,273</u>

City of Avon, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2004*

Total Governmental Fund Balances	\$12,481,832
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	49,691,081
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Special Assessments	3,596,389
Delinquent Property Taxes	123,669
Intergovernmental	564,426
Municipal Income Taxes	580,715
Total	4,865,199
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(103,569)
Bond Issuance costs are considered deferred charges and will be amortized over the life of the bonds on the statement of net assets.	130,268
Long-term liabilities, including bonds and compensated absences, are not due and payable in the current period therefore are not reported in the funds.	
General Obligation Bonds	(6,588,567)
Special Assessment Bonds	(3,596,389)
OPWC Loans	(56,540)
Notes Payable	(2,600,000)
Compensated Absences	(1,331,961)
Total	(14,173,457)
 <i>Net Assets of Governmental Activities</i>	 \$52,891,354

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, 2004

	General	Fire Department	Street Construction, Maintenance and Repair	Police
Revenues				
Property and Other Taxes	\$1,012,685	\$0	\$640,949	\$384,248
Municipal Income Taxes	3,805,722	2,628,949	0	0
Charges for Services	315,042	0	0	0
Licenses and Permits	1,540,389	0	0	0
Fines and Forfeitures	320,095	0	0	0
Intergovernmental	380,540	0	614,710	39,230
Special Assessments	0	0	0	0
Interest	204,549	0	9,944	0
Contributions and Donations	0	0	0	0
Miscellaneous	29,732	19,403	16,048	13,075
<i>Total Revenues</i>	<u>7,608,754</u>	<u>2,648,352</u>	<u>1,281,651</u>	<u>436,553</u>
Expenditures				
Current:				
General Government	1,604,184	0	0	0
Security of Persons and Property	0	1,759,689	0	2,207,648
Transportation	0	0	1,317,809	0
Community Environment	996,739	0	0	0
Basic Utility Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>2,600,923</u>	<u>1,759,689</u>	<u>1,317,809</u>	<u>2,207,648</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,007,831</u>	<u>888,663</u>	<u>(36,158)</u>	<u>(1,771,095)</u>
Other Financing Sources (Uses)				
Bonds Issued	0	0	0	0
Notes Issued	0	0	0	0
Payments to Refunded Bond Escrow Agent	0	0	0	0
Bond Premium	0	0	0	0
Transfers In	50,087	0	0	1,743,639
Transfers Out	(4,967,774)	(1,903,175)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(4,917,687)</u>	<u>(1,903,175)</u>	<u>0</u>	<u>1,743,639</u>
<i>Net Change in Fund Balances</i>	90,144	(1,014,512)	(36,158)	(27,456)
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year - Restated (See Note 3)</i>	<u>4,650,045</u>	<u>1,851,569</u>	<u>837,703</u>	<u>(33,480)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$4,740,189</u>	<u>\$837,057</u>	<u>\$801,545</u>	<u>(\$60,936)</u>

(continued)

City of Avon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds (continued)
For the Year Ended December 31, 2004

	Fire Station Bond Retirement	Special Assessment Bond Retirement	Schneider Court Site Development	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Taxes	\$0	\$0	\$0	\$740,714	\$2,778,596
Municipal Income Taxes	0	0	0	0	6,434,671
Charges for Services	0	0	0	122,304	437,346
Licenses and Permits	0	0	0	373,344	1,913,733
Fines and Forfeitures	0	0	0	9,753	329,848
Intergovernmental	0	0	0	316,339	1,350,819
Special Assessments	0	188,089	0	0	188,089
Interest	0	283,718	17,185	10,467	525,863
Contributions and Donations	0	0	0	1,762	1,762
Miscellaneous	0	0	0	99,949	178,207
<i>Total Revenues</i>	<u>0</u>	<u>471,807</u>	<u>17,185</u>	<u>1,674,632</u>	<u>14,138,934</u>
Expenditures					
Current:					
General Government	0	22,785	0	4,334	1,631,303
Security of Persons and Property	6,080	0	0	284,154	4,257,571
Transportation	0	0	0	145,681	1,463,490
Community Environment	0	0	0	128,374	1,125,113
Basic Utility Services	0	0	0	26,022	26,022
Leisure Time Activities	0	0	0	783,976	783,976
Capital Outlay	0	0	1,074,961	3,374,838	4,449,799
Debt Service:					
Principal Retirement	1,870,000	188,089	1,000,000	1,215,950	4,274,039
Interest and Fiscal Charges	25,175	193,376	16,164	262,372	497,087
Bond Issuance Costs	0	0	69,072	3,150	72,222
<i>Total Expenditures</i>	<u>1,901,255</u>	<u>404,250</u>	<u>2,160,197</u>	<u>6,228,851</u>	<u>18,580,622</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,901,255)</u>	<u>67,557</u>	<u>(2,143,012)</u>	<u>(4,554,219)</u>	<u>(4,441,688)</u>
Other Financing Sources (Uses)					
Bonds Issued	0	0	2,500,000	114,000	2,614,000
Notes Issued	600,000	0	1,000,000	1,000,000	2,600,000
Payments to Refunded Bond Escrow Agent	0	0	0	(131,990)	(131,990)
Bond Premium	0	0	10,521	479	11,000
Transfers In	2,066,074	24,011	225,000	2,979,791	7,088,602
Transfers Out	0	0	0	(237,986)	(7,108,935)
<i>Total Other Financing Sources (Uses)</i>	<u>2,666,074</u>	<u>24,011</u>	<u>3,735,521</u>	<u>3,724,294</u>	<u>5,072,677</u>
<i>Net Change in Fund Balances</i>	764,819	91,568	1,592,509	(829,925)	630,989
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year - Restated (See Note 3)</i>	<u>48,857</u>	<u>238,964</u>	<u>382,350</u>	<u>3,874,835</u>	<u>11,850,843</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$813,676</u>	<u>\$330,532</u>	<u>\$1,974,859</u>	<u>\$3,044,910</u>	<u>\$12,481,832</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, 2004*

Net Change in Fund Balances - Total Governmental Funds \$630,989

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

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

Capital Asset Additions	7,898,429	
Current Year Depreciation	(2,670,009)	
Total	5,228,420	5,228,420

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. (117,601)

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

Delinquent Property Taxes	64,137	
Intergovernmental	90,020	
Special Assessments	(181,421)	
Municipal Income Taxes	(567,676)	
Total	(594,940)	(594,940)

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

Bonds Issued	(2,614,000)	
Notes Issued	(2,600,000)	
Premium on Bonds	(11,000)	
Total	(5,225,000)	(5,225,000)

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

Bond, Note and Loan Principal	4,274,039	
Payment to the Refunded Bond Escrow Agent	131,990	
Total	4,406,029	4,406,029

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

Accrued Interest	(20,206)	
Amortization of Bond Issuance Costs	(4,104)	
Amortization of Gain on Refunding	(1,091)	
Amortization of Bond Premium	145	
Total	(25,256)	(25,256)

Bond issuance costs are recognized as deferred charges and will be amortized over the life of the bonds on the statement of activities. 72,222

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. (243,265)

Change in Net Assets of Governmental Activities \$4,131,598

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$850,370	\$1,062,986	\$1,072,295	\$9,309
Municipal Income Taxes	3,099,823	3,874,866	3,861,240	(13,626)
Charges for Services	250,571	313,221	290,037	(23,184)
Licenses and Permits	727,424	909,300	1,540,389	631,089
Fines and Forfeitures	191,116	238,900	320,094	81,194
Intergovernmental	197,772	247,220	362,355	115,135
Interest	87,998	110,000	178,142	68,142
Miscellaneous	10,312	24,070	29,732	5,662
<i>Total Revenues</i>	<u>5,415,386</u>	<u>6,780,563</u>	<u>7,654,284</u>	<u>873,721</u>
Expenditures				
Current:				
General Government	1,202,949	1,887,266	1,713,065	174,201
Security of Persons and Property	327	513	0	513
Community Environment	697,241	1,093,877	966,212	127,665
<i>Total Expenditures</i>	<u>1,900,517</u>	<u>2,981,656</u>	<u>2,679,277</u>	<u>302,379</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,514,869</u>	<u>3,798,907</u>	<u>4,975,007</u>	<u>1,176,100</u>
Other Financing Sources (Uses)				
Advances In	60,000	60,000	60,000	0
Transfers In	889,658	50,087	50,087	0
Transfers Out	(3,547,279)	(5,264,450)	(4,967,773)	296,677
<i>Total Other Financing Sources (Uses)</i>	<u>(2,597,621)</u>	<u>(5,154,363)</u>	<u>(4,857,686)</u>	<u>296,677</u>
<i>Net Change in Fund Balance</i>	917,248	(1,355,456)	117,321	1,472,777
<i>Fund Balance Beginning of Year</i>	3,521,787	3,521,787	3,521,787	0
Prior Year Encumbrances Appropriated	<u>60,259</u>	<u>60,259</u>	<u>60,259</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,499,294</u></u>	<u><u>\$2,226,590</u></u>	<u><u>\$3,699,367</u></u>	<u><u>\$1,472,777</u></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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$2,400,000	\$2,559,273	\$2,559,273	\$0
Miscellaneous	100	3,309	3,309	0
<i>Total Revenues</i>	2,400,100	2,562,582	2,562,582	0
Expenditures				
Current:				
Security of Persons and Property	1,555,977	1,940,266	1,768,098	172,168
<i>Excess of Revenues Over Expenditures</i>	844,123	622,316	794,484	172,168
Other Financing Uses				
Transfers Out	(500,000)	(1,903,175)	(1,903,175)	0
<i>Net Change in Fund Balance</i>	344,123	(1,280,859)	(1,108,691)	172,168
<i>Fund Balance Beginning of Year</i>	1,580,211	1,580,211	1,580,211	0
Prior Year Encumbrances Appropriated	33,016	33,016	33,016	0
<i>Fund Balance End of Year</i>	<u>\$1,957,350</u>	<u>\$332,368</u>	<u>\$504,536</u>	<u>\$172,168</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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$510,104	\$683,482	\$682,539	(\$943)
Intergovernmental	500,000	586,481	586,481	0
Interest	9,000	9,054	9,054	0
Miscellaneous	14,000	16,048	16,048	0
<i>Total Revenues</i>	1,033,104	1,295,065	1,294,122	(943)
Expenditures				
Current:				
Transportation	1,319,618	1,514,618	1,384,793	129,825
<i>Net Change in Fund Balance</i>	(286,514)	(219,553)	(90,671)	128,882
<i>Fund Balance Beginning of Year</i>	634,517	634,517	634,517	0
Prior Year Encumbrances Appropriated	135,299	135,299	135,299	0
<i>Fund Balance End of Year</i>	<u>\$483,302</u>	<u>\$550,263</u>	<u>\$679,145</u>	<u>\$128,882</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$391,194	\$389,961	\$407,671	\$17,710
Intergovernmental	36,000	36,469	39,030	2,561
Miscellaneous	1,000	1,050	13,354	12,304
<i>Total Revenues</i>	428,194	427,480	460,055	32,575
Expenditures				
Current:				
Security of Persons and Property	2,346,232	2,349,685	2,219,019	130,666
<i>Excess of Revenues Under Expenditures</i>	(1,918,038)	(1,922,205)	(1,758,964)	163,241
Other Financing Sources				
Transfers In	1,940,000	1,944,982	1,743,639	(201,343)
<i>Net Change in Fund Balance</i>	21,962	22,777	(15,325)	(38,102)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	15,488	15,488	15,488	0
<i>Fund Balance End of Year</i>	<u>\$37,450</u>	<u>\$38,265</u>	<u>\$163</u>	<u>(\$38,102)</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$1,957,838	\$2,746,185	\$4,704,023
Materials and Supplies Inventory	271,677	32,700	304,377
Accounts Receivable	152,793	124,845	277,638
Prepaid Items	2,350	2,350	4,700
Special Assessments Receivable	295,389	0	295,389
<i>Total Current Assets</i>	<u>2,680,047</u>	<u>2,906,080</u>	<u>5,586,127</u>
<i>Noncurrent Assets</i>			
Deferred Charges	1,030,953	6,108	1,037,061
Non-Depreciable Assets	0	107,224	107,224
Depreciable Assets, Net	11,336,359	13,144,134	24,480,493
<i>Total Noncurrent Assets</i>	<u>12,367,312</u>	<u>13,257,466</u>	<u>25,624,778</u>
<i>Total Assets</i>	<u>15,047,359</u>	<u>16,163,546</u>	<u>31,210,905</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	8,355	7,340	15,695
Contracts Payable	10,683	3,199	13,882
Accrued Wages and Benefits	11,249	9,258	20,507
Intergovernmental Payable	139,919	13,402	153,321
Compensated Absences Payable	3,336	3,336	6,672
Accrued Interest Payable	17,872	6,913	24,785
Notes Payable	1,120,000	350,000	1,470,000
OWDA Loans - Current	0	101,176	101,176
Bonds Payable - Current	26,000	26,000	52,000
<i>Total Current Liabilities</i>	<u>1,337,414</u>	<u>520,624</u>	<u>1,858,038</u>
<i>Long-Term Liabilities</i>			
Compensated Absences Payable	52,406	52,406	104,812
Intergovernmental Payable	946,533	0	946,533
OWDA Loans	0	872,941	872,941
Bonds Payable	186,466	186,466	372,932
<i>Total Long-Term Liabilities</i>	<u>1,185,405</u>	<u>1,111,813</u>	<u>2,297,218</u>
<i>Total Liabilities</i>	<u>2,522,819</u>	<u>1,632,437</u>	<u>4,155,256</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	8,985,156	11,720,883	20,706,039
Unrestricted	3,539,384	2,810,226	6,349,610
<i>Total Net Assets</i>	<u>\$12,524,540</u>	<u>\$14,531,109</u>	<u>\$27,055,649</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$2,046,470	\$826,192	\$2,872,662
Other	30,388	27	30,415
<i>Total Operating Revenues</i>	<u>2,076,858</u>	<u>826,219</u>	<u>2,903,077</u>
Operating Expenses			
Personal Services	348,912	336,418	685,330
Materials and Supplies	1,027,897	166,889	1,194,786
Contractual Services	812,115	301,617	1,113,732
Other Operating Expenses	5,644	72,969	78,613
Depreciation	362,436	392,983	755,419
<i>Total Operating Expenses</i>	<u>2,557,004</u>	<u>1,270,876</u>	<u>3,827,880</u>
<i>Operating Loss</i>	<u>(480,146)</u>	<u>(444,657)</u>	<u>(924,803)</u>
Non Operating Revenues (Expenses)			
Interest	14,608	29,525	44,133
Interest and Fiscal Charges	(99,294)	(43,931)	(143,225)
<i>Total Non Operating Revenues (Expenses)</i>	<u>(84,686)</u>	<u>(14,406)</u>	<u>(99,092)</u>
<i>Loss Before</i>			
<i>Contributions and Transfers</i>	(564,832)	(459,063)	(1,023,895)
Capital Contributions	1,290,440	2,243,380	3,533,820
Transfers In	0	20,333	20,333
<i>Change in Net Assets</i>	725,608	1,804,650	2,530,258
<i>Net Assets Beginning of Year</i>	<u>11,798,932</u>	<u>12,726,459</u>	<u>24,525,391</u>
<i>Net Assets End of Year</i>	<u>\$12,524,540</u>	<u>\$14,531,109</u>	<u>\$27,055,649</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, 2004

	Business-Type Activities		
	Water	Sewer	Totals
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,992,567	\$813,236	\$2,805,803
Cash Payments to Suppliers for Materials and Supplies	(1,020,814)	(187,248)	(1,208,062)
Cash Payments for Employee Services and Benefits	(335,023)	(324,806)	(659,829)
Cash Payments for Contractual Services	(786,319)	(294,225)	(1,080,544)
Other Operating Revenues	30,388	27	30,415
Other Operating Expenses	(8,284)	(74,559)	(82,843)
<i>Net Cash Used for Operating Activities</i>	<u>(127,485)</u>	<u>(67,575)</u>	<u>(195,060)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	<u>0</u>	<u>20,333</u>	<u>20,333</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(17,900)	0	(17,900)
Proceeds of Notes	1,120,000	350,000	1,470,000
Proceeds of Bonds	228,000	228,000	456,000
Special Assessments	37,664	0	37,664
Tap-In Fees	326,462	517,627	844,089
Bond Issuance Costs	(6,299)	(6,299)	(12,598)
Unamortized Bonds Premium	960	960	1,920
Payments to Refunded Bond Escrow Agent	(268,980)	(268,980)	(537,960)
Interest Paid on Revenue Bonds	(17,655)	(16,758)	(34,413)
Principal Paid on OWDA Loans	0	(97,409)	(97,409)
Interest Paid on OWDA Loans	0	(32,166)	(32,166)
Principal Paid on Notes	(1,050,000)	(350,000)	(1,400,000)
Interest Paid on Notes	(11,490)	(3,830)	(15,320)
Interest Paid to City of Avon Lake	(46,756)	0	(46,756)
Payments to City of Avon Lake	(55,621)	0	(55,621)
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<u>238,385</u>	<u>321,145</u>	<u>559,530</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>14,608</u>	<u>29,525</u>	<u>44,133</u>
Net Increase in Cash and Cash Equivalents	125,508	303,428	428,936
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,832,330</u>	<u>2,442,757</u>	<u>4,275,087</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,957,838</u></u>	<u><u>\$2,746,185</u></u>	<u><u>\$4,704,023</u></u>

(continued)

City of Avon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2004

	Business-Type Activities		
	Water	Sewer	Totals
Reconciliation of Operating Loss to Net Cash Used For Operating Activities			
Operating Loss	(\$480,146)	(\$444,657)	(\$924,803)
<i>Adjustments:</i>			
Depreciation	362,436	392,983	755,419
(Increase) Decrease in Assets:			
Accounts Receivable	(53,903)	(12,956)	(66,859)
Materials and Supplies Inventory	16,202	(18,250)	(2,048)
Prepaid Items	150	150	300
Increase (Decrease) in Liabilities:			
Accounts Payable	(13,186)	(1,521)	(14,707)
Contracts Payable	9,470	788	10,258
Accrued Wages	4,225	2,264	6,489
Compensated Absences Payable	9,667	9,667	19,334
Intergovernmental Payable	17,600	3,957	21,557
<i>Total Adjustments</i>	352,661	377,082	729,743
<i>Net Cash Used for Operating Activities</i>	(\$127,485)	(\$67,575)	(\$195,060)

Noncash Capital Financing Activities

During 2004, the water and sewer enterprise funds received water and sewer lines from developers valued at \$982,824 and \$1,769,809 respectively.

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2004

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$4,909,279</u>
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Liabilities

Deposits Held and Due to Others	\$4,805,271
Intergovernmental Payable	<u>104,008</u>

<i>Total Liabilities</i>	<u>\$4,909,279</u>
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See accompanying notes to the basic financial statements

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

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 oversees the enforcement of all laws and ordinances and presides over the Mayor's Court. He 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, for staggered two year terms. The member receiving the greatest number of votes becomes the president. Council enacts ordinances and resolutions related to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes.

Reporting Entity

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

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

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

The City is associated with the Lorain County General Health District and the Northeast Ohio Public Energy Council (NOPEC), both jointly governed organizations, as presented in Note 16 and the Lorain County Health Care Program, a shared risk pool presented in Note 17.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Avon have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets 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 assets 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.

B. 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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

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 liabilities is reported as fund balances. The following are the City's major governmental funds:

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

Fire Department Special Revenue Fund This fund is used to account for income taxes collected to pay for the cost of operating the City's fire department.

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

Police Special Revenue Fund This fund is used to account for property taxes levied to pay for the cost of operating the City's police department.

Fire Station Bond Retirement Debt Service Fund This fund accounts for the accumulation of resources to pay principal and interest on the fire station general obligation debt.

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

Schneider Court Site Development Capital Projects Fund This fund accounts for the costs associated with the development of the Schneider Court area.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for contractor's deposits, taxes distributed to the Lorain Public Library, the collection and distribution of sewer charges for North Ridgeville, subdivision deposits and Mayor's court.

C. Measurement Focus

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

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 current liabilities 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. 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, the recording of deferred revenue 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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

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 7). 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 and forfeitures, interest, grants, fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

E. 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 level for all funds. The Finance Director, with approval from the Mayor, has been authorized to allocate appropriations to the function and object level within each fund.

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 budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources in effect when final appropriations were passed by Council.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

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.

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary 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."

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost.

During 2004, investments were limited to repurchase agreements and State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2004.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2004 amounted to \$204,549, which includes \$109,172 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.

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004 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.

I. 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 assets 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 assets and in the respective funds.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

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

All capital assets are depreciated 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 is computed using the straight-line method over the following useful lives:

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

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

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. 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.

L. 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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

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

M. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances are recorded as a reservation of fund balance.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide statement of net assets reports \$10,464,104 of restricted net assets, of which \$1,861,278 is restricted by enabling legislation.

Net assets restricted for other purposes include resources restricted for law enforcement, Mayor's court computer, recreation, community activities, and police pension funds and programs.

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

O. Contributions of Capital

Contributions of capital in governmental and proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Q. 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.

R. Bond Discount/Issuance Cost

Bond discounts and issuance cost for governmental and business-type activities are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges, which is included in other assets on the statement of net assets.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

T. Estimates

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

Note 3 – Change in Accounting Principles and Restatement of Prior Year’s Fund Balance

For 2004, the City has implemented GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”, GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.”

GASB Statement No. 39 states that entities for which a primary organization is not financially accountable may still be reported as a component unit based on the nature and significance of their relationship with the primary government.

GASB Statement No. 46 clarifies when net assets should be restricted based upon enabling legislation.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 39 and GASB Statement No. 46 did not affect the presentation of the financial statements of the City. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on fund balance at 12/31/03:

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

	<u>General</u>	<u>Fire Department</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Police</u>	<u>Fire Station Bond Retirement</u>
Fund Balance, December 31, 2003	\$4,650,045	\$1,930,055	\$838,842	(\$19,480)	\$48,857
Intergovernmental Payable	<u>0</u>	<u>(78,486)</u>	<u>(1,139)</u>	<u>(14,000)</u>	<u>0</u>
Restated Fund Balance, December 31, 2003	<u>\$4,650,045</u>	<u>\$1,851,569</u>	<u>\$837,703</u>	<u>(\$33,480)</u>	<u>\$48,857</u>

	<u>Special Assessment Bond Retirement</u>	<u>Schneider Court Site Development</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balance, December 31, 2003	\$238,964	\$382,350	\$3,937,431	\$12,007,064
Intergovernmental Payable	<u>0</u>	<u>0</u>	<u>(62,596)</u>	<u>(156,221)</u>
Restated Fund Balance, December 31, 2003	<u>\$238,964</u>	<u>\$382,350</u>	<u>\$3,874,835</u>	<u>\$11,850,843</u>

Note 4 – Fund Deficits and Legal Compliance

A. Fund Deficits

Fund balances at December 31, 2004 included the following individual fund balance deficits:

	<u>Deficits</u>
Major Fund:	
Special Revenue Fund:	
Police	\$60,936
Nonmajor Funds:	
Special Revenue Fund:	
Police Pension	82,257
Capital Projects Fund:	
Storm Water Detention	99,965
Land Purchase CEI/First Energy	18,150
Schneider Court Roadway	223,510

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Fund deficits in the police, police pension, storm water detention, land purchase CEI/First Energy and Schneider Court roadway funds are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur.

B. Legal Compliance

Contrary to ORC section 5709.39, the following funds had original appropriations in excess of original certifications plus beginning balances.

	Original Certifications Plus Beginning Balances	Original Appropriations	Excess
Nonmajor Funds:			
Schneider Court Site Purchase	\$1,390,257	\$1,408,029	(\$17,772)
Skateboard Park	595,431	804,742	(209,311)
Land Purchase/Our Lady Wayside	422,649	434,663	(12,014)

Contrary to ORC section 5709.39, the following funds had final appropriations in excess of final certifications plus beginning balances.

	Final Certifications Plus Beginning Balances	Final Appropriations	Excess
Nonmajor Fund:			
Schneider Court Site Purchase	\$4,132,355	\$4,179,645	(\$47,290)

Although most of these budgetary violations were corrected by year-end, management has indicated that appropriations 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/retained earnings 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).

City of Avon, Ohio
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2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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

Net Change in Fund Balance

	General	Fire Department	Street Construction, Maintenance and Repair	Police
GAAP Basis	\$90,144	(\$1,014,512)	(\$36,158)	(\$27,456)
Advances In	60,000	0	0	0
Net Adjustment for Revenue Accruals	(3,677)	(85,770)	11,069	23,502
Unrecorded Cash	49,207	0	1,402	0
Net Adjustment for Expenditure Accruals	24,839	9,533	125,363	29,171
Encumbrances	(103,192)	(17,942)	(192,347)	(40,542)
Budget Basis	\$117,321	(\$1,108,691)	(\$90,671)	(\$15,325)

Note 6 - Deposits and Investments

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.

City of Avon, Ohio
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Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

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

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

Investments in stripped principal or interest obligation, 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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

The following information on classified deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Deposits At year-end, the carrying amount of the City's deposits was \$4,422,652 and the bank balance was \$4,524,173. Of the bank balance:

1. \$265,386 was covered by federal depository insurance.
2. \$4,258,787 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the City's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments GASB Statement No. 3 requires the City to categorize investments to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments that are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments that are held by the counterparty or by its trust department or agent but not in the City's name. STAROhio is not categorized since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying and Fair Value
Repurchase Agreements	\$11,873,846	\$11,873,846
STAROhio		6,346,578
Total Investments		\$18,220,424

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement 9. Cash equivalents are defined as investments with an original maturity of three months or less. Reconciliation between the classification of cash and investments on the basic financial statements and the classification per GASB Statement 3 is as follows:

	Cash and Cash Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$22,643,076	\$0
Investments:		
Repurchase Agreements	(11,873,846)	11,873,846
STAROhio	(6,346,578)	6,346,578
GASB Statement No. 3	\$4,422,652	\$18,220,424

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Note 7 - Receivables

Receivables at December 31, 2004, consisted primarily of municipal income taxes, property and other 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.

Special assessments expected to be collected in more than one year amount to \$3,406,725 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding at year-end is \$18,436.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004 on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility real and tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes which become a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent for inventory.

The full tax rate for all City operations for the year ended December 31, 2004 was \$9.48 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$468,257,700
Public Utility Property	10,960,870
Tangible Personal Property	<u>30,871,010</u>
Total Valuation	<u><u>\$510,089,580</u></u>

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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Avon. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

B. Income Tax

The City levies a municipal income tax of one and one half percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case the City allows a credit of one and one quarter percent of the taxable income earned in or attributable to the municipality of employment or business activity. One percent is levied for general purposes and one half percent is designated for fire station construction.

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. Income tax proceeds are received by the general fund and fire department special revenue fund.

C. Intergovernmental Receivables

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

	<u>Amount</u>
Gasoline Tax	\$226,329
Local Government	194,991
Homestead and Rollback	164,254
Estate Tax	89,731
Electric Deregulation	50,352
Motor Vehicle Tax	41,894
Permissive Tax	38,340
Fines, Licenses and Fees	<u>6,177</u>
Total	<u><u>\$812,068</u></u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Note 8 – Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

	Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$1,878,092	\$0	\$0	\$1,878,092
Construction in Progress	1,765,063	1,967,362	(881,770)	2,850,655
<i>Total Capital Assets, Not Being Depreciated</i>	<u>3,643,155</u>	<u>1,967,362</u>	<u>(881,770)</u>	<u>4,728,747</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	259,744	0	0	259,744
Buildings and Improvements	5,239,309	0	0	5,239,309
Machinery and Equipment	3,520,223	748,301	(417,124)	3,851,400
Infrastructure:				
Park Improvements	292,823	733,439	0	1,026,262
Streets	35,646,289	3,297,517	0	38,943,806
Bridges and Culverts	605,631	44,269	0	649,900
Traffic Signals	867,101	124,029	0	991,130
Storm Sewer	11,468,462	1,865,282	0	13,333,744
Water Lines	37,300	0	0	37,300
<i>Total Capital Assets, Being Depreciated</i>	<u>57,936,882</u>	<u>6,812,837</u>	<u>(417,124)</u>	<u>64,332,595</u>
Less Accumulated Depreciation:				
Land Improvements	(120,356)	(18,376)	0	(138,732)
Buildings and Improvements	(451,318)	(102,682)	0	(554,000)
Machinery and Equipment	(2,012,182)	(346,924)	299,523	(2,059,583)
Infrastructure:				
Park Improvements	(51,316)	(21,984)	0	(73,300)
Streets	(12,469,605)	(1,800,461)	0	(14,270,066)
Bridges and Culverts	(176,723)	(17,936)	0	(194,659)
Traffic Signals	(205,141)	(51,618)	0	(256,759)
Storm Sewer	(1,475,834)	(310,028)	0	(1,785,862)
Water Lines	(37,300)	0	0	(37,300)
<i>Total Accumulated Depreciation</i>	<u>(16,999,775)</u>	<u>(2,670,009) *</u>	<u>299,523</u>	<u>(19,370,261)</u>
Total Capital Assets, Being Depreciated, Net	<u>40,937,107</u>	<u>4,142,828</u>	<u>(117,601)</u>	<u>44,962,334</u>
Governmental Activities Capital Assets, Net	<u>\$44,580,262</u>	<u>\$6,110,190</u>	<u>(\$999,371)</u>	<u>\$49,691,081</u>

During 2004, the City received street improvements from developers valued at \$3,297,517 and storm sewer improvements from developers valued at \$1,865,282

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

	Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$7,580	\$0	\$0	\$7,580
Construction in Progress	143,700	0	(44,056)	99,644
<i>Total Capital Assets Not Being Depreciated</i>	<u>151,280</u>	<u>0</u>	<u>(44,056)</u>	<u>107,224</u>
Capital Assets, Being Depreciated:				
Land Improvements	93,196	0	0	93,196
Buildings and Improvements	1,693,594	0	0	1,693,594
Machinery and Equipment	174,367	17,900	(23,920)	168,347
Infrastructure:				
Water Lines	12,685,879	982,824	0	13,668,703
Sewer Lines	14,239,964	1,769,809	0	16,009,773
<i>Total Capital Assets, Being Depreciated</i>	<u>28,887,000</u>	<u>2,770,533</u>	<u>(23,920)</u>	<u>31,633,613</u>
Less Accumulated Depreciation:				
Land Improvements	(93,196)	0	0	(93,196)
Buildings and Improvements	(423,399)	(33,872)	0	(457,271)
Machinery and Equipment	(80,823)	(11,810)	23,920	(68,713)
Infrastructure:				
Water Lines	(3,354,564)	(316,754)	0	(3,671,318)
Sewer Lines	(2,469,639)	(392,983)	0	(2,862,622)
<i>Total Accumulated Depreciation</i>	<u>(6,421,621)</u>	<u>(755,419)</u>	<u>23,920</u>	<u>(7,153,120)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,465,379</u>	<u>2,015,114</u>	<u>0</u>	<u>24,480,493</u>
Business-Type Activities Capital Assets, Net	<u>\$22,616,659</u>	<u>\$2,015,114</u>	<u>(\$44,056)</u>	<u>\$24,587,717</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$53,289
Security of Persons and Property	348,685
Transportation	1,915,530
Leisure Time Activities	65,793
Basic Utility Services	286,712
Total Depreciation Expense	<u>\$2,670,009</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Note 9 – Note Debt

A summary of note transactions for the year ended December 31, 2004 follows:

GOVERNMENTAL FUNDS	Balance 12/31/03	Additions	Deletions	Balance 12/31/04
Land Purchase CEI/First Energy Fund				
2004, 2.40% Real Estate Acquisition	\$0	\$375,000	\$0	\$375,000
Schneider Court Roadway Fund				
2004, 1.90% Schneider Court Improvements	0	830,000	0	830,000
Total Governmental Funds	<u>0</u>	<u>1,205,000</u>	<u>0</u>	<u>1,205,000</u>
BUSINESS-TYPE FUNDS				
Sewer Fund				
2003, 1.30% Municipal Waterworks System	350,000	0	350,000	0
2004, 1.35% Municipal Waterworks System	0	350,000	0	350,000
Total Sewer Fund	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Water Fund				
2003, 1.30% Municipal Waterworks System	1,050,000	0	1,050,000	0
2004, 1.35% Municipal Waterworks System	0	450,000	0	450,000
2004, 1.35% Municipal Waterworks System	0	600,000	0	600,000
2004, 1.90% Schneider Court Water/Sewer Extension	0	70,000	0	70,000
Total Water Fund	<u>1,050,000</u>	<u>1,120,000</u>	<u>1,050,000</u>	<u>1,120,000</u>
Total Business-type Funds	<u>1,400,000</u>	<u>1,470,000</u>	<u>1,400,000</u>	<u>1,470,000</u>
Total All Funds	<u>\$1,400,000</u>	<u>\$2,675,000</u>	<u>\$1,400,000</u>	<u>\$2,675,000</u>

All the notes are backed by the full faith and credit of the City of Avon and mature within one year. The maturity date for all outstanding notes is September 29, 2005. The note liability is reflected in the funds which received the proceeds. All note proceeds have been fully expended. The real estate acquisition note and the Schneider Court improvement note will be paid from transfers from the general fund. The sewer notes will be paid primarily from transfers from the general fund and sewer enterprise fund as they are reissued and then from bonds upon the completion of the projects. The water fund notes will be paid by charges for services from the water fund.

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. There are limitations on the number of times a note can be renewed. All notes outstanding at year-end are bond anticipation notes. The notes will be refinanced until the projects are complete and the City determines it to be advantageous to issue bonds.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Note 10 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds:</i>			
Sanitary Water Construction - 1992	4.00-6.65 %	\$160,000	September 19, 2004
Moore Road/Formanek - 1989	7.13	\$23,904	December 1, 2008
Detroit Road Park - 1996	5.20-5.90	250,000	December 1, 2016
Library Improvement - 1996	3.90-5.55	1,060,000	December 1, 2014
Northgate Sewer Improvement - 1996	5.00-5.70	400,000	December 1, 2016
New City Hall - 1997	3.90-5.50	895,800	December 1, 2017
Just Imagine Drive - 1997	3.90-5.35	655,000	December 1, 2017
North Branch Sewer Avins Ditch - 1998	4.60-5.20	88,467	December 1, 2018
Moore Road Improvement - 1999	4.40-5.40	110,870	December 1, 2019
Veteran's Park - 2003	1.50-4.70	1,590,000	December 1, 2023
Service Garage - 2004	2.00-5.00	2,500,000	December 1, 2024
Refunding Bonds - 2004	2.00-3.25	114,000	December 1, 2012
<i>Special Assessment Bonds:</i>			
Moore Road/Formanek - 1989	7.13	391,096	December 1, 2008
Route 83 Sewer Improvement - 1995	4.20-6.50	520,000	December 1, 2015
Chester Road Sanitary Sewer - 1997	3.90-5.50	974,600	December 1, 2017
Moore/Chester Road Waterline - 1997	3.90-5.50	94,200	December 1, 2017
Chester Road Waterline East - 1997	3.90-5.50	152,200	December 1, 2017
Avon Road Waterline - 1997	3.90-5.50	324,200	December 1, 2017
Eaton Subdivision - 1997	3.90-4.85	39,000	December 1, 2007
North Branch Sewer Avins Ditch - 1998	4.60-5.20	281,533	December 1, 2018
Moore Road Improvement - 1999	4.40-5.40	869,130	December 1, 2019
Mills, Jaycox, Sandy Lane - 2000	4.50-5.75	585,000	December 1, 2020
Various Purpose - 2001	3.95-5.25	590,000	December 1, 2021
<i>Ohio Public Works Commission Loans:</i>			
Nagel Road Bridge - 1996	0.00	100,787	December 1, 2005
Route 83 Sanitary Sewer - 1996	0.00	149,627	December 1, 2005
Route 83 Channel Enclosure - 2003	0.00	45,000	December 1, 2013
<i>Long-term Notes</i>			
Fire Facility Construction - 2004	1.35	600,000	April 15, 2005
Schneider Court Development - 2004	1.35	1,000,000	April 15, 2005
French Creek Restoration - 2004	1.35	600,000	April 15, 2005
Municipal Purposes - 2004	1.35	400,000	April 15, 2005
<i>Ohio Water Development Loans:</i>			
Sanitary Sewer Addition - 1989	7.65	687,406	January 1, 2013
Sanitary Sewer Construction - 1989	2.00	1,536,998	January 1, 2013
<i>Enterprise General Obligation Bonds:</i>			
Water Construction Refunding Bonds - 2004	2.00-3.25	228,000	December 1, 2012
Sewer Construction Refunding Bonds - 2004	2.00-3.25	228,000	December 1, 2012

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Changes in bonds and other long-term obligations of the City during 2004 were as follows:

	Principal Outstanding 12/31/03	Additions	Deletions	Principal Outstanding 12/31/04	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Sanitary Water Construction	\$96,000	\$0	\$96,000	\$0	\$0
Moore Road/Formanek	4,898	0	864	4,034	864
Detroit Road Park	180,000	0	10,000	170,000	10,000
Library Improvement	700,000	0	50,000	650,000	50,000
Northgate Sewer Improvement	305,000	0	15,000	290,000	20,000
New City Hall	718,204	0	35,167	683,037	36,926
Just Imagine Drive	520,000	0	25,000	495,000	30,000
North Branch Sewer Avins Ditch	72,925	0	3,587	69,338	3,587
Moore Road Improvement	96,162	0	3,960	92,202	3,960
Veteran's Park	1,590,000	0	45,000	1,545,000	60,000
Service Garage	0	2,500,000	0	2,500,000	75,000
Unamortized Premium	0	10,521	130	10,391	0
Refunding Bonds	0	114,000	0	114,000	13,000
Unamortized Premium	0	479	15	464	0
Unamortized Loss on Refunding	0	(35,990)	(1,091)	(34,899)	0
Total General Obligation Bonds	4,283,189	2,589,010	283,632	6,588,567	303,337
<i>Special Assessment Bonds:</i>					
Moore Road/Formanek	80,102	0	14,136	65,966	14,136
Route 83 Sewer Improvement	380,000	0	20,000	360,000	20,000
Chester Road Sanitary Sewer	781,381	0	38,261	743,120	40,174
Moore/Chester Road Waterline	75,526	0	3,698	71,828	3,883
Chester Road Waterline East	122,026	0	5,975	116,051	6,274
Avon Road Waterline	259,926	0	12,727	247,199	13,364
Eaton Subdivisions	17,936	0	4,171	13,765	4,380
North Branch Sewer Avins Ditch	232,075	0	11,413	220,662	11,413
Moore Road Improvement	753,838	0	31,040	722,798	31,040
Mills, Jaycox, Sandy Lane	525,000	0	20,000	505,000	20,000
Various Purpose	550,000	0	20,000	530,000	20,000
Total Special Assessment Bonds	3,777,810	0	181,421	3,596,389	184,664
<i>Ohio Public Works Commission Loans:</i>					
Nagel Road Bridge	20,156	0	10,078	10,078	10,078
Route 83 Sanitary Sewer Project	29,924	0	14,962	14,962	14,962
Route 83 Channel Enclosure	40,500	0	9,000	31,500	9,000
Total Ohio Public Works Commission Loans	\$90,580	\$0	\$34,040	\$56,540	\$34,040

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

	Principal Outstanding 12/31/03	Additions	Deletions	Principal Outstanding 12/31/04	Due Within One Year
Governmental Activities (cont.)					
<i>Long-term Notes Payable:</i>					
Fire Facility Construction	\$1,870,000	\$0	\$1,870,000	\$0	\$0
Fire Facility Construction	0	600,000	0	600,000	0
Schneider Court Development	1,000,000	0	1,000,000	0	0
Schneider Court Development	0	1,000,000	0	1,000,000	0
French Creek Restoration	600,000	0	600,000	0	0
French Creek Restoration	0	600,000	0	600,000	0
Municipal Purposes	400,000	0	400,000	0	0
Municipal Purposes	0	400,000	0	400,000	0
<i>Total Long-term Notes Payable</i>	<u>3,870,000</u>	<u>2,600,000</u>	<u>3,870,000</u>	<u>2,600,000</u>	<u>0</u>
Compensated Absences	1,088,696	331,392	88,127	1,331,961	60,144
<i>Total Governmental Activities</i>	<u>\$13,110,275</u>	<u>\$5,520,402</u>	<u>\$4,457,220</u>	<u>\$14,173,457</u>	<u>\$582,185</u>
Business-Type Activities					
<i>Ohio Water Development Loans:</i>					
Sanitary Sewer Addition	\$291,415	\$0	\$65,227	\$226,188	\$66,532
Sanitary Sewer Construction	780,111	0	32,182	747,929	34,644
<i>Total Ohio Water Development Loans</i>	<u>1,071,526</u>	<u>0</u>	<u>97,409</u>	<u>974,117</u>	<u>101,176</u>
<i>General Obligation Revenue Bonds:</i>					
Water Construction	252,000	0	252,000	0	0
Sewer Construction	252,000	0	252,000	0	0
Water Construction Refunding Bonds	0	228,000	0	228,000	26,000
Unamortized Premium	0	960	29	931	0
Unamortized Gain on Refunding	0	(16,980)	(515)	(16,465)	0
Sewer Construction Refunding Bonds	0	228,000	0	228,000	26,000
Unamortized Premium	0	960	29	931	0
Unamortized Gain on Refunding	0	(16,980)	(515)	(16,465)	0
<i>Total General Obligation Revenue Bonds</i>	<u>504,000</u>	<u>423,960</u>	<u>503,028</u>	<u>424,932</u>	<u>52,000</u>
Intergovernmental Payable	1,099,312	0	74,467	1,024,845	78,312
Compensated Absences	92,150	72,037	52,703	111,484	6,672
<i>Total Business-Type Activities</i>	<u>\$2,766,988</u>	<u>\$495,997</u>	<u>\$727,607</u>	<u>\$2,535,378</u>	<u>\$238,160</u>

City of Avon, Ohio
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General obligation bonds, except the Detroit Road Park bond, the Veteran’s Park bond, the Library Improvement bond, the Sanitary Sewer Rehabilitation and the Service Garage Construction bonds, the Nagel Road Bridge and the Route 83 Ditch Enclosure Ohio Public Works Commission loans will be paid from the general bond retirement debt service fund. The Detroit Road Park and Veteran’s Park general obligation bonds will be paid from the park development special revenue fund. The Library Improvement general obligation bond will be paid from the library bond retirement debt service fund. The Service Garage general obligation bond will be paid from the service garage construction capital projects fund.

Special assessment bonds and the Route 83 Sanitary Sewer Project Ohio Public Works Commission loan will be paid from the proceeds of special assessments levied against benefited property owners. The general obligation bond retirement fund also contributes a small portion towards the Mills, Jaycox, Sandy Lane special assessment bond payment. 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 assets restricted for debt service” section of the statement of net assets.

Bond anticipation notes that were rolled over prior to the issuance of the financial statements and that have a new maturity beyond the end of the year in which the report is issued have been reported as long-term obligations in the government wide statements. The notes are backed by the full faith of the City of Avon. All of the long-term notes will be paid by transfers from the general fund.

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

Refunded Bonds

On September 15, 2004, the City issued \$570,000 in general obligation refunding bonds and \$2,500,000 in service garage construction serial bonds at interest rates varying from 2.0 percent to 5.0 percent. Proceeds were used to refund \$600,000 of the outstanding 1992 water and sewer construction bonds as follows:

	Governmental Activities	Business-Type Activities		Total
	Sanitary Water Construction	Water Construction	Sewer Construction	
Oustanding at December 31, 2003	\$96,000	\$252,000	\$252,000	\$600,000
Amount Refunded	(96,000)	(252,000)	(252,000)	(600,000)
Oustanding at December 31, 2004	\$0	\$0	\$0	\$0

The bonds were sold at a premium of \$12,920. Proceeds of \$669,950 (after underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 1992 water and sewer construction bonds. As a result, \$600,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the basic financial statements.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

The refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$35,990. This difference, reported as a deduction from bonds payable, is being charged to interest through fiscal year 2024. The City completed the refunding to reduce its total debt service payments over the next nine years by \$97,220 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$71,267.

The serial bonds were issued for an 11 year period with a final maturity at December 1, 2024. The bonds are being retired from the bond retirement fund.

Redemption Provisions

Optional Redemption The serial bonds maturing on and after December 1, 2015 are subject to prior redemption, by and at the sole option of the City, either in whole on any date or in part (in any order of maturity) on any Interest Payment Date on or after December 1, 2014, in integral multiples of \$5,000, at the redemption price of 100 percent of the principal amount redeemed plus, in each case, accrued interest to the redemption date.

Mandatory Sinking Fund Redemption The term bonds maturing on December 1, 2019 are subject to mandatory redemption, pursuant to mandatory sinking fund requirements, at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in each of the years and in the principal amounts set forth below:

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

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

The bonds maturing on December 1, 2024 are subject to mandatory redemption, pursuant to mandatory sinking fund requirements, at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1 in each of the years and in the principal amounts set forth below:

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

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.

Avon Lake Contractual Agreement

During 1994, the City of Avon entered into a contractual agreement with the City of Avon Lake for the construction and future maintenance of a water trunk line that runs through Avon and that Avon residents will be able to tap into. The project was financed mainly by general obligation bonds which were issued in 1994 by the City of Avon Lake. All proceeds were received by the City of Avon Lake and the City of Avon Lake is responsible for the debt retirement and maintenance. The line will be a capital asset of the City of Avon Lake. Cost overruns have increased Avon's share of the costs. The total amount owed to the City of Avon Lake as of December 31, 2004 is \$1,024,845. This amount has been recorded on Avon's books as a long-term liability in the water enterprise fund. The annual interest rate of this obligation ranges from 4.3 percent to 6.5 percent.

A corresponding amount has been recorded as deferred charges in the water enterprise fund. This amount will be amortized over the life of the debt to the City of Avon Lake. In 2004, a payment was made to the City of Avon Lake in the amount of \$74,467; \$18,846 from the special assessment debt service fund and \$55,621 from the enterprise water fund. The current year capital contribution related to this debt is \$18,846.

Of the amount owed to Avon Lake, \$262,078 will be repaid from special assessments levied against property owners. The remainder of the amount owed to the City of Avon Lake will be repaid with water fund revenues.

The City's overall legal debt margin was \$43,180,611 and an unvoted debt margin of \$17,676,132 at December 31, 2004. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2004 are as follows:

Years	General Obligation Bonds		Special Assessment Bonds		OPWC	Total	
	Principal	Interest	Principal	Interest	Loans	Principal	Interest
2005	\$303,337	\$314,384	\$189,664	\$195,447	\$34,040	\$527,041	\$509,831
2006	331,660	284,898	197,340	186,096	9,000	538,000	470,994
2007	337,707	273,100	215,293	176,012	9,000	562,000	449,112
2008	352,869	260,100	226,131	164,740	4,500	583,500	424,840
2009	359,746	245,783	214,255	152,354	0	574,001	398,137
2010-2014	2,060,052	983,911	1,260,945	572,954	0	3,320,997	1,556,865
2015-2019	1,617,240	507,289	1,157,761	204,984	0	2,775,001	712,273
2020-2024	1,250,000	178,450	135,000	9,675	0	1,385,000	188,125
Total	<u>\$6,612,611</u>	<u>\$3,047,915</u>	<u>\$3,596,389</u>	<u>\$1,662,262</u>	<u>\$56,540</u>	<u>\$10,265,540</u>	<u>\$4,710,177</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

Years	OWDA Loans		Revenue Bonds		Avon Lake		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$101,176	\$40,033	\$52,000	\$14,369	\$78,312	\$60,623	\$231,488	\$115,025
2006	105,157	36,048	56,000	10,822	82,912	56,232	244,069	103,102
2007	109,368	31,839	52,000	9,702	87,518	51,507	248,886	93,048
2008	113,824	27,383	56,000	8,611	92,124	46,431	261,948	82,425
2009	118,541	22,665	56,000	7,267	98,266	40,995	272,807	70,927
2010-2014	426,051	37,515	184,000	11,790	584,988	109,444	1,195,039	158,749
2015	0	0	0	0	725	0	725	0
Total	<u>\$974,117</u>	<u>\$195,483</u>	<u>\$456,000</u>	<u>\$62,561</u>	<u>\$1,024,845</u>	<u>\$365,232</u>	<u>\$2,454,962</u>	<u>\$623,276</u>

Note 11 - Contingencies

A. Grants

The City received financial assistance from federal and state agencies 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.

B. Litigation

The City is a party to legal proceedings seeking damages. The City management, including the Law Director, is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City and that the City has adequate liability insurance coverage to protect itself against any material loss.

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. Unused vacation balances that can be carried over to the next year vary according to the employee's classification. All employees other than police and fire department employees may carry over 80 hours into the following year. Police and fire department employees may carry over 40 hours. In addition, police and fire department employees may carry over a maximum of 90 hours of compensatory time and 40 hours of holiday time. 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. Full-time fire employees earn 13.25 hours of sick leave per month. Sick leave accumulation is unlimited. Upon retirement, payment is made for one-half of total sick leave accumulation for all employees except for the employees who are covered under the AFSCME bargaining agreement, Teamsters bargaining agreement, and

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

appointed administrators. Sick leave payment upon retirement for employees under the AFSCME and Teamsters agreement is limited to 960 hours of total sick leave accumulation.

For all 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.

Note 13 - Risk Management

A. 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 2004, the City negotiated with Custis Insurance Service, Inc. for commercial insurance coverage relating to general liability, property, fire, auto, employee bonds and public officials bonds.

The cost of the current coverage was \$99,651 for 2004. This coverage includes a \$2,000,000 comprehensive combined single limit general liability insurance policy with a \$3,500 deductible, a \$1,000,000 general law enforcement liability insurance policy with a \$5,000 deductible, a \$1,000,000 public officials liability policy with a \$7,500 deductible, a \$1,000,000 employment practices liability policy, a \$13,450,304 blanket building and contents policy, an inland marine coverage of \$782,012, a crime coverage blanket bond of \$110,000 an automobile insurance liability policy of \$1,500,000 and a \$9,000,000 umbrella coverage 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.

B. 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.

C. Health Insurance Benefits

The City participates in the Lorain County Healthcare Program, a shared risk pool (Note 17) to provide the health insurance coverage for the employees of the City. Through the SuperMed Classic Healthcare Plan with Medical Mutual of Ohio the coverages include health, prescription drug, dental and vision benefits. The City pays monthly contributions to the Program, which is used to cover claims and administrative costs and to purchase excess loss insurance for the plan. The Program has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier. The individual excess loss coverage has been structured to indemnify the program for medical claims paid for an individual in excess of \$10,000 per year, with no individual lifetime maximum. The aggregate excess loss coverage has been structured to indemnify the program for aggregate claims paid in excess of 115 percent of projected claims. In the event that the losses of the Program in any year exceeds amounts paid to the Program, together with all stop-loss, reinsurance and other coverage then in effect, then the payment of all uncovered losses shall revert to and be the sole obligation of the political subdivision against which the claim was made.

City of Avon, Ohio
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For the Year Ended December 31, 2004

Note 14 - Defined Benefit Pension Plans

A. Ohio Public Employee Retirement System

The City of Avon participates in the Ohio Public Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003 and 2002, were \$249,766, \$198,510, and \$183,830, respectively; 72.70 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$1,803 made by the City and \$1,131 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to OP&F for police for the years ended December 31, 2004, 2003 and 2002 were \$162,533, \$138,399 and \$116,519, respectively. The City's contributions to OP&F for fire for the years ended December 31, 2004 and 2003 were \$141,949 and \$64,110,

City of Avon, Ohio
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For the Year Ended December 31, 2004

respectively. The full amount for the police department has been contributed for 2003 and 2002 and the full amount for the fire department has been contributed for 2003. 71.00 percent for the police department and 79.09 percent for the fire department have been contributed for 2004.

C. Social Security System

Effective July, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System or the Police and Fire Pension Fund are covered by Social Security. Since July 1, 1991, the City's part-time firefighters are covered by Social Security. The City's liability is 6.2 percent of wages paid.

Note 15 - Postemployment Benefits

A. Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System of Ohio (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.0 percent was the portion that was used to fund health care.

Benefits are advanced-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.0 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number active contributing participants in the traditional and combined plans were 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$104,614. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2004

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24.0 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$107,203 for police and \$67,699 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

Note 16 - Jointly Governed Organizations

A. Lorain County General Health District

The City participates in the Lorain County General Health District, a jointly governed organization, which provides health services to the citizens within the Health District. The Health District is governed by the Board of Health which represents the area served by the Health District and oversees the operation of the Health District. The Board of Health members are appointed to staggered five year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the cities of Avon and Sheffield Lake and one member is appointed jointly by the cities of Amherst and Oberlin. The remaining five members are appointed by the various mayors of villages, chairmen of the township trustees and the County Commissioners. The City contributed \$63,606 during 2004 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.

B. Northeast Ohio Public Energy Council

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 112 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.

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NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Avon did not contribute to NOPEC during 2004. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 175 South Main Street, Akron, Ohio 44308 or at the website www.nopecinfo.org.

Note 17 - Shared Risk Pool

The City participates in the Lorain County Healthcare Program, a shared risk pool (Note 13) under the direction of the Lorain County Commissioners, which provides the health insurance coverage for all full-time employees who wish to participate in the plan. The Commissioners entered into an agreement with Medical Mutual for stop-loss coverage. The pool consists of twelve political subdivisions that pool risk for basic hospitalization, surgical, prescription drug, dental and vision coverage. Financial information can be obtained by contacting the Lorain County Commissioners, Lorain, Ohio.

Note 18 - Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2004:

Project	Contract Amount
Schneider Court Development	\$1,603,837
Schneider Court Roadway	660,610
254 Road Widening Project	210,396
French Creek Restoration	136,686
Detroit/Nagel Improvements	107,395
North Branch Sanitary Sewer	99,644
Route 83 Extension North	84,869
Remodeling of Senior Center	46,861
	\$2,950,298

As of December 31, 2004, nothing has been paid on these contractual commitments. All work is to be done in 2005.

Note 19 - Interfund Transfers and Balances

A. Transfers

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

City of Avon, Ohio
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the new fire station. The general fund transferred funds to help finance the various programs accounted for in other funds and to provide operating funds for a new fund established by council.

Transfers are also made to cover the various debt obligations of the City from the general fund, capital projects and enterprise funds to the debt service funds.

The storm water detention fund transferred unspent OPWC grant proceeds to the general fund. During the year, the Jaycox pedestrian bridge capital projects fund was closed due to completion of the respective projects. The balance remaining in the fund was transferred to the general fund.

Transfers made during the year ended December 31, 2004 were as follows:

<u>Transfer To</u>	<u>Transfer From</u>			<u>Totals</u>
	<i>Governmental Activities</i>			
	General	Fire Department	Nonmajor	
<u><i>Governmental Activities</i></u>				
General	\$0	\$0	\$50,087	\$50,087
Police	1,743,639	0	0	1,743,639
Fire Station				
Bond Retirement	0	1,903,175	162,899	2,066,074
Special Assessment				
Bond Retirement	24,011	0	0	24,011
Schneider Court Site				
Development	225,000	0	0	225,000
Nonmajor Funds	2,954,791	0	25,000	2,979,791
Total Governmental Activities	4,947,441	1,903,175	237,986	7,088,602
<u><i>Business-Type Activities</i></u>				
Sewer Fund	20,333	0	0	20,333
Total	\$4,967,774	\$1,903,175	\$237,986	\$7,108,935

B. Balances

As of December 31, 2004, the general fund had a \$205,000 interfund receivable and the storm water detention capital projects fund had a \$205,000 interfund payable. The interfund receivable and payable are due to the timing of the receipt of grant monies by the nonmajor funds.

City of Avon, Ohio
Notes to The Basic Financial Statements
For the Year Ended December 31, 2004

Note 20 - Subsequent Event

On April 14, 2005, the City retired \$4,000,000 in general obligation bond anticipation notes and issued \$2,550,000 in new notes with a maturity date of April 13, 2006 and an interest rate of 3.05 percent. The following table summarizes the activity.

<u>Note Issuance</u>	<u>Retired</u>	<u>Issued</u>
Fire Facility Construction	\$600,000	\$0
Schneider Court Development	1,000,000	750,000
French Creek Development	600,000	600,000
Municipal Purposes	400,000	300,000
Water Capital	350,000	350,000
Sewer Capital	1,050,000	550,000
<i>Total Notes</i>	<u>\$4,000,000</u>	<u>\$2,550,000</u>

**Combining Statements
and Individual Fund Schedules**

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Recycling Fund - This fund accounts for grant proceeds and miscellaneous revenues used to pay costs related to the development of the City recycling program.

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

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

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

Enforcement and Education Fund – This fund accounts for fines which are used to pay for educating the public on the dangers of driving while under the influence of alcohol and the laws governing the operation of a motor vehicle while under the influence of alcohol.

Law Enforcement Fund – This fund accounts for confiscated cash and/or proceeds from the sale of property confiscated during drug related arrests. The proceeds are used for law enforcement.

Mayor's Court Computer Fund – This fund accounts for fines collected to be used to update court computer systems.

Avon Seniors Fund – This fund accounts for the operations of the Senior Center and the various activities it provides the seniors within the City.

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

Community Center Fund - This fund accounts for fees or donations received for the maintenance of the “Avon-Lion’s Community Center.”

Living Tree Memorial Fund – This fund accounts for donations received for the establishment of a living tree memorial and the costs associated with purchasing and planting the trees.

Drainage Fund – This fund accounts for drainage fees assessed to anyone building within the City limits. The proceeds are used to provide storm sewer maintenance and to correct problems connected with flooding.

Cemetery Fund – This fund accounts for burial fees used to maintain the cemetery.

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

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Park Operating Fund – This fund accounts for costs associated with the operations and upkeep of the City parks.

Police Pension Fund – This fund accounts for property taxes and transfers from the police fund to provide the employer's share of police pension benefits.

Nonmajor Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment principal, interest, and related costs.

General Obligation Bond Retirement Fund - This fund accounts for transfers in and tax levies that are utilized for the repayment of general obligation debt.

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

Nonmajor Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds.)

Equipment Fund - This fund accounts for monies received from property taxes to purchase of equipment for the Police and Fire Departments.

Issue II Fund - This fund accounts for all costs associated with State of Ohio Issue II monies used for infrastructure replacements.

Storm Water Detention Fund - This fund accounts for monies derived from fees generated by new developments used for maintenance of a water detention system.

Capital Improvements Fund - This fund accounts for the costs associated with purchasing, constructing and maintaining the sidewalks, equipment and buildings throughout the City.

Fire Facility Construction Fund - This fund accounts for the interest and transfers from the fire department special revenue fund and the building expenditures to pay for the construction of the new fire department building.

Safety Town Construction Fund - This fund accounts for construction projects related to the Police department.

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds (continued)

Skateboard Park Fund - This fund accounts for construction of a skateboard park for the residents of the City.

Road Widening Fund - This fund accounts for the costs associated with widening the intersection of Detroit and Nagel Roads.

French Creek Restoration Fund - This fund accounts for the costs associated with restoration of the French Creek business district.

Land Purchase/Our Lady of Wayside Fund - This fund accounts for the costs associated with the purchase and development of the Our Lady of Wayside site.

Senior Citizen Center Fund - This fund accounts for the costs associated with remodeling the old fire station into the new senior center. Previously called the Fire Station Remodeling Fund.

Route 83 Extension Fund - This fund accounts for the costs associated with the extension of Route 83 to the north.

Land Purchase - CEI/First Energy Fund - This fund accounts for the costs associated with the purchase and development of land purchased from CEI/First Energy.

Schneider Court Roadway Fund - This fund accounts for the costs associated with the development of the roadway in the Schneider Court development.

Jaycox Pedestrian Bridge Fund - This fund accounts for the costs associated with the development and construction of a pedestrian bridge over Jaycox Road.

I-90 Interchange Study Fund - This fund accounts for the costs associated with traffic and road condition study of the I-90 interchange.

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$965,002	\$95,356	\$3,551,771	\$4,612,129
Materials and Supplies Inventory	787	0	0	787
Accounts Receivable	0	0	71,277	71,277
Intergovernmental Receivable	83,005	4,877	25,811	113,693
Property Taxes Receivable	436,608	101,063	428,204	965,875
<i>Total Assets</i>	<u>\$1,485,402</u>	<u>\$201,296</u>	<u>\$4,077,063</u>	<u>\$5,763,761</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$20,103	\$0	\$85,066	\$105,169
Contracts Payable	17,010	0	12,270	29,280
Accrued Wages and Benefits	6,250	0	0	6,250
Interfund Payable	0	0	205,000	205,000
Intergovernmental Payable	85,427	0	0	85,427
Deferred Revenue	499,337	105,940	454,015	1,059,292
Accrued Interest Payable	0	0	23,433	23,433
Notes Payable	0	0	1,205,000	1,205,000
<i>Total Liabilities</i>	<u>628,127</u>	<u>105,940</u>	<u>1,984,784</u>	<u>2,718,851</u>
Fund Balances				
Reserved for Encumbrances	80,359	0	1,713,567	1,793,926
Unreserved, Undesignated Reported in:				
Special Revenue Funds	776,916	0	0	776,916
Debt Service Funds	0	95,356	0	95,356
Capital Projects Funds	0	0	378,712	378,712
<i>Total Fund Balances</i>	<u>857,275</u>	<u>95,356</u>	<u>2,092,279</u>	<u>3,044,910</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,485,402</u>	<u>\$201,296</u>	<u>\$4,077,063</u>	<u>\$5,763,761</u>

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$334,065	\$77,665	\$328,984	\$740,714
Charges for Services	88,304	0	34,000	122,304
Licenses and Permits	373,344	0	0	373,344
Fines and Forfeitures	9,753	0	0	9,753
Intergovernmental	265,505	9,753	41,081	316,339
Interest	1,621	863	7,983	10,467
Contributions and Donations	1,262	0	500	1,762
Miscellaneous	4,925	0	95,024	99,949
<i>Total Revenues</i>	<u>1,078,779</u>	<u>88,281</u>	<u>507,572</u>	<u>1,674,632</u>
Expenditures				
Current:				
General Government	0	4,334	0	4,334
Security of Persons and Property	284,154	0	0	284,154
Transportation	145,681	0	0	145,681
Community Environment	128,374	0	0	128,374
Basic Utility Services	26,022	0	0	26,022
Leisure Time Activities	783,976	0	0	783,976
Capital Outlay	0	0	3,374,838	3,374,838
Debt Service:				
Principal Retirement	55,000	160,950	1,000,000	1,215,950
Interest and Fiscal Charges	90,666	111,459	60,247	262,372
Bond Issuance Costs	0	3,150	0	3,150
<i>Total Expenditures</i>	<u>1,513,873</u>	<u>279,893</u>	<u>4,435,085</u>	<u>6,228,851</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<u>(435,094)</u>	<u>(191,612)</u>	<u>(3,927,513)</u>	<u>(4,554,219)</u>
Other Financing Sources (Uses)				
Bonds Issued	0	114,000	0	114,000
Notes Issued	0	0	1,000,000	1,000,000
Payments to Refunded Bond Escrow Agent	0	(131,990)	0	(131,990)
Bond Premium	0	479	0	479
Transfers In	475,656	287,308	2,216,827	2,979,791
Transfers Out	0	0	(237,986)	(237,986)
<i>Total Other Financing Sources (Uses)</i>	<u>475,656</u>	<u>269,797</u>	<u>2,978,841</u>	<u>3,724,294</u>
<i>Net Change in Fund Balances</i>	40,562	78,185	(948,672)	(829,925)
<i>Fund Balances Beginning of Year</i>	<u>816,713</u>	<u>17,171</u>	<u>3,040,951</u>	<u>3,874,835</u>
<i>Fund Balances End of Year</i>	<u>\$857,275</u>	<u>\$95,356</u>	<u>\$2,092,279</u>	<u>\$3,044,910</u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	Recycling	ADA Parking Violations	State Highway	Permissive Tax	Enforcement and Education
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$25,280	\$1,239	\$126,821	\$38,499	\$6,797
Materials and Supplies Inventory	0	0	0	0	0
Intergovernmental Receivable	0	0	20,116	38,340	267
Property Taxes Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$25,280</u>	<u>\$1,239</u>	<u>\$146,937</u>	<u>\$76,839</u>	<u>\$7,064</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$9,677	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	11,418	0
Accrued Wages and Benefits	249	0	0	0	0
Intergovernmental Payable	34	0	0	0	0
Deferred Revenue	0	0	12,887	25,560	0
<i>Total Liabilities</i>	<u>9,960</u>	<u>0</u>	<u>12,887</u>	<u>36,978</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	9,293	574	0	1,824	0
Unreserved, Undesignated (Deficit)	6,027	665	134,050	38,037	7,064
<i>Total Fund Balances (Deficit)</i>	<u>15,320</u>	<u>1,239</u>	<u>134,050</u>	<u>39,861</u>	<u>7,064</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$25,280</u>	<u>\$1,239</u>	<u>\$146,937</u>	<u>\$76,839</u>	<u>\$7,064</u>

Law Enforcement	Mayor's Court Computer	Avon Seniors	Park Development	Community Center	Living Tree Memorial	Drainage
\$28,721	\$52,525	\$65,445	\$492,915	\$8,740	\$492	\$1,774
0	0	0	608	179	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$28,721</u>	<u>\$52,525</u>	<u>\$65,445</u>	<u>\$493,523</u>	<u>\$8,919</u>	<u>\$492</u>	<u>\$1,774</u>
\$0	\$0	\$541	\$4,004	\$0	\$222	\$0
0	0	0	4,185	0	0	0
0	0	0	0	313	0	0
0	0	243	0	132	0	0
0	0	0	0	0	0	0
0	0	784	8,189	445	222	0
100	0	125	60,343	1,027	0	166
28,621	52,525	64,536	424,991	7,447	270	1,608
28,721	52,525	64,661	485,334	8,474	270	1,774
<u>\$28,721</u>	<u>\$52,525</u>	<u>\$65,445</u>	<u>\$493,523</u>	<u>\$8,919</u>	<u>\$492</u>	<u>\$1,774</u>

(continued)

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2004

	Cemetery	Recreation	Park Operating	Police Pension	Total Nonmajor Special Revenue Funds
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$4,733	\$57,393	\$53,628	\$0	\$965,002
Materials and Supplies Inventory	0	0	0	0	787
Intergovernmental Receivable	0	0	14,254	10,028	83,005
Property Taxes Receivable	0	0	258,666	177,942	436,608
<i>Total Assets</i>	<u>\$4,733</u>	<u>\$57,393</u>	<u>\$326,548</u>	<u>\$187,970</u>	<u>\$1,485,402</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$1,602	\$4,057	\$0	\$20,103
Contracts Payable	0	0	1,407	0	17,010
Accrued Wages and Benefits	0	800	4,888	0	6,250
Intergovernmental Payable	0	325	2,436	82,257	85,427
Deferred Revenue	0	0	272,920	187,970	499,337
<i>Total Liabilities</i>	<u>0</u>	<u>2,727</u>	<u>285,708</u>	<u>270,227</u>	<u>628,127</u>
Fund Balances					
Reserved for Encumbrances	0	1,607	5,300	0	80,359
Unreserved, Undesignated (Deficit)	4,733	53,059	35,540	(82,257)	776,916
<i>Total Fund Balances (Deficit)</i>	<u>4,733</u>	<u>54,666</u>	<u>40,840</u>	<u>(82,257)</u>	<u>857,275</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,733</u>	<u>\$57,393</u>	<u>\$326,548</u>	<u>\$187,970</u>	<u>\$1,485,402</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, 2004

	Recycling	ADA Parking Violations	State Highway	Permissive Tax	Enforcement and Education
Revenues					
Property and Other Taxes	\$0	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0	0
Licenses and Permits	0	0	0	0	0
Fines and Forfeitures	0	530	0	0	1,498
Intergovernmental	99,265	0	43,694	82,216	0
Interest	0	0	1,267	354	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	665	0	0	2,254
<i>Total Revenues</i>	<u>99,265</u>	<u>1,195</u>	<u>44,961</u>	<u>82,570</u>	<u>3,752</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	3,681
Transportation	0	2,123	0	143,558	0
Community Environment	121,947	0	0	0	0
Basic Utility Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>121,947</u>	<u>2,123</u>	<u>0</u>	<u>143,558</u>	<u>3,681</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(22,682)	(928)	44,961	(60,988)	71
Other Financing Sources					
Transfers In	25,480	0	0	70,000	0
<i>Net Change in Fund Balances</i>	2,798	(928)	44,961	9,012	71
<i>Fund Balances Beginning of Year</i>	<u>12,522</u>	<u>2,167</u>	<u>89,089</u>	<u>30,849</u>	<u>6,993</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$15,320</u>	<u>\$1,239</u>	<u>\$134,050</u>	<u>\$39,861</u>	<u>\$7,064</u>

(continued)

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2004

	Law Enforcement	Mayor's Court Computer	Avon Seniors	Park Development	Community Center
Revenues					
Property and Other Taxes	\$0	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0	2,590
Licenses and Permits	0	0	0	373,344	0
Fines and Forfeitures	770	6,955	0	0	0
Intergovernmental	0	0	0	0	0
Interest	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Miscellaneous	0	0	0	0	0
<i>Total Revenues</i>	<u>770</u>	<u>6,955</u>	<u>0</u>	<u>373,344</u>	<u>2,590</u>
Expenditures					
Current:					
Security of Persons and Property	0	2,234	0	0	0
Transportation	0	0	0	0	0
Community Environment	0	0	4,989	0	0
Basic Utility Services	0	0	0	0	0
Leisure Time Activities	0	0	0	325,619	10,765
Debt Service:					
Principal Retirement	0	0	0	55,000	0
Interest and Fiscal Charges	0	0	0	90,666	0
<i>Total Expenditures</i>	<u>0</u>	<u>2,234</u>	<u>4,989</u>	<u>471,285</u>	<u>10,765</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	770	4,721	(4,989)	(97,941)	(8,175)
Other Financing Sources					
Transfers In	0	0	58,480	25,000	8,500
<i>Net Change in Fund Balances</i>	770	4,721	53,491	(72,941)	325
<i>Fund Balances Beginning of Year</i>	<u>27,951</u>	<u>47,804</u>	<u>11,170</u>	<u>558,275</u>	<u>8,149</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$28,721</u>	<u>\$52,525</u>	<u>\$64,661</u>	<u>\$485,334</u>	<u>\$8,474</u>

Living Tree Memorial	Drainage	Cemetery	Recreation	Park Operating	Police Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$201,861	\$132,204	\$334,065
0	0	600	85,063	51	0	88,304
0	0	0	0	0	0	373,344
0	0	0	0	0	0	9,753
0	0	0	0	24,075	16,255	265,505
0	0	0	0	0	0	1,621
1,262	0	0	0	0	0	1,262
0	0	0	0	2,006	0	4,925
<u>1,262</u>	<u>0</u>	<u>600</u>	<u>85,063</u>	<u>227,993</u>	<u>148,459</u>	<u>1,078,779</u>
0	0	0	0	0	278,239	284,154
0	0	0	0	0	0	145,681
1,438	0	0	0	0	0	128,374
0	26,022	0	0	0	0	26,022
0	0	0	103,501	344,091	0	783,976
0	0	0	0	0	0	55,000
0	0	0	0	0	0	90,666
<u>1,438</u>	<u>26,022</u>	<u>0</u>	<u>103,501</u>	<u>344,091</u>	<u>278,239</u>	<u>1,513,873</u>
(176)	(26,022)	600	(18,438)	(116,098)	(129,780)	(435,094)
0	25,000	0	36,000	125,340	101,856	475,656
(176)	(1,022)	600	17,562	9,242	(27,924)	40,562
446	2,796	4,133	37,104	31,598	(54,333)	816,713
<u>\$270</u>	<u>\$1,774</u>	<u>\$4,733</u>	<u>\$54,666</u>	<u>\$40,840</u>	<u>(\$82,257)</u>	<u>\$857,275</u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2004

	General Obligation Bond Retirement	Library Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$80,407	\$14,949	\$95,356
Intergovernmental Receivable	0	4,877	4,877
Property Taxes Receivable	0	101,063	101,063
<i>Total Assets</i>	<u>\$80,407</u>	<u>\$120,889</u>	<u>\$201,296</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$0	\$105,940	\$105,940
Fund Balances			
Unreserved, Undesignated	<u>80,407</u>	<u>14,949</u>	<u>95,356</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$80,407</u>	<u>\$120,889</u>	<u>\$201,296</u>

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2004

	General Obligation Bond Retirement	Library Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Property and Other Taxes	\$0	\$77,665	\$77,665
Intergovernmental	0	9,753	9,753
Interest	863	0	863
<i>Total Revenues</i>	<u>863</u>	<u>87,418</u>	<u>88,281</u>
Expenditures			
Current:			
General Government	3,044	1,290	4,334
Debt Service:			
Principal Retirement	110,950	50,000	160,950
Interest and Fiscal Charges	73,109	38,350	111,459
Bond Issuance Costs	3,150	0	3,150
<i>Total Expenditures</i>	<u>190,253</u>	<u>89,640</u>	<u>279,893</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(189,390)</u>	<u>(2,222)</u>	<u>(191,612)</u>
Other Financing Sources (Uses)			
Bonds Issued	114,000	0	114,000
Payments to Refunded Bond Escrow Agent	(131,990)	0	(131,990)
Bond Premium	479	0	479
Transfers In	287,308	0	287,308
<i>Total Other Financing Sources (Uses)</i>	<u>269,797</u>	<u>0</u>	<u>269,797</u>
<i>Net Change in Fund Balances</i>	80,407	(2,222)	78,185
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>17,171</u>	<u>17,171</u>
<i>Fund Balances End of Year</i>	<u><u>\$80,407</u></u>	<u><u>\$14,949</u></u>	<u><u>\$95,356</u></u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	<u>Equipment</u>	<u>Issue II</u>	<u>Storm Water Detention</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$561,435	\$130,024	\$105,035
Accounts Receivable	500	0	0
Intergovernmental Receivable	25,811	0	0
Property Taxes Receivable	428,204	0	0
<i>Total Assets</i>	<u>\$1,015,950</u>	<u>\$130,024</u>	<u>\$105,035</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$1,673	\$0	\$0
Contracts Payable	0	0	0
Interfund Payable	0	0	205,000
Deferred Revenue	454,015	0	0
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>455,688</u>	<u>0</u>	<u>205,000</u>
Fund Balances			
Reserved for Encumbrances	76,232	0	29,337
Unreserved, Undesignated (Deficit)	484,030	130,024	(129,302)
<i>Total Fund Balances (Deficit)</i>	<u>560,262</u>	<u>130,024</u>	<u>(99,965)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,015,950</u>	<u>\$130,024</u>	<u>\$105,035</u>

<u>Capital Improvements</u>	<u>Fire Facility Construction</u>	<u>Safety Town Construction</u>	<u>Skateboard Park</u>	<u>Road Widening</u>	<u>French Creek Restoration</u>
\$542,359	\$0	\$3,923	\$128,047	\$300,634	\$501,485
0	69,500	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$542,359</u>	<u>\$69,500</u>	<u>\$3,923</u>	<u>\$128,047</u>	<u>\$300,634</u>	<u>\$501,485</u>
\$5,770	\$0	\$0	\$6,152	\$6,035	\$20,585
365	0	0	325	2,370	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>6,135</u>	<u>0</u>	<u>0</u>	<u>6,477</u>	<u>8,405</u>	<u>20,585</u>
483,600	0	3,335	2,010	201,991	116,101
52,624	69,500	588	119,560	90,238	364,799
<u>536,224</u>	<u>69,500</u>	<u>3,923</u>	<u>121,570</u>	<u>292,229</u>	<u>480,900</u>
<u>\$542,359</u>	<u>\$69,500</u>	<u>\$3,923</u>	<u>\$128,047</u>	<u>\$300,634</u>	<u>\$501,485</u>

(continued)

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2004

	Land Purchase/ Our Lady of Wayside	Senior Citizen Center	Route 83 Extension
Assets			
Equity in Pooled Cash and Cash Equivalents	\$17,322	\$70,348	\$91,277
Accounts Receivable	0	0	0
Intergovernmental Receivable	0	0	0
Property Taxes Receivable	0	0	0
<i>Total Assets</i>	<u>\$17,322</u>	<u>\$70,348</u>	<u>\$91,277</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$645	\$0
Contracts Payable	0	0	0
Interfund Payable	0	0	0
Deferred Revenue	0	0	0
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>645</u>	<u>0</u>
Fund Balances			
Reserved for Encumbrances	2,499	46,861	84,869
Unreserved, Undesignated (Deficit)	14,823	22,842	6,408
<i>Total Fund Balances (Deficit)</i>	<u>17,322</u>	<u>69,703</u>	<u>91,277</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$17,322</u>	<u>\$70,348</u>	<u>\$91,277</u>

Land Purchase/ CEI/ First Energy	Schneider Court Roadway	Jaycox Pedestrian Bridge	I-90 Interchange Study	Total Nonmajor Capital Projects Funds
\$364,250	\$675,939	\$0	\$59,693	\$3,551,771
0	0	1,277	0	71,277
0	0	0	0	25,811
0	0	0	0	428,204
<u>\$364,250</u>	<u>\$675,939</u>	<u>\$1,277</u>	<u>\$59,693</u>	<u>\$4,077,063</u>
\$0	\$44,206	\$0	\$0	\$85,066
0	9,210	0	0	12,270
0	0	0	0	205,000
0	0	0	0	454,015
7,400	16,033	0	0	23,433
375,000	830,000	0	0	1,205,000
<u>382,400</u>	<u>899,449</u>	<u>0</u>	<u>0</u>	<u>1,984,784</u>
0	607,194	0	59,538	1,713,567
(18,150)	(830,704)	1,277	155	378,712
<u>(18,150)</u>	<u>(223,510)</u>	<u>1,277</u>	<u>59,693</u>	<u>2,092,279</u>
<u>\$364,250</u>	<u>\$675,939</u>	<u>\$1,277</u>	<u>\$59,693</u>	<u>\$4,077,063</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, 2004

	Equipment	Issue II	Storm Water Detention
Revenues			
Property and Other Taxes	\$328,984	\$0	\$0
Charges for Services	0	0	34,000
Intergovernmental	41,081	0	0
Interest	0	0	0
Contribution and Donations	0	0	0
Miscellaneous	5,054	0	0
<i>Total Revenues</i>	<u>375,119</u>	<u>0</u>	<u>34,000</u>
Expenditures			
Capital Outlay	379,236	0	62,159
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>379,236</u>	<u>0</u>	<u>62,159</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,117)</u>	<u>0</u>	<u>(28,159)</u>
Other Financing Sources (Uses)			
Notes Issued	0	0	0
Transfers In	0	0	49,400
Transfers Out	0	0	(56,314)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(6,914)</u>
<i>Net Change in Fund Balances</i>	(4,117)	0	(35,073)
<i>Fund Balances (Deficit)</i>			
<i>Beginning of Year</i>	<u>564,379</u>	<u>130,024</u>	<u>(64,892)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$560,262</u></u>	<u><u>\$130,024</u></u>	<u><u>(\$99,965)</u></u>

<u>Capital Improvements</u>	<u>Fire Facility Construction</u>	<u>Safety Town Construction</u>	<u>Skateboard Park</u>	<u>Road Widening</u>	<u>French Creek Restoration</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	1,427
0	0	0	0	0	0
19,193	69,500	0	0	0	0
<u>19,193</u>	<u>69,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,427</u>
1,162,466	32	5,203	470,197	50,708	317,613
0	0	0	0	0	600,000
0	0	0	0	0	12,101
<u>1,162,466</u>	<u>32</u>	<u>5,203</u>	<u>470,197</u>	<u>50,708</u>	<u>929,714</u>
<u>(1,143,273)</u>	<u>69,468</u>	<u>(5,203)</u>	<u>(470,197)</u>	<u>(50,708)</u>	<u>(928,287)</u>
0	0	0	0	0	600,000
1,144,831	0	0	266,700	201,150	0
0	(162,899)	0	0	0	0
<u>1,144,831</u>	<u>(162,899)</u>	<u>0</u>	<u>266,700</u>	<u>201,150</u>	<u>600,000</u>
1,558	(93,431)	(5,203)	(203,497)	150,442	(328,287)
<u>534,666</u>	<u>162,931</u>	<u>9,126</u>	<u>325,067</u>	<u>141,787</u>	<u>809,187</u>
<u>\$536,224</u>	<u>\$69,500</u>	<u>\$3,923</u>	<u>\$121,570</u>	<u>\$292,229</u>	<u>\$480,900</u>

(continued)

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds (continued)
For the Year Ended December 31, 2004

	Land Purchase/ Our Lady of Wayside	Senior Citizen Center	Route 83 Extension
Revenues			
Property and Other Taxes	\$0	\$0	\$0
Charges for Services	0	0	0
Intergovernmental	0	0	0
Interest	0	0	0
Contribution and Donations	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures			
Capital Outlay	19,850	450,297	79,047
Debt Service:			
Principal Retirement	400,000	0	0
Interest and Fiscal Charges	10,069	0	0
<i>Total Expenditures</i>	<u>429,919</u>	<u>450,297</u>	<u>79,047</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(429,919)</u>	<u>(450,297)</u>	<u>(79,047)</u>
Other Financing Sources (Uses)			
Notes Issued	400,000	0	0
Transfers In	24,592	395,000	0
Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>424,592</u>	<u>395,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(5,327)	(55,297)	(79,047)
<i>Fund Balances (Deficit)</i>			
<i>Beginning of Year</i>	<u>22,649</u>	<u>125,000</u>	<u>170,324</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$17,322</u>	<u>\$69,703</u>	<u>\$91,277</u>

Land Purchase/ CEI/ First Energy	Schneider Court Roadway	Jaycox Pedestrian Bridge	I-90 Interchange Study	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$328,984
0	0	0	0	34,000
0	0	0	0	41,081
0	6,556	0	0	7,983
0	0	0	500	500
0	0	1,277	0	95,024
0	6,556	1,277	500	507,572
37,107	205,389	46,227	89,307	3,374,838
0	0	0	0	1,000,000
13,400	24,677	0	0	60,247
50,507	230,066	46,227	89,307	4,435,085
(50,507)	(223,510)	(44,950)	(88,807)	(3,927,513)
0	0	0	0	1,000,000
32,357	0	65,000	37,797	2,216,827
0	0	(18,773)	0	(237,986)
32,357	0	46,227	37,797	2,978,841
(18,150)	(223,510)	1,277	(51,010)	(948,672)
0	0	0	110,703	3,040,951
(\$18,150)	(\$223,510)	\$1,277	\$59,693	\$2,092,279

Combining Statements - Agency Funds

Fiduciary Funds

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

Agency Funds

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

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

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

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 Assets and Liabilities
Agency Funds
December 31, 2004

	<u>Deposits</u>	<u>North Ridgeville Sewer</u>	<u>Subdivisions</u>	<u>Total</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,221,891</u>	<u>\$104,008</u>	<u>\$3,583,380</u>	<u>\$4,909,279</u>
 Liabilities				
Deposits Held and Due to Others	\$1,221,891	\$0	\$3,583,380	\$4,805,271
Intergovernmental Payable	<u>0</u>	<u>104,008</u>	<u>0</u>	<u>104,008</u>
<i>Total Liabilities</i>	<u>\$1,221,891</u>	<u>\$104,008</u>	<u>\$3,583,380</u>	<u>\$4,909,279</u>

City of Avon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004

	Beginning Balance 12/31/03	Additions	Deductions	Ending Balance 12/31/04
<i>Deposits</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,086,224	\$868,794	\$733,127	\$1,221,891
Liabilities				
Deposits Held and Due to Others	\$1,086,224	\$868,794	\$733,127	\$1,221,891
 <i>Lorain Public Library</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,950	\$380,344	\$382,294	\$0
Liabilities				
Intergovernmental Payable	\$1,950	\$380,344	\$382,294	\$0
 <i>North Ridgeville Sewer</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$103,395	\$976,477	\$975,864	\$104,008
Liabilities				
Intergovernmental Payable	\$103,395	\$976,477	\$975,864	\$104,008
 <i>Subdivisions</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,023,082	\$1,408,734	\$848,436	\$3,583,380
Liabilities				
Deposits Held and Due to Others	\$3,023,082	\$1,408,734	\$848,436	\$3,583,380

(continued)

City of Avon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2004

	Beginning Balance 12/31/03	Additions	Deductions	Ending Balance 12/31/04
Mayor's Court				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$155,955	\$155,955	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$155,955	\$155,955	\$0
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,214,651	\$3,634,349	\$2,939,721	\$4,909,279
Cash and Cash Equivalents in Segregated Accounts	0	155,955	155,955	0
<i>Total Assets</i>	\$4,214,651	\$3,790,304	\$3,095,676	\$4,909,279
Liabilities				
Deposits Held and Due to Others	\$4,109,306	\$2,433,483	\$1,737,518	\$4,805,271
Intergovernmental Payable	105,345	1,356,821	1,358,158	104,008
<i>Total Liabilities</i>	\$4,214,651	\$3,790,304	\$3,095,676	\$4,909,279

**Individual Fund Schedules of Revenues, Expenditures/Expenses
And Changes in Fund Balances –
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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$850,370	\$1,062,986	\$1,072,295	\$9,309
Municipal Income Taxes	3,099,823	3,874,866	3,861,240	(13,626)
Charges for Services	250,571	313,221	290,037	(23,184)
Licenses and Permits	727,424	909,300	1,540,389	631,089
Fines and Forfeitures	191,116	238,900	320,094	81,194
Intergovernmental	197,772	247,220	362,355	115,135
Interest	87,998	110,000	178,142	68,142
Miscellaneous	10,312	24,070	29,732	5,662
<i>Total Revenues</i>	<u>5,415,386</u>	<u>6,780,563</u>	<u>7,654,284</u>	<u>873,721</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Personal Services	114,696	179,942	172,460	7,482
Materials and Supplies	797	1,250	508	742
Contractual Services	46,616	73,134	64,688	8,446
Total Mayor	<u>162,109</u>	<u>254,326</u>	<u>237,656</u>	<u>16,670</u>
Finance:				
Personal Services	121,313	190,323	183,942	6,381
Materials and Supplies	9,671	15,172	15,154	18
Contractual Services	49,095	77,025	77,025	0
Total Finance	<u>180,079</u>	<u>282,520</u>	<u>276,121</u>	<u>6,399</u>
Treasurer:				
Personal Services	10,778	16,910	16,537	373
Materials and Supplies	1,377	2,160	733	1,427
Contractual Services	733	1,150	25	1,125
Total Treasurer	<u>12,888</u>	<u>20,220</u>	<u>17,295</u>	<u>2,925</u>
Law Director:				
Personal Services	68,313	107,174	105,427	1,747
Materials and Supplies	64	100	0	100
Contractual Services	96,407	151,250	136,598	14,652
Total Law Director	<u>\$164,784</u>	<u>\$258,524</u>	<u>\$242,025</u>	<u>\$16,499</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Council:				
Personal Services	\$80,621	\$126,484	\$113,588	\$12,896
Materials and Supplies	4,876	7,650	6,439	1,211
Contractual Services	26,143	41,015	36,598	4,417
Capital Outlay	733	1,150	1,138	12
Total Council	112,373	176,299	157,763	18,536
City Hall:				
Personal Services	17,633	27,663	23,353	4,310
Materials and Supplies	12,710	19,941	19,919	22
Contractual Services	104,485	163,922	163,907	15
Capital Outlay	10,729	16,832	11,596	5,236
Other	64	100	30	70
Total City Hall	145,621	228,458	218,805	9,653
Civil Service:				
Personal Services	2,540	3,985	2,651	1,334
Materials and Supplies	32	50	0	50
Contractual Services	7,139	11,200	8,540	2,660
Other	38	60	60	0
Total Civil Service	9,749	15,295	11,251	4,044
Records:				
Personal Services	18,829	29,540	16,992	12,548
Materials and Supplies	9,561	15,000	0	15,000
Contractual Services	7,623	11,960	300	11,660
Total Records	36,013	56,500	17,292	39,208
Statutory Accounts:				
Personal Services	9,561	15,000	6,082	8,918
Contractual Services	112,156	175,958	171,354	4,604
Total Statutory Accounts	121,717	190,958	177,436	13,522
Legal				
Contractual Services	9,752	15,300	12,050	3,250
Engineer:				
Contractual Services	\$132,106	\$207,257	\$207,257	\$0

(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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Grant Coordinator:				
Contractual Services	\$17,210	\$27,000	\$7,000	\$20,000
Income Tax Department:				
Personal Services	11,160	17,509	15,555	1,954
Contractual Services	87,388	137,100	115,559	21,541
Total Income Tax Department	98,548	154,609	131,114	23,495
Total General Government	1,202,949	1,887,266	1,713,065	174,201
Security of Persons and Property:				
Emergency Rescue:				
Personal Services	327	513	0	513
Community Environment:				
Planning Commission:				
Personal Services	77,176	121,079	105,281	15,798
Materials and Supplies	3,689	5,788	4,287	1,501
Contractual Services	2,499	3,920	2,798	1,122
Capital Outlay	637	1,000	0	1,000
Other	637	1,000	800	200
Total Planning Commission	84,638	132,787	113,166	19,621
Building Inspector:				
Personal Services	409,967	643,182	591,038	52,144
Materials and Supplies	18,740	29,401	21,881	7,520
Contractual Services	132,481	207,845	187,764	20,081
Capital Outlay	15,584	24,449	449	24,000
Other	1,757	2,757	2,575	182
Total Building Inspector	578,529	907,634	803,707	103,927
Safety Director/Zoning Officer:				
Personal Services	32,300	50,674	49,198	1,476
Materials and Supplies	1,084	1,700	0	1,700
Contractual Services	542	850	65	785
Capital Outlay	148	232	76	156
Total Safety Director/Zoning Officer	34,074	53,456	49,339	4,117
Total Community Environment	\$697,241	\$1,093,877	\$966,212	\$127,665

(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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<i>Total Expenditures</i>	\$1,900,517	\$2,981,656	\$2,679,277	\$302,379
<i>Excess of Revenues Over Expenditures</i>	3,514,869	3,798,907	4,975,007	1,176,100
Other Financing Sources (Uses)				
Advances In	60,000	60,000	60,000	0
Transfers In	889,658	50,087	50,087	0
Transfers Out	(3,547,279)	(5,264,450)	(4,967,773)	296,677
<i>Total Other Financing Sources (Uses)</i>	(2,597,621)	(5,154,363)	(4,857,686)	296,677
<i>Net Change in Fund Balance</i>	917,248	(1,355,456)	117,321	1,472,777
<i>Fund Balance Beginning of Year</i>	3,521,787	3,521,787	3,521,787	0
Prior Year Encumbrances Appropriated	60,259	60,259	60,259	0
<i>Fund Balance End of Year</i>	\$4,499,294	\$2,226,590	\$3,699,367	\$1,472,777

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$2,400,000	\$2,559,273	\$2,559,273	\$0
Miscellaneous	100	3,309	3,309	0
<i>Total Revenues</i>	<u>2,400,100</u>	<u>2,562,582</u>	<u>2,562,582</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Personal Services	1,300,000	1,599,247	1,449,944	149,303
Materials and Supplies	50,000	83,894	78,906	4,988
Contractual Services	204,577	255,575	238,061	17,514
Capital Outlay	1,000	1,150	1,150	0
Other	400	400	37	363
<i>Total Expenditures</i>	<u>1,555,977</u>	<u>1,940,266</u>	<u>1,768,098</u>	<u>172,168</u>
<i>Excess of Revenues Over Expenditures</i>	844,123	622,316	794,484	172,168
Other Financing Uses				
Transfers Out	(500,000)	(1,903,175)	(1,903,175)	0
<i>Net Change in Fund Balance</i>	344,123	(1,280,859)	(1,108,691)	172,168
<i>Fund Balance Beginning of Year</i>	1,580,211	1,580,211	1,580,211	0
Prior Year Encumbrances Appropriated	33,016	33,016	33,016	0
<i>Fund Balance End of Year</i>	<u>\$1,957,350</u>	<u>\$332,368</u>	<u>\$504,536</u>	<u>\$172,168</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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$510,104	\$683,482	\$682,539	(\$943)
Intergovernmental	500,000	586,481	586,481	0
Interest	9,000	9,054	9,054	0
Miscellaneous	14,000	16,048	16,048	0
<i>Total Revenues</i>	<u>1,033,104</u>	<u>1,295,065</u>	<u>1,294,122</u>	<u>(943)</u>
Expenditures				
Current:				
Transportation:				
Street Department:				
Personal Services	769,118	723,119	671,198	51,921
Materials and Supplies	300,000	407,959	346,862	61,097
Contractual Services	100,000	162,740	151,084	11,656
Capital Outlay	150,000	220,300	215,649	4,651
Other	500	500	0	500
<i>Total Expenditures</i>	<u>1,319,618</u>	<u>1,514,618</u>	<u>1,384,793</u>	<u>129,825</u>
<i>Net Change in Fund Balance</i>	(286,514)	(219,553)	(90,671)	128,882
<i>Fund Balance Beginning of Year</i>	634,517	634,517	634,517	0
Prior Year Encumbrances Appropriated	<u>135,299</u>	<u>135,299</u>	<u>135,299</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$483,302</u></u>	<u><u>\$550,263</u></u>	<u><u>\$679,145</u></u>	<u><u>\$128,882</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2004

	<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 and Other Taxes	\$391,194	\$389,961	\$407,671	\$17,710
Intergovernmental	36,000	36,469	39,030	2,561
Miscellaneous	1,000	1,050	13,354	12,304
<i>Total Revenues</i>	<u>428,194</u>	<u>427,480</u>	<u>460,055</u>	<u>32,575</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	1,976,569	1,976,569	1,891,164	85,405
Materials and Supplies	107,575	109,575	98,152	11,423
Contractual Services	262,088	263,541	229,703	33,838
<i>Total Expenditures</i>	<u>2,346,232</u>	<u>2,349,685</u>	<u>2,219,019</u>	<u>130,666</u>
<i>Excess of Revenues Under Expenditures</i>	(1,918,038)	(1,922,205)	(1,758,964)	163,241
Other Financing Sources				
Transfers In	1,940,000	1,944,982	1,743,639	(201,343)
<i>Net Change in Fund Balance</i>	21,962	22,777	(15,325)	(38,102)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	15,488	15,488	15,488	0
<i>Fund Balance End of Year</i>	<u>\$37,450</u>	<u>\$38,265</u>	<u>\$163</u>	<u>(\$38,102)</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Station Bond Retirement Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Contractual Services	0	17,000	6,080	10,920
Debt Service:				
Principal Retirement	425,000	2,470,000	1,870,000	600,000
Interest and Fiscal Charges	32,000	34,175	25,175	9,000
Total Debt Service	457,000	2,504,175	1,895,175	609,000
<i>Total Expenditures</i>	457,000	2,521,175	1,901,255	619,920
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(457,000)	(2,521,175)	(1,901,255)	619,920
Other Financing Sources				
Notes Issued	0	600,000	600,000	0
Transfers In	457,000	2,066,074	2,066,074	0
<i>Total Other Financing Sources</i>	457,000	2,666,074	2,666,074	0
<i>Net Change in Fund Balance</i>	0	144,899	764,819	619,920
<i>Fund Balance Beginning of Year</i>	48,857	48,857	48,857	0
<i>Fund Balance End of Year</i>	\$48,857	\$193,756	\$813,676	\$619,920

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Special Assessments	\$500,000	\$487,072	\$508,610	\$21,538
Charges for Services	5,000	5,000	0	(5,000)
<i>Total Revenues</i>	<u>505,000</u>	<u>492,072</u>	<u>508,610</u>	<u>16,538</u>
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement:				
Contractual Services	40,000	40,000	22,787	17,213
Debt Service:				
Principal Retirement	284,489	284,489	206,935	77,554
Interest and Fiscal Charges	211,333	211,333	211,333	0
<i>Total Debt Service</i>	<u>495,822</u>	<u>495,822</u>	<u>418,268</u>	<u>77,554</u>
<i>Total Expenditures</i>	<u>535,822</u>	<u>535,822</u>	<u>441,055</u>	<u>94,767</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(30,822)	(43,750)	67,555	111,305
Other Financing Sources				
Transfers In	19,859	40,549	24,011	(16,538)
<i>Net Change in Fund Balance</i>	(10,963)	(3,201)	91,566	94,767
<i>Fund Balance Beginning of Year</i>	<u>242,031</u>	<u>242,031</u>	<u>242,031</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$231,068</u></u>	<u><u>\$238,830</u></u>	<u><u>\$333,597</u></u>	<u><u>\$94,767</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Schneider Court Site Development Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$263	\$6,840	\$6,840	\$0
Expenditures				
Capital Outlay:				
Schneider Court:				
Capital Outlay	397,994	3,093,247	2,668,427	424,820
Debt Service:				
Principal Retirement	1,000,000	1,000,000	1,000,000	0
Interest and Fiscal Charges	10,035	17,326	16,164	1,162
Bond Issuance Costs	0	69,072	69,072	0
Total Debt Service	1,010,035	1,086,398	1,085,236	1,162
<i>Total Expenditures</i>	1,408,029	4,179,645	3,753,663	425,982
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(1,407,766)	(4,172,805)	(3,746,823)	425,982
Other Financing Sources				
Bonds Issued	0	2,500,000	2,500,000	0
Notes Issued	1,000,000	1,000,000	1,000,000	0
Bond Premium	0	10,521	10,521	0
Transfers In	0	225,000	225,000	0
<i>Total Other Financing Sources</i>	1,000,000	3,735,521	3,735,521	0
<i>Net Change in Fund Balance</i>	(407,766)	(437,284)	(11,302)	425,982
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	389,994	389,994	389,994	0
<i>Fund Balance (Deficit) End of Year</i>	(\$17,772)	(\$47,290)	\$378,692	\$425,982

City of Avon, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$1,543,000	\$2,258,322	\$2,030,231	(\$228,091)
Tap-In Fees	300,000	312,363	326,462	14,099
Interest	10,000	13,547	13,807	260
Miscellaneous	25,000	27,617	30,388	2,771
Notes Issued	1,120,000	1,120,000	1,120,000	0
Bonds Issued	903,000	913,000	228,000	(685,000)
<i>Total Revenues</i>	<u>3,901,000</u>	<u>4,644,849</u>	<u>3,748,888</u>	<u>(895,961)</u>
Expenses				
Personal Services	304,244	392,163	335,473	56,690
Materials and Supplies	155,643	1,086,391	1,047,430	38,961
Contractual Services	862,010	998,790	831,334	167,456
Capital Outlay	17,900	17,900	17,900	0
Other	11,500	11,500	8,284	3,216
Debt Service:				
Principal Retirement	2,413,630	2,166,411	1,105,621	1,060,790
Interest and Fiscal Charges	92,000	93,901	75,901	18,000
Bond Issuance Costs	0	19,659	6,299	13,360
<i>Total Expenses</i>	<u>3,856,927</u>	<u>4,786,715</u>	<u>3,428,242</u>	<u>1,358,473</u>
<i>Excess of Revenues Over (Under) Expenses</i>	<u>44,073</u>	<u>(141,866)</u>	<u>320,646</u>	<u>462,512</u>
Bond Premium	0	960	960	0
Payments to Refunded Bond Escrow Agent	0	(268,980)	(268,980)	0
<i>Net Change in Fund Balance</i>	44,073	(409,886)	52,626	462,512
<i>Fund Balance Beginning of Year</i>	1,764,898	1,764,898	1,764,898	0
Prior Year Encumbrances Appropriated	66,578	66,578	66,578	0
<i>Fund Balance End of Year</i>	<u>\$1,875,549</u>	<u>\$1,421,590</u>	<u>\$1,884,102</u>	<u>\$462,512</u>

City of Avon, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2004

	<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	\$656,583	\$811,447	\$813,236	\$1,789
Tap-In Fees	450,000	486,592	517,627	31,035
Interest	26,000	28,304	27,173	(1,131)
Miscellaneous	500	500	27	(473)
Notes Issued	365,000	365,000	350,000	(15,000)
Bonds Issued	<u>0</u>	<u>228,000</u>	<u>228,000</u>	<u>0</u>
<i>Total Revenues</i>	<u>1,498,083</u>	<u>1,919,843</u>	<u>1,936,063</u>	<u>16,220</u>
Expenses				
Personal Services	385,603	385,603	324,806	60,797
Materials and Supplies	339,259	350,784	307,958	42,826
Contractual Services	359,863	338,245	301,639	36,606
Other	5,000	5,000	74,559	(69,559)
Debt Service:				
Principal Retirement	457,599	457,599	447,409	10,190
Interest and Fiscal Charges	67,555	55,924	52,754	3,170
Bond Issuance Costs	<u>8,000</u>	<u>8,249</u>	<u>6,299</u>	<u>1,950</u>
<i>Total Expenses</i>	<u>1,622,879</u>	<u>1,601,404</u>	<u>1,515,424</u>	<u>85,980</u>
<i>Excess of Revenues Over (Under) Expenses</i>	<u>(124,796)</u>	<u>318,439</u>	<u>420,639</u>	<u>102,200</u>
Bond Premium	0	960	960	0
Payments to Refunded Bond Escrow Agent	0	(268,980)	(268,980)	0
Transfers In	<u>20,000</u>	<u>20,333</u>	<u>20,333</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(104,796)	70,752	172,952	102,200
<i>Fund Balance Beginning of Year</i>	2,239,776	2,239,776	2,239,776	0
Prior Year Encumbrances Appropriated	<u>201,194</u>	<u>201,194</u>	<u>201,194</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,336,174</u>	<u>\$2,511,722</u>	<u>\$2,613,922</u>	<u>\$102,200</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recycling Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$98,000	\$99,265	\$99,265	\$0
Expenditures				
Current:				
Community Environment:				
Recycling:				
Personal Services	6,000	6,000	6,000	0
Contractual Services	114,080	114,080	112,470	1,610
Capital Outlay	3,400	3,400	3,399	1
<i>Total Expenditures</i>	123,480	123,480	121,869	1,611
<i>Excess of Revenues Under Expenditures</i>	(25,480)	(24,215)	(22,604)	1,611
Other Financing Sources				
Transfers In	25,480	25,480	25,480	0
<i>Net Change in Fund Balance</i>	0	1,265	2,876	1,611
<i>Fund Balance Beginning of Year</i>	12,724	12,724	12,724	0
<i>Fund Balance End of Year</i>	\$12,724	\$13,989	\$15,600	\$1,611

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Fines and Forfeitures	\$750	\$750	\$530	(\$220)
Miscellaneous	0	665	665	0
<i>Total Revenues</i>	750	1,415	1,195	(220)
Expenditures				
Current:				
Transportation:				
ADA Parking Violations:				
Contractual Services	2,917	2,917	2,697	220
<i>Net Change in Fund Balance</i>	(2,167)	(1,502)	(1,502)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	2,167	2,167	2,167	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$665</u>	<u>\$665</u>	<u>\$0</u>

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Intergovernmental	\$27,100	\$41,410	\$41,405	(\$5)
Interest	<u>1,000</u>	<u>1,104</u>	<u>1,104</u>	<u>0</u>
<i>Total Revenues</i>	28,100	42,514	42,509	(5)
Expenditures				
Current:				
Transportation:				
State Highway:				
Contractual Services	<u>25,500</u>	<u>25,500</u>	<u>0</u>	<u>25,500</u>
<i>Net Change in Fund Balance</i>	2,600	17,014	42,509	25,495
<i>Fund Balance Beginning of Year</i>	<u>84,096</u>	<u>84,096</u>	<u>84,096</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$86,696</u></u>	<u><u>\$101,110</u></u>	<u><u>\$126,605</u></u>	<u><u>\$25,495</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Tax Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$80,000	\$80,329	\$80,329	\$0
Interest	200	295	295	0
<i>Total Revenues</i>	<u>80,200</u>	<u>80,624</u>	<u>80,624</u>	<u>0</u>
Expenditures				
Current:				
Transportation:				
Permissive Tax:				
Contractual Services	115,000	142,000	135,398	6,602
Materials and Supplies	3,850	3,850	1,849	2,001
<i>Total Expenditures</i>	<u>118,850</u>	<u>145,850</u>	<u>137,247</u>	<u>8,603</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(38,650)	(65,226)	(56,623)	8,603
Other Financing Sources				
Transfers In	50,000	70,000	70,000	0
<i>Net Change in Fund Balance</i>	11,350	4,774	13,377	8,603
<i>Fund Balance Beginning of Year</i>	21,376	21,376	21,376	0
Prior Year Encumbrances Appropriated	1,850	1,850	1,850	0
<i>Fund Balance End of Year</i>	<u>\$34,576</u>	<u>\$28,000</u>	<u>\$36,603</u>	<u>\$8,603</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Fines and Forfeitures	\$1,500	\$1,500	\$1,344	(\$156)
Miscellaneous	500	2,254	2,254	0
<i>Total Revenues</i>	2,000	3,754	3,598	(156)
Expenditures				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Contractual Services	5,000	5,000	3,681	1,319
<i>Net Change in Fund Balance</i>	(3,000)	(1,246)	(83)	1,163
<i>Fund Balance Beginning of Year</i>	6,880	6,880	6,880	0
<i>Fund Balance End of Year</i>	<u>\$3,880</u>	<u>\$5,634</u>	<u>\$6,797</u>	<u>\$1,163</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeitures	\$1,000	\$1,000	\$770	(\$230)
Expenditures				
Current:				
Security of Persons and Property:				
Law Enforcement:				
Materials and Supplies	3,600	3,600	100	3,500
Contractual Services	500	500	0	500
<i>Total Expenditures</i>	4,100	4,100	100	4,000
<i>Net Change in Fund Balance</i>	(3,100)	(3,100)	670	3,770
<i>Fund Balance Beginning of Year</i>	27,851	27,851	27,851	0
Prior Year Encumbrances Appropriated	100	100	100	0
<i>Fund Balance End of Year</i>	<u>\$24,851</u>	<u>\$24,851</u>	<u>\$28,621</u>	<u>\$3,770</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeitures	\$4,000	\$6,400	\$6,955	\$555
Expenditures				
Current:				
Security of Persons and Property:				
Mayor's Court Computer:				
Capital Outlay	2,500	2,500	2,234	266
<i>Net Change in Fund Balance</i>	1,500	3,900	4,721	821
<i>Fund Balance Beginning of Year</i>	47,804	47,804	47,804	0
<i>Fund Balance End of Year</i>	<u>\$49,304</u>	<u>\$51,704</u>	<u>\$52,525</u>	<u>\$821</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Avon Seniors Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with
	Original Budget	Final Budget		Final Budget Positive (Negative)
	\$0	\$0	\$0	\$0
Revenues				
Expenditures				
Current:				
Community Environment:				
Community Center:				
Personal Services	25,000	25,000	0	25,000
Materials and Supplies	7,932	7,932	1,563	6,369
Contractual Services	11,205	11,205	2,767	8,438
Capital Outlay	15,000	15,000	0	15,000
<i>Total Expenditures</i>	59,137	59,137	4,330	54,807
<i>Excess of Revenues Under Expenditures</i>	(59,137)	(59,137)	(4,330)	54,807
Other Financing Sources				
Transfers In	58,480	58,480	58,480	0
<i>Net Change in Fund Balance</i>	(657)	(657)	54,150	54,807
<i>Fund Balance Beginning of Year</i>	10,513	10,513	10,513	0
Prior Year Encumbrances Appropriated	657	657	657	0
<i>Fund Balance End of Year</i>	\$10,513	\$10,513	\$65,320	\$54,807

City of Avon, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Development Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Licenses and Permits	\$225,000	\$368,772	\$373,344	\$4,572
Intergovernmental	80,000	80,000	0	(80,000)
<i>Total Revenues</i>	<u>305,000</u>	<u>448,772</u>	<u>373,344</u>	<u>(75,428)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Park Development:				
Contractual Services	0	29,439	7,505	21,934
Capital Outlay	93,660	640,716	376,385	264,331
Other	0	762	762	0
Total Leisure Time Activities	<u>93,660</u>	<u>670,917</u>	<u>384,652</u>	<u>286,265</u>
Debt Service:				
Principal Retirement	60,000	60,205	55,000	5,205
Interest and Fiscal Charges	90,666	90,666	90,666	0
Total Debt Service	<u>150,666</u>	<u>150,871</u>	<u>145,666</u>	<u>5,205</u>
<i>Total Expenditures</i>	<u>244,326</u>	<u>821,788</u>	<u>530,318</u>	<u>291,470</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	60,674	(373,016)	(156,974)	216,042
Other Financing Sources				
Transfers In	25,000	25,000	25,000	0
<i>Net Change in Fund Balance</i>	85,674	(348,016)	(131,974)	216,042
<i>Fund Balance Beginning of Year</i>	490,259	490,259	490,259	0
Prior Year Encumbrances Appropriated	69,955	69,955	69,955	0
<i>Fund Balance End of Year</i>	<u>\$645,888</u>	<u>\$212,198</u>	<u>\$428,240</u>	<u>\$216,042</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Center Fund
For the Year Ended December 31, 2004

	<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	\$2,100	\$2,590	\$2,590	\$0
Expenditures				
Current:				
Leisure Time Activities:				
Community Center:				
Personal Services	9,166	10,130	9,994	136
Materials and Supplies	200	235	195	40
Contractual Services	600	669	637	32
Capital Outlay	900	973	973	0
Other	100	150	0	150
<i>Total Expenditures</i>	<u>10,966</u>	<u>12,157</u>	<u>11,799</u>	<u>358</u>
<i>Excess of Revenues Under Expenditures</i>	(8,866)	(9,567)	(9,209)	358
Other Financing Sources				
Transfers In	8,500	8,500	8,500	0
<i>Net Change in Fund Balance</i>	(366)	(1,067)	(709)	358
<i>Fund Balance Beginning of Year</i>	7,395	7,395	7,395	0
Prior Year Encumbrances Appropriated	1,027	1,027	1,027	0
<i>Fund Balance End of Year</i>	<u>\$8,056</u>	<u>\$7,355</u>	<u>\$7,713</u>	<u>\$358</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Living Tree Memorial Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Contributions and Donations	\$1,200	\$1,262	\$1,262	\$0
Expenditures				
Current:				
Leisure Time Activities:				
Living Tree Memorial:				
Materials and Supplies	3,017	3,017	3,017	0
Contractual Services	208	208	2	206
<i>Total Expenditures</i>	<u>3,225</u>	<u>3,225</u>	<u>3,019</u>	<u>206</u>
<i>Net Change in Fund Balance</i>	(2,025)	(1,963)	(1,757)	206
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>2,025</u>	<u>2,025</u>	<u>2,025</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$62</u>	<u>\$268</u>	<u>\$206</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drainage Fund
For the Year Ended December 31, 2004

	<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				
Current:				
Basic Utility Services:				
Drainage:				
Materials and Supplies	26,188	26,188	26,188	0
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(26,188)	(26,188)	(26,188)	0
Other Financing Sources				
Transfers In	25,000	25,000	25,000	0
<i>Net Change in Fund Balance</i>	(1,188)	(1,188)	(1,188)	0
<i>Fund Balance Beginning of Year</i>	1,608	1,608	1,608	0
Prior Year Encumbrances Appropriated	1,188	1,188	1,188	0
<i>Fund Balance End of Year</i>	<u>\$1,608</u>	<u>\$1,608</u>	<u>\$1,608</u>	<u>\$0</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2004

	<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	\$500	\$600	\$600	\$0
Expenditures				
Current:				
General Government:				
Cemetery:				
Materials and Supplies	150	150	0	150
Contractual Services	350	350	0	350
<i>Total Expenditures</i>	<u>500</u>	<u>500</u>	<u>0</u>	<u>500</u>
<i>Net Change in Fund Balance</i>	0	100	600	500
<i>Fund Balance Beginning of Year</i>	<u>4,133</u>	<u>4,133</u>	<u>4,133</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,133</u></u>	<u><u>\$4,233</u></u>	<u><u>\$4,733</u></u>	<u><u>\$500</u></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, 2004

	<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	\$99,800	\$99,800	\$85,063	(\$14,737)
Expenditures				
Current:				
Leisure Time Activities:				
Recreation Department:				
Personal Services	25,742	24,744	24,522	222
Materials and Supplies	2,650	2,650	2,188	462
Contractual Services	4,300	4,300	3,055	1,245
Other	500	500	20	480
Total Recreation Department	33,192	32,194	29,785	2,409
Adult Volleyball:				
Materials and Supplies	6,074	6,074	1,974	4,100
Men's Basketball:				
Materials and Supplies	2,700	2,700	1,116	1,584
Pony Camp:				
Materials and Supplies	1,800	1,800	1,416	384
Little Eagles:				
Materials and Supplies	5,000	5,000	2,906	2,094
Adult Softball:				
Materials and Supplies	5,000	5,000	1,221	3,779
Gymnastics:				
Materials and Supplies	45,000	45,000	42,238	2,762
Baton:				
Materials and Supplies	16,500	16,500	16,321	179
Youth Baseball:				
Materials and Supplies	\$3,500	\$3,500	\$1,975	\$1,525

(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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Flag Football:				
Materials and Supplies	\$3,500	\$3,500	\$2,612	\$888
Safety Town:				
Materials and Supplies	4,666	4,666	2,313	2,353
Fishing:				
Materials and Supplies	1,200	1,200	1,000	200
<i>Total Expenditures</i>	<u>128,132</u>	<u>127,134</u>	<u>104,877</u>	<u>22,257</u>
<i>Excess of Revenues Under Expenditures</i>	(28,332)	(27,334)	(19,814)	7,520
Other Financing Sources				
Transfers In	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	7,668	8,666	16,186	7,520
<i>Fund Balance Beginning of Year</i>	37,758	37,758	37,758	0
Prior Year Encumbrances Appropriated	<u>240</u>	<u>240</u>	<u>240</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$45,666</u></u>	<u><u>\$46,664</u></u>	<u><u>\$54,184</u></u>	<u><u>\$7,520</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, 2004

	<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 and Other Taxes	\$103,000	\$210,439	\$209,139	(\$1,300)
Charges for Services	121	300	51	(249)
Intergovernmental	24,000	24,075	24,075	0
Miscellaneous	2,000	2,006	2,006	0
<i>Total Revenues</i>	<u>129,121</u>	<u>236,820</u>	<u>235,271</u>	<u>(1,549)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Park Operating:				
Personal Services	200,000	232,079	210,025	22,054
Materials and Supplies	10,500	21,797	20,931	866
Contractual Services	35,000	63,283	59,316	3,967
Capital Outlay	15,075	64,728	64,205	523
<i>Total Expenditures</i>	<u>260,575</u>	<u>381,887</u>	<u>354,477</u>	<u>27,410</u>
<i>Excess of Revenues Under Expenditures</i>	(131,454)	(145,067)	(119,206)	25,861
Other Financing Sources				
Transfers In	100,000	125,340	125,340	0
<i>Net Change in Fund Balance</i>	(31,454)	(19,727)	6,134	25,861
<i>Fund Balance Beginning of Year</i>	3,726	3,726	3,726	0
Prior Year Encumbrances Appropriated	33,626	33,626	33,626	0
<i>Fund Balance End of Year</i>	<u>\$5,898</u>	<u>\$17,625</u>	<u>\$43,486</u>	<u>\$25,861</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2004

	<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 and Other Taxes	\$135,292	\$138,650	\$139,979	\$1,329
Intergovernmental	10,000	14,377	16,255	1,878
<i>Total Revenues</i>	<u>145,292</u>	<u>153,027</u>	<u>156,234</u>	<u>3,207</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Pension:				
Personal Services	249,470	285,832	256,410	29,422
Contractual Services	2,000	2,168	2,168	0
<i>Total Expenditures</i>	<u>251,470</u>	<u>288,000</u>	<u>258,578</u>	<u>29,422</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(106,178)	(134,973)	(102,344)	32,629
Other Financing Sources				
Transfers In	130,000	150,000	101,856	(48,144)
<i>Net Change in Fund Balance</i>	23,822	15,027	(488)	(15,515)
<i>Fund Balance Beginning of Year</i>	<u>488</u>	<u>488</u>	<u>488</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$24,310</u>	<u>\$15,515</u>	<u>\$0</u>	<u>(\$15,515)</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$0	\$0	\$863	\$863
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Purchased Services	3,000	3,044	3,044	0
Debt Service:				
Principal Retirement	115,450	115,450	110,950	4,500
Interest and Fiscal Charges	159,859	109,367	73,109	36,258
Bond Issuance Costs	0	3,150	3,150	0
Total Debt Service	275,309	227,967	187,209	40,758
<i>Total Expenditures</i>	278,309	231,011	190,253	40,758
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(278,309)	(231,011)	(189,390)	41,621
Other Financing Sources (Uses)				
Bonds Issued	0	114,000	114,000	0
Payment to Refunded Bond Escrow Agent	0	(119,188)	(131,990)	(12,802)
Bond Premium	0	0	479	479
Transfers In	278,309	287,308	287,308	0
<i>Total Other Financing Sources (Uses)</i>	278,309	282,120	269,797	(12,323)
<i>Net Change in Fund Balance</i>	0	51,109	80,407	29,298
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$51,109	\$80,407	\$29,298

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$82,063	\$83,840	\$82,848	(\$992)
Intergovernmental	9,753	9,753	9,753	0
<i>Total Revenues</i>	<u>91,816</u>	<u>93,593</u>	<u>92,601</u>	<u>(992)</u>
Expenditures				
Current:				
General Government:				
Contractual Services	2,500	2,500	1,290	1,210
Debt Service:				
Principal Retirement	50,000	50,000	50,000	0
Interest and Fiscal Charges	38,350	38,350	38,350	0
Total Debt Service	<u>88,350</u>	<u>88,350</u>	<u>88,350</u>	<u>0</u>
<i>Total Expenditures</i>	<u>90,850</u>	<u>90,850</u>	<u>89,640</u>	<u>1,210</u>
<i>Net Change in Fund Balance</i>	966	2,743	2,961	218
<i>Fund Balance Beginning of Year</i>	<u>11,988</u>	<u>11,988</u>	<u>11,988</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,954</u></u>	<u><u>\$14,731</u></u>	<u><u>\$14,949</u></u>	<u><u>\$218</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Equipment Fund
For the Year Ended December 31, 2004

	<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 and Other Taxes	\$336,345	\$351,085	\$350,330	(\$755)
Intergovernmental	40,000	41,081	41,081	0
Miscellaneous	4,000	4,554	4,554	0
<i>Total Revenues</i>	<u>380,345</u>	<u>396,720</u>	<u>395,965</u>	<u>(755)</u>
Expenditures				
Capital Outlay:				
Equipment:				
Contractual Services	6,000	6,000	5,428	572
Capital Outlay	354,613	551,838	477,950	73,888
<i>Total Expenditures</i>	<u>360,613</u>	<u>557,838</u>	<u>483,378</u>	<u>74,460</u>
<i>Net Change in Fund Balance</i>	19,732	(161,118)	(87,413)	73,705
<i>Fund Balance Beginning of Year</i>	377,330	377,330	377,330	0
Prior Year Encumbrances Appropriated	193,613	193,613	193,613	0
<i>Fund Balance End of Year</i>	<u>\$590,675</u>	<u>\$409,825</u>	<u>\$483,530</u>	<u>\$73,705</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
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>	130,024	130,024	130,024	0
<i>Fund Balance End of Year</i>	<u>\$130,024</u>	<u>\$130,024</u>	<u>\$130,024</u>	<u>\$0</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, 2004

	<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	\$50,000	\$62,814	\$62,814	\$0
Expenditures				
Capital Outlay:				
Storm Water Detention:				
Contractual Services	29,337	86,515	78,016	8,499
Capital Outlay	0	18,086	18,086	0
<i>Total Expenditures</i>	<u>29,337</u>	<u>104,601</u>	<u>96,102</u>	<u>8,499</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>20,663</u>	<u>(41,787)</u>	<u>(33,288)</u>	<u>8,499</u>
Other Financing Sources (Uses)				
Transfers In	49,400	417,205	49,400	(367,805)
Transfers Out	<u>(25,000)</u>	<u>(56,314)</u>	<u>(56,314)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>24,400</u>	<u>360,891</u>	<u>(6,914)</u>	<u>(367,805)</u>
<i>Net Change in Fund Balance</i>	45,063	319,104	(40,202)	(359,306)
<i>Fund Balance Beginning of Year</i>	86,563	86,563	86,563	0
Prior Year Encumbrances Appropriated	<u>29,337</u>	<u>29,337</u>	<u>29,337</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$160,963</u></u>	<u><u>\$435,004</u></u>	<u><u>\$75,698</u></u>	<u><u>(\$359,306)</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Other	\$0	\$0	\$19,193	\$19,193
Expenditures				
Capital Outlay:				
Capital Improvements:				
Capital Outlay	1,453,156	1,923,099	1,864,857	58,242
<i>Excess of Revenues</i>				
<i> Under Expenditures</i>	(1,453,156)	(1,923,099)	(1,845,664)	77,435
Other Financing Sources (Uses)				
Transfers In	833,500	1,275,943	1,144,831	(131,112)
Transfers Out	(112,071)	(112,071)	0	112,071
<i>Total Other Financing Sources (Uses)</i>	721,429	1,163,872	1,144,831	(19,041)
<i>Net Change in Fund Balance</i>	(731,727)	(759,227)	(700,833)	58,394
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	759,227	759,227	759,227	0
<i>Fund Balance End of Year</i>	\$27,500	\$0	\$58,394	\$58,394

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Facility Construction Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Fire Facility Construction:				
Capital Outlay	151,378	151,378	32	151,346
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(151,378)	(151,378)	(32)	151,346
Other Financing Sources (Uses)				
Notes Issued	1,450,000	1,450,000	0	(1,450,000)
Transfers Out	(162,899)	(162,899)	(162,899)	0
<i>Total Other Financing Sources (Uses)</i>	1,287,101	1,287,101	(162,899)	(1,450,000)
<i>Net Change in Fund Balance</i>	1,135,723	1,135,723	(162,931)	(1,298,654)
<i>Fund Balance Beginning of Year</i>	11,552	11,552	11,552	0
Prior Year Encumbrances Appropriated	151,379	151,379	151,379	0
<i>Fund Balance End of Year</i>	<u>\$1,298,654</u>	<u>\$1,298,654</u>	<u>\$0</u>	<u>(\$1,298,654)</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Safety Town Construction Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Contributions and Donations	\$550	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Safety Town Building:				
Capital Outlay	<u>8,576</u>	<u>8,576</u>	<u>8,538</u>	<u>38</u>
<i>Net Change in Fund Balance</i>	(8,026)	(8,576)	(8,538)	38
<i>Fund Balance Beginning of Year</i>	550	550	550	0
Prior Year Encumbrances Appropriated	<u>8,576</u>	<u>8,576</u>	<u>8,576</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,100</u></u>	<u><u>\$550</u></u>	<u><u>\$588</u></u>	<u><u>\$38</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Skateboard Park Fund
For the Year Ended December 31, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Skateboard Park:				
Capital Outlay	804,742	677,681	469,039	208,642
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(804,742)	(677,681)	(469,039)	208,642
Other Financing Sources				
Transfers In	267,380	349,631	266,700	(82,931)
<i>Net Change in Fund Balance</i>	(537,362)	(328,050)	(202,339)	125,711
<i>Fund Balance Beginning of Year</i>	680	680	680	0
Prior Year Encumbrances Appropriated	327,371	327,371	327,371	0
<i>Fund Balance (Deficit) End of Year</i>	(\$209,311)	\$1	\$125,712	\$125,711

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Widening Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Detroit Road Culvert:				
Capital Outlay	346,019	256,600	255,781	819
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(346,019)	(256,600)	(255,781)	819
Other Financing Sources				
Transfers In	201,150	201,150	201,150	0
<i>Net Change in Fund Balance</i>	(144,869)	(55,450)	(54,631)	819
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	144,869	144,869	144,869	0
<i>Fund Balance End of Year</i>	\$0	\$89,419	\$90,238	\$819

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, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Interest	\$1,480	\$1,966	\$1,966	\$0
Expenditures				
Capital Outlay:				
French Creek:				
Capital Outlay	440,214	440,214	434,222	5,992
Debt Service:				
Principal Retirement	600,000	600,000	600,000	0
Interest and Fiscal Charges	12,021	14,021	12,101	1,920
Total Debt Service	612,021	614,021	612,101	1,920
<i>Total Expenditures</i>	1,052,235	1,054,235	1,046,323	7,912
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(1,050,755)	(1,052,269)	(1,044,357)	(7,912)
Other Financing Sources				
Notes Issued	970,000	600,000	600,000	0
<i>Net Change in Fund Balance</i>	(80,755)	(452,269)	(444,357)	(7,912)
<i>Fund Balance Beginning of Year</i>	370,942	370,942	370,942	0
Prior Year Encumbrances Appropriated	438,214	438,214	438,214	0
<i>Fund Balance End of Year</i>	\$728,401	\$356,887	\$364,799	(\$7,912)

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Purchase/Our Lady of Wayside Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Land Purchase:				
Capital Outlay	22,649	22,649	22,349	300
Debt Service:				
Principal Retirement	400,000	400,000	400,000	0
Interest and Fiscal Charges	12,014	12,014	10,069	1,945
Total Debt Service	412,014	412,014	410,069	1,945
<i>Total Expenditures</i>	434,663	434,663	432,418	2,245
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(434,663)	(434,663)	(432,418)	2,245
Other Financing Sources				
Notes Issued	400,000	400,000	400,000	0
Transfers In	0	24,592	24,592	0
<i>Total Other Financing Sources</i>	400,000	424,592	424,592	0
<i>Net Change in Fund Balance</i>	(34,663)	(10,071)	(7,826)	2,245
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	22,649	22,649	22,649	0
<i>Fund Balance (Deficit) End of Year</i>	(\$12,014)	\$12,578	\$14,823	\$2,245

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Senior Citizen Center Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$0	\$30,000	\$0	(\$30,000)
Expenditures				
Capital Outlay:				
Senior Citizen Center:				
Capital Outlay	465,000	526,802	496,513	30,289
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(465,000)	(496,802)	(496,513)	289
Other Financing Sources (Uses)				
Advances Out	(60,000)	(60,000)	(60,000)	0
Transfers In	400,000	395,802	395,000	(802)
<i>Total Other Financing Sources (Uses)</i>	340,000	335,802	335,000	(802)
<i>Net Change in Fund Balance</i>	(125,000)	(161,000)	(161,513)	(513)
<i>Fund Balance Beginning of Year</i>	60,000	60,000	60,000	0
Prior Year Encumbrances Appropriated	125,000	125,000	125,000	0
<i>Fund Balance End of Year</i>	\$60,000	\$24,000	\$23,487	(\$513)

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Route 83 Extension Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Route 83 Extension:				
Capital Outlay	178,047	178,047	171,639	6,408
<i>Net Change in Fund Balance</i>	(178,047)	(178,047)	(171,639)	(6,408)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	178,047	178,047	178,047	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$6,408</u>	<u>(\$6,408)</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Purchase CEI/First Energy Fund
For the Year Ended December 31, 2004

	<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				
Capital Outlay:				
Land Purchase:				
Capital Outlay	32,357	407,357	37,107	370,250
Debt Service:				
Principal Retirement	0	375,000	0	375,000
Interest and Fiscal Charges	0	24,400	6,000	18,400
Total Debt Service	0	399,400	6,000	393,400
<i>Total Expenditures</i>	32,357	806,757	43,107	763,650
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(32,357)	(806,757)	(43,107)	763,650
Other Financing Sources				
Bonds Issued	400,000	400,000	0	(400,000)
Notes Issued	375,000	375,000	375,000	0
Transfers In	32,357	32,357	32,357	0
<i>Total Other Financing Sources</i>	807,357	807,357	407,357	(400,000)
<i>Net Change in Fund Balance</i>	775,000	600	364,250	363,650
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$775,000</u>	<u>\$600</u>	<u>\$364,250</u>	<u>\$363,650</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Schneider Court Roadway Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$0	\$5,477	\$5,477	\$0
Expenditures				
Capital Outlay:				
Retaining Wall:				
Capital Outlay	826,607	826,607	812,583	14,024
Debt Service:				
Debt Expense	0	8,644	8,644	0
<i>Total Expenditures</i>	826,607	835,251	821,227	14,024
<i>Excess of Revenues Under Expenditures</i>	(826,607)	(829,774)	(815,750)	(14,024)
Other Financing Sources				
Notes Issued	830,000	830,000	830,000	0
<i>Net Change in Fund Balance</i>	3,393	226	14,250	(14,024)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$3,393</u>	<u>\$226</u>	<u>\$14,250</u>	<u>(\$14,024)</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Jaycox Pedestrian Bridge Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Route 83 Land:				
Capital Outlay	46,227	46,227	46,227	0
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(46,227)	(46,227)	(46,227)	0
Other Financing Sources (Uses)				
Transfers In	65,000	65,000	65,000	0
Transfers Out	(18,773)	(18,773)	(18,773)	0
<i>Total Other Financing Sources (Uses)</i>	46,227	46,227	46,227	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	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
I-90 Interchange Study Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Contributions and Donations	\$1,000	\$1,000	\$500	(\$500)
Expenditures				
Capital Outlay:				
I-90 Interchange:				
Capital Outlay	149,000	149,000	148,845	155
<i>Excess of Revenues Under Expenditures</i>	(148,000)	(148,000)	(148,345)	(345)
Other Financing Sources				
Transfers In	148,000	37,797	37,797	0
<i>Net Change in Fund Balance</i>	0	(110,203)	(110,548)	(345)
<i>Fund Balance Beginning of Year</i>	110,703	110,703	110,703	0
<i>Fund Balance End of Year</i>	<u>\$110,703</u>	<u>\$500</u>	<u>\$155</u>	<u>(\$345)</u>

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City of Avon, Ohio
Governmental Activities Revenues by Source and Expenses by Function
Last Four Years

	2004	2003	2002	2001
Program Revenues				
Charges for Services and Sales	\$2,687,595	\$2,082,779	\$2,280,932	\$2,208,634
Operating Grants and Contributions	913,014	695,341	692,119	993,420
Capital Grants and Contributions	5,185,377	7,058,526	2,996,623	3,216,959
General Revenues				
Property and Other Taxes	2,842,733	2,664,197	2,161,293	1,918,616
Municipal Income Taxes	5,866,995	6,746,942	4,918,171	3,246,032
Grants and Entitlements	507,009	275,722	237,174	115,580
Investment Earnings	525,863	291,920	533,541	821,670
Gain on the Sale of Capital Assets	0	647,650	0	0
Miscellaneous	178,207	96,670	125,650	88,801
Total	\$18,706,793	\$20,559,747	\$13,945,503	\$12,609,712
Expenses				
Current:				
General Government	\$1,935,275	\$1,695,377	\$1,510,968	\$1,218,050
Security of Persons and Property	4,532,738	3,932,378	2,699,899	2,417,554
Transportation	4,894,334	3,288,035	2,931,435	2,994,870
Community Environment	1,222,720	1,091,550	940,434	960,122
Basic Utility Services	395,185	22,007	461,515	237,495
Leisure Time Activities	1,052,267	1,131,505	805,698	1,649,925
Interest and Fiscal Charges	522,343	479,473	511,821	499,035
Total	\$14,554,862	\$11,640,325	\$9,861,770	\$9,977,051

Source: City Financial Records

City of Avon, Ohio
*Governmental Revenues by Source
and Expenditures by Function (1)*
Last Ten Years

	2004	2003	2002	2001
Revenues				
Property and Other Taxes	\$2,778,596	\$2,671,095	\$2,161,319	\$1,884,810
Municipal Income Taxes	6,434,671	6,181,819	5,148,048	2,639,125
Charges for Services	437,346	516,302	660,046	440,916
Licenses and Permits	1,913,733	1,282,688	1,301,949	1,450,399
Fines and Forfeitures	329,848	277,121	318,937	317,319
Intergovernmental	1,350,819	1,270,445	1,130,957	1,396,646
Special Assessment	188,089	184,848	174,939	124,577
Interest	525,863	291,920	533,541	821,670
Contributions and Donations	1,762	85,775	131,651	36,000
Miscellaneous	178,207	96,670	125,650	88,801
Total	\$14,138,934	\$12,858,683	\$11,687,037	\$9,200,263
Expenditures				
Current:				
General Government	\$1,631,303	\$1,577,228	\$1,463,958	\$1,260,416
Security of Persons and Property	4,257,571	3,474,590	2,661,078	2,267,977
Transportation	1,463,490	1,101,163	947,671	1,032,355
Community Environment	1,125,113	920,261	910,906	884,742
Basic Utility Services	26,022	22,007	33,541	25,722
Leisure Time Activities	783,976	705,439	775,672	1,631,866
Capital Outlay	4,449,799	3,828,702	2,659,213	2,942,272
Debt Service	4,843,348	2,726,867	862,199	874,257
Total	\$18,580,622	\$14,356,257	\$10,314,238	\$10,919,607

Source: City financial records

(1) Information is based on modified accrual.

2000	1999	1998	1997	1996	1995
\$2,321,334	\$1,931,461	\$1,802,915	\$1,452,289	\$1,281,103	\$1,023,408
1,671,106	1,598,049	1,210,030	1,114,457	983,316	934,806
384,792	259,262	243,356	214,312	334,070	264,404
1,159,788	1,305,564	745,385	592,380	821,153	765,583
173,153	225,127	188,972	186,569	0	0
1,317,935	1,174,431	1,264,970	1,180,320	2,248,201	955,777
458,449	179,288	354,190	70,222	149,649	202,677
504,273	241,127	233,579	244,412	226,370	201,321
0	0	0	0	0	0
117,489	134,587	114,000	77,599	18,592	42,351
<u>\$8,108,319</u>	<u>\$7,048,896</u>	<u>\$6,157,397</u>	<u>\$5,132,560</u>	<u>\$6,062,454</u>	<u>\$4,390,327</u>
\$1,052,166	\$1,066,278	\$985,736	\$834,400	\$791,157	\$785,662
1,939,213	1,665,211	1,613,884	1,409,250	1,255,728	1,194,686
923,213	882,931	718,903	665,352	535,762	634,879
731,479	577,816	477,229	367,821	333,113	270,022
54,984	21,836	20,860	26,372	27,922	23,273
322,900	270,963	414,757	417,208	73,415	261,048
1,978,321	1,271,920	956,665	1,991,327	2,163,537	2,367,206
863,413	654,669	624,251	377,682	766,653	189,304
<u>\$7,865,689</u>	<u>\$6,411,624</u>	<u>\$5,812,285</u>	<u>\$6,089,412</u>	<u>\$5,947,287</u>	<u>\$5,726,080</u>

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

Collection Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections
2004	\$2,995,687	\$2,877,724	96.1 %	\$60,579	\$2,938,303
2003	2,486,377	2,431,912	97.8	56,519	2,488,431
2002	2,209,111	2,160,415	97.8	68,527	2,228,942
2001	2,015,612	1,954,837	97.0	54,316	2,009,153
2000	1,785,912	1,742,455	97.6	52,846	1,795,301
1999	1,679,130	1,618,904	96.4	38,080	1,656,984
1998	1,299,724	1,259,756	96.9	23,636	1,283,392
1997	1,162,180	1,124,799	96.8	17,473	1,142,272
1996	1,033,712	1,016,174	98.3	15,559	1,031,733
1995	1,073,543	1,057,489	98.5	28,081	1,085,570

Source: County Auditor, Lorain County, Ohio

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

Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
98.1 %	\$137,819	4.6 %
100.1	66,901	2.7
100.9	62,792	2.8
99.7	74,869	3.7
100.5	60,392	3.4
98.7	69,858	4.2
98.7	45,374	3.5
98.3	39,913	3.4
99.8	18,818	1.8
101.1	19,258	1.8

City of Avon, Ohio
Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Years

Collection Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2004	\$468,257,700	\$1,337,879,143	\$10,960,870	\$12,455,534
2003	381,149,640	1,088,998,971	10,647,860	12,099,841
2002	333,997,220	954,277,771	11,260,440	12,795,955
2001	297,017,550	848,621,571	15,157,750	17,224,716
2000	243,429,610	695,513,171	18,578,450	21,111,875
1999	218,823,620	625,210,343	19,035,790	21,631,580
1998	198,825,660	568,073,314	18,971,270	21,558,261
1997	145,084,780	414,527,943	18,608,300	21,145,795
1996	126,386,940	361,105,543	17,609,820	20,011,159
1995	116,044,800	331,556,571	18,932,760	21,514,500

Source: County Auditor, Lorain County, Ohio

Estimated actual value is calculated by dividing the assessed value by assessment percentage. The percentages for 2004 were 35 percent for real property, 35 percent for public utility real, 88 percent for public utility tangible and 25 percent for capital assets and 23 percent for inventory for tangible personal.

Tangible Personal Property		Total		Ratio of Assessed Value to Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$30,871,010	\$123,484,040	\$510,089,580	\$1,473,818,717	35%
25,843,840	103,375,360	417,641,340	1,204,474,172	35
20,953,670	83,814,680	366,211,330	1,050,888,406	35
16,337,140	65,348,560	328,512,440	931,194,847	35
14,965,300	59,861,200	276,973,360	776,486,246	36
14,944,821	59,779,284	252,804,231	706,621,207	36
15,240,470	60,961,880	233,037,400	650,593,455	36
10,155,660	40,622,640	173,848,740	476,296,378	37
9,182,579	36,730,316	153,179,339	417,847,018	37
8,930,603	35,722,412	143,908,163	388,793,483	37

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

Collection Year	City of Avon				
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total City
2004	\$2.02	\$7.13	\$0.33	\$0.00	\$9.48
2003	2.02	8.13	0.33	0.00	10.48
2002	2.02	8.13	0.25	0.00	10.40
2001	2.02	8.13	0.30	0.00	10.45
2000	2.02	8.13	0.30	0.00	10.45
1999	2.02	6.63	0.35	1.50	10.50
1998	2.02	7.28	0.37	0.50	10.17
1997	2.02	7.28	0.72	0.50	10.52
1996	2.02	7.08	0.72	0.50	10.32
1995	2.02	7.08	0.72	0.50	10.32

Source: County Auditor, Lorain County, Ohio

Avon City School District	Lorain County	Lorain County Joint Vocational School	Total Direct and Overlapping Governments
\$49.61	\$13.19	\$2.45	\$74.73
46.85	12.89	2.45	72.67
47.46	12.89	2.45	73.20
48.58	10.79	2.45	72.27
49.24	10.79	2.45	72.93
50.27	10.79	2.45	74.01
50.60	10.79	2.45	74.01
52.23	12.69	2.45	77.89
52.95	12.69	2.45	78.41
47.05	11.49	2.45	71.31

City of Avon, Ohio
Special Assessments
Billings and Collections
Last Ten Years (1)

Collection Year	Amount Billed	Amount Collected	Percent Collected
2004	\$536,605	\$188,089	35.1%
2003	446,118	184,848	41.4
2002	444,272	174,939	39.4
2001	657,864	124,577	18.9
2000	567,063	458,449	80.8
1999	387,653	179,288	46.2
1998	281,902	354,190	125.6
1997	73,765	70,222	95.2
1996	160,377	149,649	93.3
1995	66,719	64,993	97.4

Source: County Auditor, Lorain County, Ohio

(1) Special assessments prepaid by residents and not billed by the County or which were recorded in the proprietary funds are not included.

City of Avon, Ohio
Computation of Legal Debt Margin
December 31, 2004

Assessed Value		\$510,089,580
Legal Debt Margin:		
Debt Limitation - 10.5 percent of Assessed Value		53,559,406
Debt Outstanding:		
General Obligation Bonds	\$6,612,611	
General Obligation Bonds - Enterprise	456,000	
Special Assessment Bonds	3,596,389	
Notes	3,805,000	
Notes - Enterprise	1,470,000	
OWDA Loans	974,117	
OPWC Loans	56,540	
Contractual Debt Obligation	1,024,845	
Gross Indebtedness (Total Voted and Unvoted Debt)	17,995,502	
Less: Debt Outside Limitations		
General Obligation Bonds - Enterprise	456,000	
Special Assessment Bonds	3,596,389	
Notes - Enterprise	1,470,000	
OWDA Loans	974,117	
Contractual Debt Obligation	1,024,845	
Total Debt Outside Limitations	7,521,351	
Total Debt Applicable to Limitation - Within 10.5% Limitations	10,474,151	
Less: Amount Available in Debt Service Fund to pay debt applicable to limitation	(95,356)	
Net Debt Within 10.5% Limitation	10,378,795	
Overall Debt Margin Within 10.5% Limitation	\$43,180,611	

Unvoted Debt Limitation - 5.5% of Assessed Valuation		\$28,054,927
Gross Indebtedness Authorized by Council	17,995,502	
Less: Debt Outside Limitations:		
Total Debt Outside Limitations	7,521,351	
Debt Within 5.5% Limitation	10,474,151	
Less Amount Available in Debt Service Fund	(95,356)	
Net Debt Within 5.5% Limitation	10,378,795	
Unvoted Debt Margin Within 5.5% Limitation	\$17,676,132	

Source: City Financial Records

City of Avon, Ohio
*Ratio of Net General Bonded Debt to Assessed
Value and Net Bonded Debt Per Capita
Last Ten Years*

Year	Population (1)	Assessed Value (2)	Gross General Bonded Debt	Debt Service Monies Available	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
2004	11,446	\$510,089,580	\$6,612,611	\$95,356	\$6,517,255	1.28 %	\$569.39
2003	11,353	417,641,340	4,283,189	48,857	4,234,332	1.01	372.97
2002	11,353	366,211,330	2,842,209	8,543	2,833,666	0.77	249.60
2001	11,353	328,512,440	2,984,471	22,379	2,962,092	0.90	260.91
2000	11,353	276,973,360	3,123,320	17,855	3,105,465	1.12	273.54
1999	7,337	252,804,231	3,251,539	35,467	3,216,072	1.27	438.34
1998	7,337	233,037,400	3,177,290	168,479	3,008,811	1.29	410.09
1997	7,337	173,848,740	3,292,426	39,366	3,253,060	1.87	443.38
1996	7,337	153,179,339	1,805,387	12,024	1,793,363	1.17	244.43
1995	7,337	143,908,163	168,348	127,023	41,325	0.03	5.63

(1) Source: U.S. Bureau of Census

(2) Source: County Auditor, Lorain County, Ohio

City of Avon, Ohio
*Ratio of Annual Debt Service Expenditures for
 General Bonded Debt to Total Governmental Expenditures
 Last Ten Years*

Year	Principal	Interest and Fiscal Charges	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Service to Total Governmental Expenditures
2004	\$188,578	\$226,411	\$414,989	\$18,580,622	2.23%
2003	149,020	153,421	302,441	14,356,257	2.11
2002	142,262	159,439	301,701	10,314,238	2.93
2001	138,849	158,829	297,678	10,919,607	2.73
2000	128,219	172,953	301,172	7,865,689	3.83
1999	125,089	174,955	300,044	6,411,624	4.68
1998	115,136	173,393	288,529	5,812,285	4.96
1997	63,761	117,731	181,492	6,089,412	2.98
1996	72,961	20,480	93,441	5,947,287	1.57
1995	72,961	11,637	84,598	5,726,080	1.48

Source: City Financial Records

City of Avon, Ohio
Computation of Direct and Overlapping Debt
 December 31, 2004

	<u>General Tax Supported Debt Outstanding</u>	<u>Overlapping Percentage Applicable to City of Avon (1)</u>	<u>Amount Applicable to City of Avon</u>
<i>Direct:</i>			
City of Avon	\$6,612,611	100.00%	\$6,612,611
<i>Overlapping:</i>			
Lorain County	<u>25,320,000</u>	5.80	<u>1,468,560</u>
Total	<u><u>\$31,932,611</u></u>		<u><u>\$8,081,171</u></u>

Source: County Auditor, Lorain County, Ohio

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the subdivision.

City of Avon, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Lorain County (3)</u>
2004	11,446	2,699	6.3 %
2003	11,353	2,474	6.8
2002	11,353	2,266	6.4
2001	11,353	1,910	5.8
2000	11,353	1,747	5.4
1999	7,337	1,600	5.0
1998	7,337	1,519	3.6
1997	7,337	1,382	6.1
1996	7,337	1,322	7.8
1995	7,337	1,229	5.1

Sources: (1) U.S. Bureau of the Census
(2) Avon Board of Education
(3) Ohio Department of Unemployment, Labor Market Information Department

City of Avon, Ohio
Property Values, Construction and Bank Deposits
Last Ten Years

Year	Number of Building Permits	Dollar Value of Building Permits Issued (1)	Estimated Actual Property Values (2)	Bank Deposits (3, 4)
2004	662	\$187,487,900	\$1,473,818,717	\$685,900,000
2003	645	116,645,530	1,204,474,172	649,005,000
2002	542	112,580,398	1,050,888,406	614,592,000
2001	607	172,727,004	931,194,847	555,591,000
2000	606	111,482,170	776,486,246	513,102,000
1999	612	119,544,836	706,621,207	463,993,000
1998	454	85,451,965	650,593,455	444,974,000
1997	365	67,079,328	476,296,378	1,381,977,000
1996	341	55,698,940	417,847,018	1,329,795,000
1995	177	44,123,801	388,793,483	1,237,991,000

Source: (1) Avon Building Department
(2) Lorain County Auditor's Office
(3) Federal Reserve Bank of Cleveland
(4) The decrease at 1998 resulted when out-of-county banks acquired local bank branches. The deposits were moved out of Lorain County.

City of Avon, Ohio
Ten Largest Real Property Taxpayers
December 31, 2004

Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Property Assessed Valuation
First Interstate Avon, LTD.	\$15,011,340	3.21%
AERC Avon	6,919,500	1.48
Timber Lake Apartments	6,037,500	1.29
Wal Mart Real Estate	4,457,640	0.95
First Interstate Avon	3,932,730	0.84
Comprehensive Health	3,827,180	0.82
Avon Board of Education	3,073,990	0.66
BJ Avon Portfolio	2,648,290	0.57
Manco Incorporated	2,197,590	0.47
JS Avon North	1,999,180	0.43
Total of Above	<u>\$50,104,940</u>	<u>10.72%</u>
Total City Valuation	<u>\$468,257,700</u>	

Source: County Auditor, Lorain County, Ohio

City of Avon, Ohio
Miscellaneous Statistics
December 31, 2004

GOVERNMENT:

Date of Incorporation as a Village	1917
Date of Incorporation as a City	1961
Form of Government	Mayor/Council

AREA: 20.5 square miles

STREETS: 94.18 miles of streets

NUMBER OF STREET LIGHTS (PER LIGHT BILL) 542

EDUCATION:

Attendance Centers	5
Teachers	166
Students	2,699

WATER:

Miles of Water Mains 101

SEWERS:

Miles of Sanitary Sewers 79

BUILDING PERMITS ISSUED:

Residential (Single-family and Multi-family)	402
Commercial/Industrial (New and Expansion)	260

RECREATION AND CULTURE:

Number of Parks	5
Number of Libraries	1
Number of Baseball Diamonds	8
Number of Soccer Fields	11

POLICE:

Stations	1
Policemen and Officers: Full-Time	25
Dispatchers	6

FIRE:

Stations	1
Firefighters and Rescue Workers: Full-Time	18
Firefighters and Rescue Workers: Part-Time	5
Secretary	1

TOTAL EMPLOYEES:

Full-Time	97
Part-Time	60



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

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 14, 2005**