

City of Avon



Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2011, for the City of Avon, Ohio



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Avon, Lorain County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

October 9, 2012

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INTRODUCTION



James A. Smith
MAYOR



GROUP COUNCIL:

Front row L to R: Mary Berges- Council at Large, Bryan Jensen- Ward 1, Dennis McBride- Ward 2
Dan Urban- Ward 4, Dan Zegarac- Council President, Kevin Ward- Ward 3, Craig Witherspoon- Council at Large

GROUP FINANCE

Bottom to Top

1st row L to R: William Logan, June Mitchell
Virginia Schneider, Diane Szlempa
Loretta Stockard, Randi Simkovich
Jean Payne
Eric Clanin, Beth Raicevich



City of Avon, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2011

Prepared by:

Office of the Director of Finance

William D. Logan
Director of Finance

City of Avon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2011
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CITY OF AVON

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

June 28, 2012

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2011.

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38, which requires the cities reporting on a GAAP basis to file unaudited basic financial statements with the Auditor of State within 150 days of the fiscal year end. This report is submitted to satisfy that requirement for the year ended December 31, 2011.

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

Under Ohio law, regular audits are required to be performed on all financial related operations of the City. These audits may be done by either the State Auditor's Office or, if the State Auditor permits, an independent public accounting firm. For the year 2011, the City of Avon was audited by Ciuni & Panichi, Inc.

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

Profile of the Government

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

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

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

Legislative authority is vested in a seven-member council with four members elected from wards and three elected at large. All of the Council members choose an at large member to serve as Council President. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes. Members of Council are elected to a two-year term.

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

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

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

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

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

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

Economic Conditions and Outlook

Residential development decreased in 2011 as there were 33 less new home permits issued than in 2010. However, we have seen six new phases in existing residential developments come to the planning commission within the last few months, indicating that new home construction may be back on the rise.

The Cleveland Clinic opened for business in December 2011, with a full 190,000 square-foot health center. Once the new I-90 Nagel Road Interchange opens later in 2012, the Clinic will begin operating an emergency room. Mercy Hospital (Community Health Partners) plans to begin construction of a medical center on the west side of Avon in the near future. Two Lorain County automobile dealerships are relocating to Avon and have begun construction on Chester Road just off of I-90, and various eateries have either opened recently or are under construction in Avon.

The number of new single-family home permits issued for the year 2011 was 113 with an approximate valuation of \$35,082,419 compared to 146 single-family home permits issued the previous year with a valuation of \$41,755,807.

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

Commercial permits issued in 2011 had an approximate valuation of \$5,620,476 compared to \$72,015,236 in 2010. The large decrease is primarily because the Cleveland Clinic permits were issued in 2009 and 2010.

The assessed valuation for tax year 2011 for the City of Avon is \$772,474,470, per the Lorain County Auditor's Office. Property taxes will be collected on this valuation in 2012. This is \$7,288,780 less than the 2010 valuation, or about a 1 percent decrease. The assessed value equates to a little more than \$2.2 billion at market, or appraised value. The County Auditor's Office is currently working on the sexennial update for 2012. See the history of assessed valuations in the Statistical Section of this report.

This valuation does not include the Cleveland Clinic which adds about \$35,000,000 to the total. Much of this value may be determined exempt from property tax however, as the Cleveland Clinic is a non-profit organization. Because the City has Tax Increment Financing (TIF) agreements in place for much of the commercial property north of I-90, these values are not included in the County Auditor's total taxable assessed valuations. The City and the Avon School District both collect Tax Increment Financing revenues as if they were property taxes. Presently, the City is collecting TIF revenues on an estimated commercial assessed valuation of about \$25,000,000.

Relevant Financial Policies

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

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

Avon Recreation Complex

In November 2007, the voters of the City passed a .25 percent income tax for the purpose of building a recreation complex on the western side of the City at the intersection of I-90, State Route 611 and Miller Road. The first phase of the complex was completed in 2010 and consists of a recreation center, French Creek Family YMCA, and a baseball stadium, All-Pro Freight Stadium. In addition to the recreation

center and baseball stadium, plans call for the complex to eventually include ice hockey and skating rinks, an indoor soccer facility, tennis courts, youth football and soccer fields. All-Pro Freight Stadium opened in the spring of 2009, and is the home of an expansion team in the Frontier League, the Lake Erie Crushers. The Frontier League is a professional baseball league made up of 12 teams in Ohio and neighboring states. The stadium has 3,500 traditional seats and 1,500 lawn seats, along with loges, concessions and playground areas for children. The stadium also has plenty of standing room on the concourse. In addition to the 48 Frontier League home games, the stadium has hosted concerts and other events each year since it has opened. The stadium is also used by the Avon High School Varsity Baseball Team along with certain other schools and colleges who play many games here. In 2011, Avon High School played 32 games at All-Pro Freight Stadium. In May 2012, the stadium is hosting the Mid-American Conference Tournament. The stadium is owned by the City of Avon; however, the Frontier League team entered into a 15 year lease with the City for the use of the ball park and is responsible for the maintenance of the stadium. The 15 year lease has provisions for extension beyond its original term.

The French Creek Family YMCA was built by the City in conjunction with the Greater Cleveland YMCA (the "YMCA"), but is owned solely by the City. The YMCA contributed approximately \$5,600,000 towards constructions costs. In addition to sharing the costs of construction, the YMCA pays all operating costs and manages all programming offered to the public at this facility. The amenities of the YMCA include a competitive swimming pool, basketball courts, workout areas for cardio and strength training, childcare services for members and other programming typically provided by the YMCA. Membership to the YMCA is open to all residents of the entire region. Residents of the City benefit from a discounted membership fee. Currently, the YMCA has over 18,500 members, of which approximately 5,200 are Avon residents.

Avon Healthcare Facilities

The Cleveland Clinic Richard E. Jacobs Health Center opened their Avon facility in December, 2011. The Cleveland Clinic is ranked as one of the nation's top four hospitals by U.S. News and World Report. The Cleveland Clinic Richard E. Jacobs Health Center offers primary care services and more than 30 specialty services. The Avon facility includes a large physical therapy area with two pools for aquatic therapy, an ambulatory surgery center and a helipad. Once the new I-90 Nagel Road Interchange opens later in 2012, the Clinic will begin operating a 24 hour Emergency Department.

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

In addition, Mercy Hospital, formerly known as Community Health Partners, purchased 35-acres and has brought preliminary plans to the City to construct a 58,000 square-foot medical and professional complex at the City's State Route 611 Interchange on I-90.

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

City Services

The City's fire department is full-time with 34 firefighter paramedics that offer much more than fire protection and emergency medical services. The fire department is very service oriented, offering many specialties such as CPR training, a senior's lock box program, child safety seat inspections and installation, fire safety inspections for either homes or businesses, the File of Life program, and our newest service, fire extinguisher training with a propane powered simulator. This training is offered to businesses as well as residents of Avon.

The Avon Fire Department responded to 2,097 calls in 2011. 1,530 were emergency medical calls and 567 were fire related calls which included service and specialty rescue calls. Specialty rescues include water and ice rescue, confined space rescue, rope rescue, and structural collapse rescue.

The Avon Fire Department achieved a major accomplishment in 2010. The Insurance Services Offices (ISO) reviewed the department looking at items such as training, equipment, dispatching, and water flow. ISO rates departments on a scale from 1 through 10 with 1 being the ultimate in fire protection and 10 being no fire protection. Prior to 2010, the fire department was rated 5. After the survey the department jumped to a 3, a major achievement for a department this size. ISO ratings are used to set insurance ratings throughout a community. The businesses and homeowners in Avon will benefit from this rating.

In 2011, the Avon Police Department handled 16,208 calls for service resulting in 861 incident reports filed and 581 traffic crashes. The department made 565 criminal arrests and 2,018 traffic charges were filed.

During 2011, we saw the retirement of Chief Paul Romond who served the citizens of Avon for 37 years and Sergeant Tom Dunegan who served the citizens of Avon for 31 years. In 2011, the police department added a part-time animal care and control officer, Mario Volpe. Mario brings a lot of experience to the position. He maintains the newly created Avon City kennel inside of the old police station and aids the police department and residents in dealing with stray or lost domestic animals.

With the growth in the City, we have been fortunate to maintain a safe community with a high quality of life. Residents can do a lot to help keep Avon relatively crime free by continuing to always lock up their residence and vehicles and to report any suspicious activity to the police department. Residents needing copies of incident and traffic crash reports can now obtain the reports online through the police department page on the City's website at www.cityofavon.com.

The Avon Senior Center provides programs and activities for anyone 55 and over. The Center provides educational seminars and health screenings serving the approximately 5,000 senior adults in Avon.

The Senior Center multi-purpose room is used for movies, cards, small educational seminars, and the adult health clinic appointments, just to name a few. The craft room allows seniors to participate in classes such as mosaic glass cutting, tole painting and jewelry making. Additionally, the Center has a fully functioning computer lab where seniors can come and check their emails, surf the net, practice what they've learned in between their computer classes, get some pointers from the computer coach and print out work through the network printer.

In addition, the Senior Center owns a transit bus and a car, which are used in the center's transportation program to assist seniors with disabilities in the City.

The City of Avon has seven parks totaling over 300 acres. The Parks and Recreation Department offers various adult and youth programs, in addition to working with organizations such as Avon Little League, the Avon Soccer League Association and the Avon Schools. In 2011, the City purchased 19-acres adjacent to Schwartz Road Park. This land will be used for the expansion of current primitive walking trails in the wooded area and additional soccer fields in the open field area.

In 2011, the City renovated the Avon Isle, a City owned historic dance hall and community center. A large portion of the cost of the renovation was funded through an energy grant from the Northeast Ohio Public Energy Council.

Long-Term Financial Planning

The City issued refunding bonds in 2011 that consolidated six older issues dating back to 1997. This new bond issuance will save the City about \$300,000 over the next several years. Additionally, the City issued bonds for the YMCA portion of the cost of the facility. The YMCA pays this debt service monthly to the City.

In August 2011, construction began on the interchange at I-90 and Nagle Road, on the City's eastern border. This project is managed by the Ohio Department of Transportation (ODOT) but funded by the City and a private developer. The City issued bond anticipatory notes in July, 2011 for this project and the related water and sewer improvements at and near the new interchange. The City is working with ODOT and the general contractor for the project to finish earlier than planned and at a reduced cost. The City is hopeful that the interchange will be opened before the end of 2012. Upon completion of the interchange, the City will dedicate the asset to the State of Ohio, who will maintain the interchange. As a result of this, the City's financial statements reflect expenses and liabilities associated with the construction of the interchange, but no corresponding asset.

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

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

Awards and Acknowledgments

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

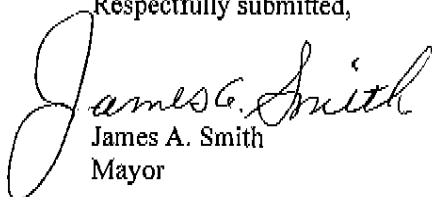
The City of Avon believes the current report continues to conform to the requirements and standards of the Certificate of Achievement Program and has submitted it to the GFOA to determine its eligibility for another Certificate of Achievement.


In 2010, the City received the Auditor of State's "Making Your Tax Dollars Count" Award, and in 2011 the City was presented with the "Auditor of State Award with Distinction".

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

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

Respectfully submitted,


James A. Smith
Mayor


William D. Logan
Finance Director

City of Avon, Ohio
Principal Officials
December 31, 2011

Elected Officials:

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

Directors:

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

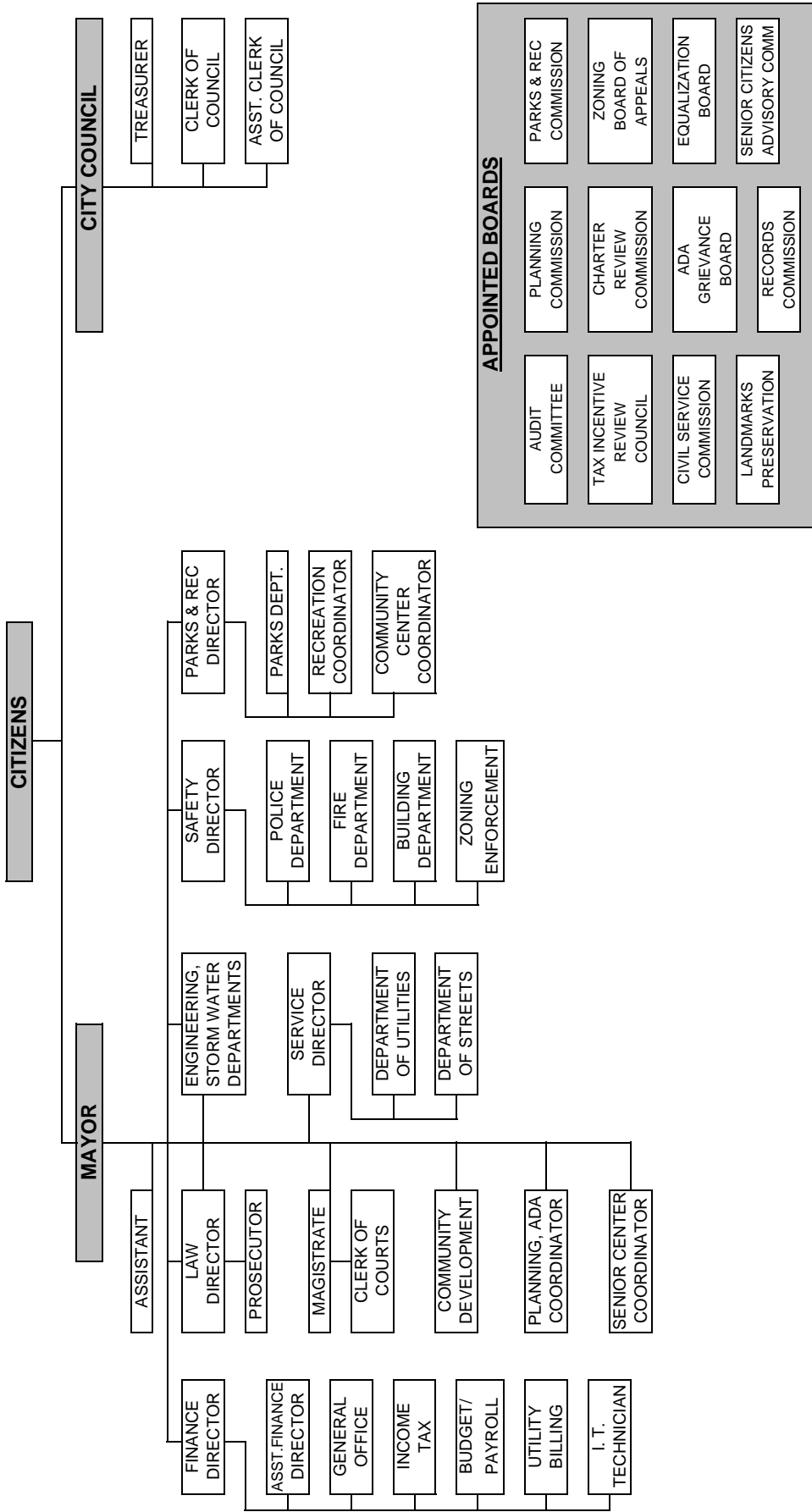
Chairmen, Boards and Commissions:

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

Other Staff Members:

Treasurer.....Beth A. Raicevich
City Engineer..... Robert Knopf
Superintendent of Utilities.....David A. Conrad
Secretary to the Mayor..... Sandra K. Martin
Clerk of Council Ellen R. Young
Clerk of Court..... Jill K. Clements
Assistant Director of Finance June F. Mitchell
Clerk Secretary of Planning Commission and Zoning Board of Appeals Dorothy A. Bommer
Zoning Enforcement Officer..... Timothy T. Krugman
ProsecutorRichard Kray
City Magistrate Daniel P. Stringer
Chief of Police.....Richard A. Bosley
Police Captain.....Lawrence M. Fischbach III
Chief of Fire..... Frank Root, III
Assistant Chief of Fire Timothy L. Golay
Chief Building Inspector..... Kenneth A. Miller

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, 2010

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

FINANCIAL



Cold Stone



Dairy Treat



Menchie's



Whistlers



Mitchell's



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Independent Auditor's Report

Members of the City Council
Avon, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon, Ohio (the "City"), as of and for the year ended December 31, 2011, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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, as of December 31, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Fire Department, Street Construction, Maintenance and Repair and Police Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 59, *Financial Instruments Omnibus*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of the City Council
Avon, Ohio

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Cini & Paricki, Inc.

Cleveland, Ohio
June 28, 2012

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are:

- On May 10, 2011, the City issued \$5,760,000 in General Obligation Bonds for the Greater Cleveland YMCA portion of the construction of the French Creek Family YMCA, which opened a year earlier. Additionally, the City refunded outstanding bond issuances from 1997 through 2001 and combined them into one issue, saving over \$300,000 through the new maturity of this issue in 2021.
- In July, 2011, the City issued \$24,880,000 in new bond anticipatory notes, to primarily fund the Interchange and related infrastructure improvements.
- In August, 2011, construction began on the long awaited I-90 Nagel Road Interchange. The City also started construction on the infrastructure improvements around the interchange project. These projects are being paid for by the City and a local private developer.
- Income tax collections increased on a cash basis 6.7 percent over 2011.
- Tax increment financing revenues, payment in lieu of taxes, increased 29 percent over 2011.

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 2011?" The *Statement of Net Assets* and the *Statement of Activities* answer this

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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.

These two statements report the City's net assets and the changes in those assets. The changes in net 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 8. Fund financial statements provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds which account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Avon, the major funds are the general, fire department, street construction, maintenance and repair, police, general obligation bond retirement, special assessment bond retirement, I-90 interchange, recreation complex, water and sewer.

Governmental Funds

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

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The City of Avon as a Whole

The *Statement of Net Assets* looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2011 compared to 2010.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$36,750,361	\$30,302,170	\$7,108,200	\$4,917,808	\$43,858,561	\$35,219,978
Capital Assets, Net	98,147,728	97,968,113	29,562,280	27,087,992	127,710,008	125,056,105
<i>Total Assets</i>	134,898,089	128,270,283	36,670,480	32,005,800	171,568,569	160,276,083
Current and Other Liabilities	36,478,556	18,064,782	6,188,229	662,478	42,666,785	18,727,260
Long-Term Liabilities:						
Due Within One Year	2,212,306	1,876,911	370,039	346,006	2,582,345	2,222,917
Due In More Than One Year	49,947,717	51,877,779	1,113,478	1,458,222	51,061,195	53,336,001
<i>Total Liabilities</i>	88,638,579	71,819,472	7,671,746	2,466,706	96,310,325	74,286,178
Invested in Capital Assets, Net of Related Debt	48,907,059	54,276,654	29,043,222	26,368,440	77,950,281	80,645,094
Restricted:						
Capital Projects	1,890,372	0	0	0	1,890,372	0
Debt Service	2,015,083	1,347,716	0	0	2,015,083	1,347,716
Other Purposes	2,194,901	2,626,091	0	0	2,194,901	2,626,091
Unrestricted (Deficit)	(8,747,905)	(1,799,650)	(44,488)	3,170,654	(8,792,393)	1,371,004
<i>Total Net Assets</i>	\$46,259,510	\$56,450,811	\$28,998,734	\$29,539,094	\$75,258,244	\$85,989,905

Total assets increased during 2011 \$11.3 million. The increase was due to an increase in cash, primarily a result of the new I-90 interchange mentioned earlier.

Total liabilities increased during 2011 \$22 million primarily as a result of bonds issued for the I-90 interchange project.

Total net assets decreased during 2011 \$10.7 million. The decrease in governmental and business-type activities net assets were primarily due to the increased contracts payable.

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Table 2 shows the changes in net assets for the year ended December 31, 2011.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services	\$2,246,499	\$1,855,038	\$3,750,661	\$3,970,545	\$5,997,160	\$5,825,583
Operating Grants and Contributions	1,165,243	1,773,562	0	0	1,165,243	1,773,562
Capital Grants and Contributions	571,326	0	140,418	310,925	711,744	310,925
Total Program Revenues	3,983,068	3,628,600	3,891,079	4,281,470	7,874,147	7,910,070
General Revenues:						
Property Taxes	4,361,334	4,261,498	0	0	4,361,334	4,261,498
Municipal Income Taxes	11,198,984	9,258,808	0	0	11,198,984	9,258,808
Grants and Entitlements	1,223,337	1,837,467	0	0	1,223,337	1,837,467
Investment Earnings	64,712	293,374	3,818	8,309	68,530	301,683
Payment in Lieu of Taxes	1,701,068	1,319,031	0	0	1,701,068	1,319,031
Miscellaneous	453,527	607,322	2,696	34,455	456,223	641,777
Total General Revenues	19,002,962	17,577,500	6,514	42,764	19,009,476	17,620,264
Total Revenues	22,986,030	21,206,100	3,897,593	4,324,234	26,883,623	25,530,334
Program Expenses						
General Government	4,525,898	4,349,901	0	0	4,525,898	4,349,901
Security of Persons and Property	8,769,685	8,611,264	0	0	8,769,685	8,611,264
Transportation	4,150,279	6,025,615	0	0	4,150,279	6,025,615
Community Environment	1,320,973	1,236,395	0	0	1,320,973	1,236,395
Basic Utility Services	682,667	862,479	0	0	682,667	862,479
Leisure Time Activities	1,464,779	1,104,319	0	0	1,464,779	1,104,319
Interest and Fiscal Charges	2,300,130	2,211,663	0	0	2,300,130	2,211,663
Water	0	0	2,793,765	3,924,685	2,793,765	3,924,685
Sewer	0	0	1,662,416	1,871,978	1,662,416	1,871,978
Total Expenses	23,214,411	24,401,636	4,456,181	5,796,663	27,670,592	30,198,299
Increase (Decrease) in Net Assets						
Before Transfers	(228,381)	(3,195,536)	(558,588)	(1,472,429)	(786,969)	(4,667,965)
Transfers	(18,228)	164,191	18,228	(164,191)	0	0
Special Item - I-90 Interchange Project	(9,944,692)	0	0	0	(9,944,692)	0
Changes in Net Assets	(10,191,301)	(3,031,345)	(540,360)	(1,636,620)	(10,731,661)	(4,667,965)
Net Assets, January 1	56,450,811	59,482,156	29,539,094	31,175,714	85,989,905	90,657,870
Net Assets, December 31	\$46,259,510	\$56,450,811	\$28,998,734	\$29,539,094	\$75,258,244	\$85,989,905

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Program revenues increased slightly due to the increased rentals for the municipal buildings. While program revenues provide considerable assistance in the provision of governmental services, the burden of governmental support is met by general revenues such as property taxes, municipal income taxes, and unrestricted grants and entitlements. General revenues increased from the prior year due to increased income taxes and Tax Increment Financing payments in lieu of taxes from the County.

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

Program revenues make up a significant portion of the total revenues for business-type activities. Capital grants and contributions decreased from the prior year. In 2010, the City received federal grants for water and sewer projects, but did not receive similar monies in 2011.

GOVERNMENTAL ACTIVITIES

Several revenue sources fund the City's governmental activities with City income tax being the largest contribution. The general income tax rate of 1 percent was established by City Ordinance No. 371-68, passed February 28, 1968. The Income Tax Ordinance was amended on November 2, 1993 requiring proposed tax rate changes be submitted to the electors of the City for approval or rejection. On November 6, 2002 the electors approved an increase in the income tax rate to 1-1/2 percent from 1 percent and a change in the tax credit for residents having income taxable in another community. In November 2007, the electors approved an increase in the income tax rate to 1-3/4 percent and a change in the tax credit. In 2011, the revenue from income taxes increased slightly.

The City of Avon is very aggressive in collecting delinquent income tax. The City utilizes the Regional Income Tax Agency for income tax collections. Their collection efforts including subpoena programs and small claims court are very effective and cost justified. The City's strong and diversified commercial and industrial tax base provide the City with a predictable revenue stream. There are approximately 13,805 people working in Avon.

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

The three main governmental activities program expenses for 2011 were security of persons and property expenses, transportation expenses, followed by general government expenses.

Transportation expenses consist of depreciation, maintenance and repairs to the City's roads and infrastructure. The City paid for these projects primarily from general revenues, a part of which is provided by City income tax. The City takes great pride in maintaining its streets in good 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 budget each year. The Police Department is partially funded by a continuous 2 mill levy and also through general fund transfers of revenues. The department has a 5 year, .50 mill equipment levy that is utilized for capital asset purchases, including vehicles.

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

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
General Government	\$4,525,898	\$4,349,901	\$2,563,412	\$3,076,422
Security of Persons and Property	8,769,685	8,611,264	8,757,421	8,378,180
Transportation	4,150,279	6,025,615	2,792,072	4,786,218
Community Environment	1,320,973	1,236,395	914,375	691,877
Basic Utility Services	682,667	862,479	682,667	862,479
Leisure Time Activities	1,464,779	1,104,319	1,221,266	766,197
Interest and Fiscal Charges	2,300,130	2,211,663	2,300,130	2,211,663
Total Cost of Services	\$23,214,411	\$24,401,636	\$19,231,343	\$20,773,036

BUSINESS-TYPE ACTIVITIES

Utility services for water and sewer saw a decrease in capital grants and contributions due to less residential activity of developers.

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 \$23,116,491 and expenditures of \$31,076,922. The most significant fund is the general fund with a year-end fund balance of \$8,866,944, which included an unassigned fund balance of \$7,509,648 compared to annual expenditures of \$3,615,832. While revenues exceeded expenditures by \$6,045,950, most of the excess was transferred to other City funds. These transferred funds enabled the City to fund street improvements, police operations, service long-term and short-term debt and fund capital improvements. The net change decreased \$849,307.

The fire department has completed eight years as a full-time department in its building that was constructed in 2003. Revenues in the fire department fund of \$4,007,361 exceeded expenditures of \$3,788,091 by \$219,270. The fire department fund balance increased due to increased income taxes. The street construction maintenance and repair fund had expenditures of \$2,312,590 which exceeded revenues of \$2,295,671 by \$16,919. This decrease was due to the increased transportation expenses. The street department constructs, maintains and repairs the various streets of the City. The police fund balance

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increased by \$223,487 due to an increase in property and income taxes. The general obligation bond retirement fund balance decreased \$849,307 due to a decrease in revenue from licenses and permits. The special assessment bond retirement fund balance decreased \$91,237. The I-90 Interchange fund balance decreased \$10,115,854 as a result of property acquisitions needed for the right-of-way for the new interchange. The recreation complex fund balance increased due to the increase in income taxes.

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 2011 the City amended its general fund budget for a total increase in certified revenues in the amount of \$3,849,788. 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 department, object level for all funds.

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

For the general fund, the original budgeted revenues were \$5,977,864, and the final budgeted amount was \$9,827,652. Of this \$3,849,788 difference, most was due to increased property and income taxes, charges for services, intergovernmental revenues received, licenses and permits cost adjustments and interest revenue. The actual revenues of \$9,937,598 received by the City were \$109,946 more than the final budgeted amount.

Original appropriations of \$3,489,387 were increased during the year by \$959,624 to establish final appropriations of \$4,449,011 for the year. These increases were due primarily to conservative budgeting at the beginning of the year. The actual expenditures of \$3,727,210 were \$721,801 less than the final budgeted amount. Final expenditures often are less than budget. Budgets for projects are set based on public bidding and engineers' estimates. The City strives to hold down project costs and control contractor expenditures. The result is that most contract/project work is completed under budget. The City takes great pride in project management successes.

The City continued to maintain a respectable level of liquidity in the general fund by maintaining a cash fund balance at year-end of 45.3 percent of total actual revenues received during the year.

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Capital Assets and Debt Administration

Capital Assets

Total capital assets (net of depreciation) for the governmental activities are \$98,147,728, which is an increase from the prior year. The increase is due to the purchase of land in the center of town for future use and the completion of the French Creek Family YMCA. Total capital assets (net of depreciation) for the business activities increased due to additions and more infrastructure in sanitary sewer lines.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$5,433,221	\$4,881,014	\$7,580	\$7,580	\$5,440,801	\$4,888,594
Construction in Progress	0	163,244	0	0	0	163,244
Land Improvements	222,926	270,922	0	0	222,926	270,922
Buildings and Improvements	41,661,135	41,985,244	1,008,525	1,043,492	42,669,660	43,028,736
Machinery and Equipment	1,001,913	911,846	128,911	129,245	1,130,824	1,041,091
Vehicles	1,890,969	1,761,305	75,515	49,324	1,966,484	1,810,629
Infrastructure						
Park Improvements	814,466	853,089	0	0	814,466	853,089
Streets	25,522,389	26,181,230	0	0	25,522,389	26,181,230
Bridges and Culverts	1,715,638	1,765,516	0	0	1,715,638	1,765,516
Traffic Signals	1,391,671	1,438,987	0	0	1,391,671	1,438,987
Storm Sewer	16,814,868	15,728,795	0	0	16,814,868	15,728,795
Water Lines	1,678,532	2,026,921	10,869,189	9,986,287	12,547,721	12,013,208
Sewer Lines	0	0	17,472,560	15,872,064	17,472,560	15,872,064
<i>Total Capital Assets</i>	<u>\$98,147,728</u>	<u>\$97,968,113</u>	<u>\$29,562,280</u>	<u>\$27,087,992</u>	<u>\$127,710,008</u>	<u>\$125,056,105</u>

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

Debt

On December 31, 2011, the City of Avon had governmental debt of \$50,188,060 in bonds, loans and notes outstanding, with \$2,111,057 due within one year. Table 5 summarizes bonds, loans, contractual commitments and notes outstanding.

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Table 5
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$47,348,171	\$42,987,841	\$347,507	\$419,158	\$47,695,678	\$43,406,999
Special Assessment Bonds	2,657,553	2,959,042	0	0	2,657,553	2,959,042
OPWC Loans	182,336	198,811	0	0	182,336	198,811
OWDA Loans	0	0	173,081	301,923	173,081	301,923
Intergovernmental Payable	0	0	821,698	952,191	821,698	952,191
Notes Payable	0	5,726,870	0	0	0	5,726,870
Total	\$50,188,060	\$51,872,564	\$1,342,286	\$1,673,272	\$51,530,346	\$53,545,836

General obligation bonds for governmental activities include Schneider Court Improvements, Just Imagine Drive, North Branch Sewer Avins Ditch, Moore Road Improvement, Veteran's Park, Service Garage, All Pro Freight Stadium, YMCA/Recreation Center and related recreation complex infrastructure improvements, and various refunding bonds. Governmental activities also includes refunding bonds for the 1996 Detroit Road Park, the Library Improvement, Northgate Sewer Improvement and the 1997 New City Hall. These bond obligations are paid from monies transferred from the general fund into the debt service funds. The service garage is currently paid from special revenue funds collected from a property tax levy and gasoline taxes. The business-type activities general obligation bonds are in refunding bonds, payable from the water and sewer funds charges for services.

The special assessment bonds consist of Route 83 Sewer Improvements, Chester Road Sanitary Sewer, Moore/Chester Road Waterline, Chester Road Waterline East, Avon Road Waterline, North Branch Sewer Avins Ditch, Moore Road Improvement, Mills, Jaycox, Sandy Lane Improvements, Schneider Court Improvements, a various purpose sanitary sewer project and refunding bonds. Principal and interest for these bonds are paid from the collection of special assessments by the Lorain County Auditor.

The Ohio Public Works Commission loans represent interest free loans obtained to finance portions of the Center Road Extension and the Jaycox Road/Chester Improvements. These OPWC loans are paid from the bond retirement fund.

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

During 1994 and again in 2009, the City of Avon entered into contractual agreements with the City of Avon Lake for the construction and future maintenance of two water trunk lines that service the City of Avon. The projects were financed mainly by general obligation bonds which were issued by the City of Avon Lake. All proceeds were received by the City of Avon Lake and the City of Avon Lake is responsible for the debt retirement and maintenance. The lines will be a capital asset of the City of Avon Lake. The total amount owed to the City of Avon Lake as of December 31, 2011 is \$821,698. This amount has been recorded on Avon's financial statements as a long-term liability in the water enterprise fund.

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The City's overall legal ten and one-half percent debt limitation (voted and unvoted) on December 31, 2011 was \$65,254,602. The aggregate outstanding debt subject to the ten and one-half percent limitation is \$26,266,440. The difference of \$38,988,162 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 11 and 12 of the Notes to the Basic Financial Statements for additional information on the City's outstanding debt obligations.

Current Financial Related Activities

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

The City has aggressively pursued the use of Tax Increment Financing (TIF) as an economic development tool. The City currently has 11 areas designated as TIF districts. The revenues derived from these districts are used for infrastructure related projects and the associated debt service.

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

The City applies for various grants wherever possible. In 2011 the City was awarded a \$200,000 grant from the Ohio Cultural Facilities Commission to be used toward improvements at All Pro Freight Stadium.

In August, 2011, construction began on the interchange at I-90 and Nagle Road, on the City's eastern border. This project is managed by the Ohio Department of Transportation but funded by the City and a private developer. The City issued bond anticipatory notes in July 2010 and again in July, 2011 for this project and the related water and sewer improvements at and near the new interchange. The City is working with ODOT and the general contractor for the project to finish earlier than planned and at a reduced cost. The City is hopeful that the interchange will be opened before the end of 2012. Because this is an ODOT Project, upon completion of the interchange, the City will dedicate the asset to the State of Ohio, who will maintain the interchange. As a result of this, the City's financial statements reflect expenses and liabilities associated with the construction of the interchange, but no corresponding asset.

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Shown here is a recap of costs incurred through December, 2011 for the interchange project.

<u>I-90/Lear Nagle Interchange</u>	
Land Acquisition	\$6,262,851
Payments to Ohio Department of Transportation	6,027,878
Engineering - design and other pre-construction costs	2,591,396
Studies, financing, legal and other professional fees	<u>828,586</u>
Total Cost	<u><u>\$15,710,711</u></u>

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

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

Contacting the City's Finance Department

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

Basic Financial Statements

City of Avon, Ohio
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$24,268,098	\$5,666,572	\$29,934,670
Accrued Interest Receivable	2,555	77,783	80,338
Materials and Supplies Inventory	141,748	370,493	512,241
Accounts Receivable	3,851	191,820	195,671
Internal Balances	294,750	(294,750)	0
Intergovernmental Receivable	1,059,037	0	1,059,037
Prepaid Items	52,750	6,500	59,250
Municipal Income Taxes Receivable	2,862,360	0	2,862,360
Property Taxes Receivable	4,501,435	0	4,501,435
Payments in Lieu of Taxes Receivable	743,858	0	743,858
Special Assessments Receivable	2,657,553	128,590	2,786,143
Deferred Charges	162,366	961,192	1,123,558
Capital Assets, Non-Depreciable	5,433,221	7,580	5,440,801
Capital Assets, Depreciable, Net	92,714,507	29,554,700	122,269,207
<i>Total Assets</i>	<u>134,898,089</u>	<u>36,670,480</u>	<u>171,568,569</u>
Liabilities			
Accounts Payable	1,002,731	13,965	1,016,696
Contracts Payable	286,954	650,892	937,846
Accrued Wages and Benefits	159,436	13,199	172,635
Intergovernmental Payable	540,140	265,939	806,079
Retainage Payable	17,790	95,511	113,301
Deferred Revenue	5,177,371	0	5,177,371
Accrued Interest Payable	349,134	113,723	462,857
Notes Payable	28,945,000	5,035,000	33,980,000
Long-Term Liabilities:			
Due Within One Year	2,212,306	370,039	2,582,345
Due In More Than One Year	49,947,717	1,113,478	51,061,195
<i>Total Liabilities</i>	<u>88,638,579</u>	<u>7,671,746</u>	<u>96,310,325</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	48,907,059	29,043,222	77,950,281
Restricted for:			
Capital Projects	1,890,372	0	1,890,372
Debt Service	2,015,083	0	2,015,083
Fire Department	710,228	0	710,228
Street Construction, Maintenance and Repair	1,440,649	0	1,440,649
Other Purposes	44,024	0	44,024
Unrestricted (Deficit)	(8,747,905)	(44,488)	(8,792,393)
<i>Total Net Assets</i>	<u>\$46,259,510</u>	<u>\$28,998,734</u>	<u>\$75,258,244</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Activities
For the Year Ended December 31, 2011

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$4,525,898	\$1,628,202	\$9,033	\$325,251
Security of Persons and Property	8,769,685	1,816	10,448	0
Transportation	4,150,279	0	1,112,132	246,075
Community Environment	1,320,973	394,643	11,955	0
Basic Utility Services	682,667	0	0	0
Leisure Time Activities	1,464,779	221,838	21,675	0
Interest and Fiscal Charges	2,300,130	0	0	0
<i>Total Governmental Activities</i>	<u>23,214,411</u>	<u>2,246,499</u>	<u>1,165,243</u>	<u>571,326</u>
Business-Type Activities				
Water	2,793,765	2,105,969	0	77,010
Sewer	1,662,416	1,644,692	0	63,408
<i>Total Business-Type Activities</i>	<u>4,456,181</u>	<u>3,750,661</u>	<u>0</u>	<u>140,418</u>
<i>Total</i>	<u>\$27,670,592</u>	<u>\$5,997,160</u>	<u>\$1,165,243</u>	<u>\$711,744</u>

General Revenues

Property Taxes Levied for:

General Purposes

Streets

Police

Park Operating

Library Bond Retirement

Equipment

Municipal Income Taxes Levied for

General Purposes

Police

Fire Department

Recreation Complex

Grants and Entitlements not Restricted

to Specific Programs

Investment Earnings

Payment in Lieu of Taxes

Miscellaneous

Total General Revenues

Transfers

Special Item - I-90 Interchange Project

Total General Revenues, Transfers and Special Item

Change in Net 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 Activities	Total
(\$2,563,412)	\$0	(\$2,563,412)
(8,757,421)	0	(8,757,421)
(2,792,072)	0	(2,792,072)
(914,375)	0	(914,375)
(682,667)	0	(682,667)
(1,221,266)	0	(1,221,266)
(2,300,130)	0	(2,300,130)
(19,231,343)	0	(19,231,343)
0	(610,786)	(610,786)
0	45,684	45,684
0	(565,102)	(565,102)
(19,231,343)	(565,102)	(19,796,445)
1,566,237	0	1,566,237
1,228,341	0	1,228,341
629,793	0	629,793
293,924	0	293,924
74,421	0	74,421
568,618	0	568,618
5,478,107	0	5,478,107
143,118	0	143,118
4,164,144	0	4,164,144
1,413,615	0	1,413,615
1,223,337	0	1,223,337
64,712	3,818	68,530
1,701,068	0	1,701,068
453,527	2,696	456,223
19,002,962	6,514	19,009,476
(18,228)	18,228	0
(9,944,692)	0	(9,944,692)
9,040,042	24,742	9,064,784
(10,191,301)	(540,360)	(10,731,661)
56,450,811	29,539,094	85,989,905
\$46,259,510	\$28,998,734	\$75,258,244

City of Avon, Ohio

Balance Sheet

Governmental Funds

December 31, 2011

	General	Fire Department	Street Construction, Maintenance and Repair	Police
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$3,374,612	\$519,626	\$1,207,259	\$484,771
Materials and Supplies Inventory	399	13,292	97,453	30,604
Accounts Receivable	3,851	0	0	0
Interfund Receivable	3,567,562	0	0	0
Intergovernmental Receivable	399,834	0	471,971	34,768
Accrued Interest Receivable	2,555	0	0	0
Prepaid Items	15,750	12,500	6,500	17,500
Municipal Income Taxes Receivable	1,474,115	858,708	0	143,118
Property Taxes Receivable	1,627,341	0	1,280,321	637,496
Payments in Lieu of Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	1,051,123	0	0	0
<i>Total Assets</i>	<u>\$11,517,142</u>	<u>\$1,404,126</u>	<u>\$3,063,504</u>	<u>\$1,348,257</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$14,911	\$9,066	\$123,670	\$29,745
Contracts Payable	17,447	0	0	600
Accrued Wages and Benefits	35,115	48,710	14,411	55,468
Interfund Payable	0	0	0	0
Intergovernmental Payable	38,884	221,706	48,899	218,495
Retainage Payable	0	0	0	0
Deferred Revenue	2,543,841	394,340	1,621,858	737,987
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u>2,650,198</u>	<u>673,822</u>	<u>1,808,838</u>	<u>1,042,295</u>
Fund Balances				
Nonspendable	1,250,272	25,792	103,953	48,104
Restricted	0	704,512	1,143,344	257,858
Committed	0	0	0	0
Assigned	107,024	0	7,369	0
Unassigned (Deficit)	7,509,648	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>8,866,944</u>	<u>730,304</u>	<u>1,254,666</u>	<u>305,962</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,517,142</u>	<u>\$1,404,126</u>	<u>\$3,063,504</u>	<u>\$1,348,257</u>

See accompanying notes to the basic financial statements

General Obligation Bond Retirement	Special Assessment Bond Retirement	I-90 Interchange	Recreation Complex	Other Governmental Funds	Total Governmental Funds
\$44,968	\$237,256	\$12,634,203	\$381,405	\$4,332,875	\$23,216,975
0	0	0	0	0	141,748
0	0	0	0	0	3,851
0	0	0	0	0	3,567,562
0	0	0	0	152,464	1,059,037
0	0	0	0	0	2,555
0	0	0	0	500	52,750
0	0	0	386,419	0	2,862,360
0	0	0	0	956,277	4,501,435
0	0	0	0	743,858	743,858
0	2,657,553	0	0	0	2,657,553
0	0	0	0	0	1,051,123
<u>\$44,968</u>	<u>\$2,894,809</u>	<u>\$12,634,203</u>	<u>\$767,824</u>	<u>\$6,185,974</u>	<u>\$39,860,807</u>
\$0	\$0	\$779,203	\$0	\$46,136	\$1,002,731
0	0	23,136	0	245,771	286,954
0	0	0	0	5,732	159,436
0	0	850,000	1,043,000	1,379,812	3,272,812
0	3,040	0	0	9,116	540,140
0	0	0	0	17,790	17,790
0	2,657,553	0	178,778	1,824,968	9,959,325
0	0	135,966	0	20,032	155,998
0	0	24,880,000	0	4,065,000	28,945,000
0	2,660,593	26,668,305	1,221,778	7,614,357	44,340,186
0	0	0	0	500	1,428,621
44,968	234,216	0	0	2,154,359	4,539,257
0	0	0	286,284	278,818	565,102
0	0	0	0	32,020	146,413
0	0	(14,034,102)	(740,238)	(3,894,080)	(11,158,772)
<u>44,968</u>	<u>234,216</u>	<u>(14,034,102)</u>	<u>(453,954)</u>	<u>(1,428,383)</u>	<u>(4,479,379)</u>
<u>\$44,968</u>	<u>\$2,894,809</u>	<u>\$12,634,203</u>	<u>\$767,824</u>	<u>\$6,185,974</u>	<u>\$39,860,807</u>

City of Avon, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2011*

Total Governmental Fund Balances (\$4,479,379)

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

Capital assets used in governmental activities are not financial resources
 and therefore are not reported in the funds. 98,147,728

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

Special Assessments	2,657,553
Delinquent Property Taxes	67,922
Intergovernmental	742,013
Municipal Income Taxes	<u>1,314,466</u>

Total 4,781,954

In the statement of activities, interest is accrued on outstanding bonds,
 whereas in governmental funds, an interest expenditure is reported when due. (193,136)

Bond issuance costs are considered deferred charges and will be amortized
 over the life of the bonds on the statement of net assets. 162,366

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

General Obligation Bonds	(47,348,171)
Special Assessment Bonds	(2,657,553)
OPWC Loans	(182,336)
Compensated Absences	<u>(1,971,963)</u>

Total (52,160,023)

Net Assets of Governmental Activities \$46,259,510

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, 2011

	General	Fire Department	Street Construction, Maintenance and Repair	Police	General Obligation Bond Retirement
Revenues					
Property Taxes	\$1,616,742	\$0	\$1,270,365	\$650,253	\$0
Payment in Lieu of Taxes	0	0	0	0	0
Municipal Income Taxes	5,152,086	4,003,757	0	77,395	0
Charges for Services	422,012	0	0	0	304,307
Licenses and Permits	611,802	0	0	0	0
Fines and Forfeitures	196,404	0	0	1,816	0
Intergovernmental	1,393,634	0	1,000,457	82,410	0
Special Assessments	0	0	0	0	0
Interest	50,235	0	4,211	0	0
Contributions and Donations	300	0	0	0	0
Rentals	0	0	0	0	0
Miscellaneous	218,567	3,604	20,638	40,869	6,550
<i>Total Revenues</i>	<u>9,661,782</u>	<u>4,007,361</u>	<u>2,295,671</u>	<u>852,743</u>	<u>310,857</u>
Expenditures					
Current:					
General Government	2,449,873	0	0	0	9,351
Security of Persons and Property	0	3,788,091	0	4,614,256	0
Transportation	0	0	2,266,093	0	0
Community Environment	1,147,414	0	0	0	0
Basic Utility Services	0	0	46,497	0	0
Leisure Time Activities	18,545	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	1,366,771
Interest and Fiscal Charges	0	0	0	0	1,742,453
Bond Issuance Costs	0	0	0	0	68,548
<i>Total Expenditures</i>	<u>3,615,832</u>	<u>3,788,091</u>	<u>2,312,590</u>	<u>4,614,256</u>	<u>3,187,123</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,045,950</u>	<u>219,270</u>	<u>(16,919)</u>	<u>(3,761,513)</u>	<u>(2,876,266)</u>
Other Financing Sources (Uses)					
Current Refunding Bonds Issued	0	0	0	0	2,620,000
General Obligation Bonds Issued	0	0	0	0	0
Premium on General Obligation Bonds Issued	0	0	0	0	61,590
Payments to Refunded Bond Escrow Agent	0	0	0	0	(2,613,042)
Transfers In	216,810	0	0	3,985,000	2,806,446
Transfers Out	(7,112,067)	0	(187,481)	0	(18,229)
<i>Total Other Financing Sources (Uses)</i>	<u>(6,895,257)</u>	<u>0</u>	<u>(187,481)</u>	<u>3,985,000</u>	<u>2,856,765</u>
Special Item					
I-90 Interchange Project	0	0	0	0	0
<i>Net Change in Fund Balances</i>	<u>(849,307)</u>	<u>219,270</u>	<u>(204,400)</u>	<u>223,487</u>	<u>(19,501)</u>
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>9,716,251</u>	<u>511,034</u>	<u>1,459,066</u>	<u>82,475</u>	<u>64,469</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$8,866,944</u>	<u>\$730,304</u>	<u>\$1,254,666</u>	<u>\$305,962</u>	<u>\$44,968</u>

(continued)

City of Avon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds (continued)
For the Year Ended December 31, 2011

	Special Assessment Bond Retirement	I-90 Interchange	Recreation Complex	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$0	\$0	\$0	\$969,018	\$4,506,378
Payment in Lieu of Taxes	0	0	0	1,701,068	1,701,068
Municipal Income Taxes	0	0	1,322,035	0	10,555,273
Charges for Services	0	0	0	84,841	811,160
Licenses and Permits	0	0	0	130,769	742,571
Fines and Forfeitures	0	0	0	5,285	203,505
Intergovernmental	0	0	0	810,419	3,286,920
Special Assessments	410,752	0	0	0	410,752
Interest	0	7,652	715	1,899	64,712
Contributions and Donations	0	0	0	325	625
Rentals	0	0	0	380,000	380,000
Miscellaneous	0	27	136,640	26,632	453,527
<i>Total Revenues</i>	<u>410,752</u>	<u>7,679</u>	<u>1,459,390</u>	<u>4,110,256</u>	<u>23,116,491</u>
Expenditures					
Current:					
General Government	20,751	0	43,687	1,120,892	3,644,554
Security of Persons and Property	0	0	0	1,458	8,403,805
Transportation	0	0	0	207,947	2,474,040
Community Environment	0	0	0	121,409	1,268,823
Basic Utility Services	0	0	0	0	46,497
Leisure Time Activities	0	0	0	1,331,542	1,350,087
Capital Outlay	0	0	85,741	3,730,512	3,816,253
Debt Service:					
Principal Retirement	338,170	0	5,675,000	151,000	7,530,941
Interest and Fiscal Charges	125,848	178,841	203,924	112,783	2,363,849
Bond Issuance Costs	0	0	109,525	0	178,073
<i>Total Expenditures</i>	<u>484,769</u>	<u>178,841</u>	<u>6,117,877</u>	<u>6,777,543</u>	<u>31,076,922</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(74,017)</u>	<u>(171,162)</u>	<u>(4,658,487)</u>	<u>(2,667,287)</u>	<u>(7,960,431)</u>
Other Financing Sources (Uses)					
Current Refunding Bonds Issued	0	0	0	0	2,620,000
General Obligation Bonds Issued	0	0	5,760,000	0	5,760,000
Premium on General Obligation Bonds Issued	0	0	71,446	0	133,036
Payments to Refunded Bond Escrow Agent	0	0	0	0	(2,613,042)
Transfers In	0	0	0	2,644,464	9,652,720
Transfers Out	(17,220)	0	(1,100,000)	(1,235,951)	(9,670,948)
<i>Total Other Financing Sources (Uses)</i>	<u>(17,220)</u>	<u>0</u>	<u>4,731,446</u>	<u>1,408,513</u>	<u>5,881,766</u>
Special Item					
I-90 Interchange Project	0	(9,944,692)	0	0	(9,944,692)
<i>Net Change in Fund Balances</i>	<u>(91,237)</u>	<u>(10,115,854)</u>	<u>72,959</u>	<u>(1,258,774)</u>	<u>(12,023,357)</u>
<i>Fund Balances (Deficit)</i>					
<i>Beginning of Year</i>	<u>325,453</u>	<u>(3,918,248)</u>	<u>(526,913)</u>	<u>(169,609)</u>	<u>7,543,978</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$234,216</u>	<u>(\$14,034,102)</u>	<u>(\$453,954)</u>	<u>(\$1,428,383)</u>	<u>(\$4,479,379)</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, 2011*

Net Change in Fund Balances - Total Governmental Funds (\$12,023,357)

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

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

Capital Asset Additions:	
Capital Outlays	4,408,157
Capital Contributions	259,925
Current Year Depreciation	<u>(4,488,467)</u>
Total	179,615

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

Delinquent Property Taxes	(145,044)
Intergovernmental	(327,639)
Special Assessments	(301,489)
Municipal Income Taxes	<u>643,711</u>
Total	(130,461)

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	(8,380,000)
Premium on Bonds Issued	<u>(133,036)</u>
Total	(8,513,036)

Repayment of bond, note and loan principal are expenditures in the governmental funds, but the repayments reduce the long-term liabilities in the statement of net assets. 10,143,983

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	41,560
Amortization of Bond Issuance Costs	(31,398)
Amortization of Loss on Refunding	(18,715)
Amortization of Bond Premium	<u>72,272</u>
Total	63,719

Bond issuance costs are recognized as deferred charges and will be amortized over the life of the bonds on the statement of activities. 178,073

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. (89,837)

Change in Net Assets of Governmental Activities (\$10,191,301)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$971,841	\$1,616,742	\$1,616,742	\$0
Municipal Income Taxes	3,099,517	5,156,315	5,156,315	0
Charges for Services	259,940	432,433	431,453	(980)
Licenses and Permits	360,830	600,272	611,802	11,530
Fines and Forfeitures	114,420	190,348	196,404	6,056
Intergovernmental	1,049,659	1,629,156	1,629,156	0
Interest	46,201	76,859	76,859	0
Contributions and Donations	180	300	300	0
Miscellaneous	75,276	125,227	218,567	93,340
<i>Total Revenues</i>	<u>5,977,864</u>	<u>9,827,652</u>	<u>9,937,598</u>	<u>109,946</u>
Expenditures				
Current:				
General Government	2,346,573	2,991,910	2,522,118	469,792
Community Environment	1,126,079	1,435,764	1,186,917	248,847
Leisure Time Activities	16,735	21,337	18,175	3,162
<i>Total Expenditures</i>	<u>3,489,387</u>	<u>4,449,011</u>	<u>3,727,210</u>	<u>721,801</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,488,477</u>	<u>5,378,641</u>	<u>6,210,388</u>	<u>831,747</u>
Other Financing Sources (Uses)				
Advances In	2,854,824	2,854,824	2,758,150	(96,674)
Advances Out	(2,815,689)	(3,590,038)	(4,212,538)	(622,500)
Transfers In	5,113,491	5,328,490	216,810	(5,111,680)
Transfers Out	(10,254,463)	(13,074,567)	(7,112,067)	5,962,500
<i>Total Other Financing Sources (Uses)</i>	<u>(5,101,837)</u>	<u>(8,481,291)</u>	<u>(8,349,645)</u>	<u>131,646</u>
<i>Net Change in Fund Balance</i>	(2,613,360)	(3,102,650)	(2,139,257)	963,393
<i>Fund Balance Beginning of Year</i>	6,599,580	6,599,580	6,599,580	0
Prior Year Encumbrances Appropriated	41,412	41,412	41,412	0
<i>Fund Balance End of Year</i>	<u>\$4,027,632</u>	<u>\$3,538,342</u>	<u>\$4,501,735</u>	<u>\$963,393</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$3,661,899	\$4,081,077	\$4,081,077	\$0
Miscellaneous	3,234	3,604	3,604	0
<i>Total Revenues</i>	3,665,133	4,084,681	4,084,681	0
Expenditures				
Current:				
Security of Persons and Property	3,802,896	3,824,396	3,756,429	67,967
<i>Net Change in Fund Balance</i>	(137,763)	260,285	328,252	67,967
<i>Fund Balance Beginning of Year</i>	171,229	171,229	171,229	0
Prior Year Encumbrances Appropriated	7,426	7,426	7,426	0
<i>Fund Balance End of Year</i>	<u>\$40,892</u>	<u>\$438,940</u>	<u>\$506,907</u>	<u>\$67,967</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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$1,206,250	\$1,270,365	\$1,270,365	\$0
Intergovernmental	950,145	1,000,647	1,000,647	0
Interest	4,071	4,287	4,287	0
Miscellaneous	19,314	20,341	20,638	297
<i>Total Revenues</i>	2,179,780	2,295,640	2,295,937	297
Expenditures				
Current:				
Transportation	2,216,676	2,578,113	2,361,913	216,200
Basic Utilities Services	39,193	58,193	46,497	11,696
<i>Total Expenditures</i>	2,255,869	2,636,306	2,408,410	227,896
<i>Excess of Revenues Under Expenditures</i>	(76,089)	(340,666)	(112,473)	228,193
Other Financing Uses				
Transfers Out	(187,481)	(187,481)	(187,481)	0
<i>Net Change in Fund Balance</i>	(263,570)	(528,147)	(299,954)	228,193
<i>Fund Balance Beginning of Year</i>	1,173,480	1,173,480	1,173,480	0
Prior Year Encumbrances Appropriated	148,242	148,242	148,242	0
<i>Fund Balance End of Year</i>	\$1,058,152	\$793,575	\$1,021,768	\$228,193

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$682,834	\$650,253	\$650,253	\$0
Fines and Forfeitures	1,907	1,816	1,816	0
Intergovernmental	86,539	82,410	82,410	0
Miscellaneous	42,759	40,719	40,869	150
<i>Total Revenues</i>	814,039	775,198	775,348	150
Expenditures				
Current:				
Security of Persons and Property	5,003,000	4,984,400	4,659,992	324,408
<i>Excess of Revenues Under Expenditures</i>	(4,188,961)	(4,209,202)	(3,884,644)	324,558
Other Financing Sources				
Transfers In	3,985,000	3,985,000	3,985,000	0
<i>Net Change in Fund Balance</i>	(203,961)	(224,202)	100,356	324,558
<i>Fund Balance Beginning of Year</i>	273,644	273,644	273,644	0
Prior Year Encumbrances Appropriated	54,220	54,220	54,220	0
<i>Fund Balance End of Year</i>	<u>\$123,903</u>	<u>\$103,662</u>	<u>\$428,220</u>	<u>\$324,558</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$4,239,082	\$1,427,490	\$5,666,572
Accrued Interest Receivable	0	77,783	77,783
Materials and Supplies Inventory	336,425	34,068	370,493
Accounts Receivable	83,142	108,678	191,820
Prepaid Items	3,250	3,250	6,500
Special Assessments Receivable	128,590	0	128,590
<i>Total Current Assets</i>	<u>4,790,489</u>	<u>1,651,269</u>	<u>6,441,758</u>
<i>Noncurrent Assets</i>			
Deferred Charges	960,427	765	961,192
Non-Depreciable Capital Assets	0	7,580	7,580
Depreciable Capital Assets, Net	11,284,947	18,269,753	29,554,700
<i>Total Noncurrent Assets</i>	<u>12,245,374</u>	<u>18,278,098</u>	<u>30,523,472</u>
<i>Total Assets</i>	<u>17,035,863</u>	<u>19,929,367</u>	<u>36,965,230</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	9,477	4,488	13,965
Contracts Payable	464,598	186,294	650,892
Retainage Payable	63,674	31,837	95,511
Accrued Wages and Benefits	6,752	6,447	13,199
Intergovernmental Payable	218,437	47,502	265,939
Interfund Payable	233,000	61,750	294,750
Compensated Absences Payable	9,182	9,182	18,364
Accrued Interest Payable	15,877	97,846	113,723
Intergovernmental Payable - Current	136,787	0	136,787
Notes Payable	2,785,000	2,250,000	5,035,000
OWDA Loans - Current	0	134,470	134,470
Bonds Payable - Current	31,658	48,760	80,418
<i>Total Current Liabilities</i>	<u>3,974,442</u>	<u>2,878,576</u>	<u>6,853,018</u>
<i>Long-Term Liabilities (net of current portion)</i>			
Compensated Absences Payable	61,434	61,433	122,867
Intergovernmental Payable	684,911	0	684,911
OWDA Loans	0	38,611	38,611
Bonds Payable	0	267,089	267,089
<i>Total Long-Term Liabilities</i>	<u>746,345</u>	<u>367,133</u>	<u>1,113,478</u>
<i>Total Liabilities</i>	<u>4,720,787</u>	<u>3,245,709</u>	<u>7,966,496</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	11,254,054	17,789,168	29,043,222
Unrestricted (Deficit)	1,061,022	(1,105,510)	(44,488)
<i>Total Net Assets</i>	<u>\$12,315,076</u>	<u>\$16,683,658</u>	<u>\$28,998,734</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, 2011*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$2,105,969	\$1,644,692	\$3,750,661
Other	1,996	700	2,696
<i>Total Operating Revenues</i>	<u>2,107,965</u>	<u>1,645,392</u>	<u>3,753,357</u>
Operating Expenses			
Personal Services	459,410	277,695	737,105
Materials and Supplies	1,090,919	310,605	1,401,524
Contractual Services	1,102,942	439,866	1,542,808
Other	2,264	499	2,763
Depreciation	63,982	593,863	657,845
<i>Total Operating Expenses</i>	<u>2,719,517</u>	<u>1,622,528</u>	<u>4,342,045</u>
<i>Operating Income (Loss)</i>	<u>(611,552)</u>	<u>22,864</u>	<u>(588,688)</u>
Non-Operating Revenues (Expenses)			
Interest	2,266	1,552	3,818
Loss on Sale of Capital Assets	0	(746)	(746)
Interest and Fiscal Charges	(74,248)	(39,142)	(113,390)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(71,982)</u>	<u>(38,336)</u>	<u>(110,318)</u>
<i>Loss Before Contributions and Transfers</i>	(683,534)	(15,472)	(699,006)
Capital Contributions	77,010	63,408	140,418
Transfers In	0	18,229	18,229
Transfers Out	(1)	0	(1)
<i>Change in Net Assets</i>	<u>(606,525)</u>	<u>66,165</u>	<u>(540,360)</u>
<i>Net Assets Beginning of Year</i>	<u>12,921,601</u>	<u>16,617,493</u>	<u>29,539,094</u>
<i>Net Assets End of Year</i>	<u>\$12,315,076</u>	<u>\$16,683,658</u>	<u>\$28,998,734</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, 2011

	Business-Type Activities		
	Water	Sewer	Totals
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$2,182,554	\$1,620,332	\$3,802,886
Cash Payments to Suppliers for Materials and Supplies	(1,083,003)	(300,036)	(1,383,039)
Cash Payments for Employee Services and Benefits	(448,980)	(266,129)	(715,109)
Cash Payments for Contractual Services	(903,699)	(228,447)	(1,132,146)
Other Operating Revenues	1,996	700	2,696
Other Operating Expenses	(2,264)	(499)	(2,763)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(253,396)</u>	<u>825,921</u>	<u>572,525</u>
Cash Flows from Noncapital Financing Activities			
Advances In	50,000	1,335,000	1,385,000
Transfers In	0	18,229	18,229
Advances Out	(60,300)	(1,347,850)	(1,408,150)
Transfers Out	(1)	0	(1)
Interfund Activity - Bonds	(7,000)	0	(7,000)
Special Assessments	109,781	0	109,781
Interest Paid to City of Avon Lake	(55,546)	0	(55,546)
Payments to City of Avon Lake	(102,402)	0	(102,402)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>(65,468)</u>	<u>5,379</u>	<u>(60,089)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(395,878)	(2,128,745)	(2,524,623)
Notes Issued	2,785,000	2,250,000	5,035,000
Principal Paid on GO Bonds	(31,500)	(44,035)	(75,535)
Interest Paid on GO Bonds	(10,222)	(10,077)	(20,299)
Principal Paid on OWDA Loans	0	(128,842)	(128,842)
Interest Paid on OWDA Loans	0	(16,612)	(16,612)
Principal Paid on Notes	(425,000)	0	(425,000)
Interest Paid on Notes	(4,250)	0	(4,250)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>1,918,150</u>	<u>(78,311)</u>	<u>1,839,839</u>
Cash Flows from Investing Activities			
Interest on Investments	2,266	1,552	3,818
Net Increase in Cash and Cash Equivalents	1,601,552	754,541	2,356,093
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,637,530</u>	<u>672,949</u>	<u>3,310,479</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$4,239,082</u>	<u>\$1,427,490</u>	<u>\$5,666,572</u>

(continued)

City of Avon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2011

	Business-Type Activities		
	Water	Sewer	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	(\$611,552)	\$22,864	(\$588,688)
<i>Adjustments:</i>			
Depreciation	63,982	593,863	657,845
(Increase) Decrease in Assets:			
Accounts Receivable	76,585	(24,360)	52,225
Materials and Supplies Inventory	1,995	2,731	4,726
Prepaid Items	(250)	(250)	(500)
Increase (Decrease) in Liabilities:			
Accounts Payable	(61,420)	(28,525)	(89,945)
Retainage Payable	63,674	31,837	95,511
Contracts Payable	(182)	184,836	184,654
Accrued Wages	1,151	1,217	2,368
Compensated Absences Payable	5,138	5,137	10,275
Intergovernmental Payable	207,483	36,571	244,054
<i>Total Adjustments</i>	358,156	803,057	1,161,213
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$253,396)	\$825,921	\$572,525

Noncash Noncapital and Capital Financing Activities

During 2011, the water and sewer enterprise funds received water and sewer lines from developers valued at \$77,011 and \$63,408, respectively.

At December 31, 2011, the City had special assessments receivable related to the payments to the City of Avon Lake in the amount of \$28,091 in the water fund.

At December 31, 2011, the City had accounts and contracts payables related to the acquisition of capital assets of \$466,562 and \$1,276 in the water and sewer funds, respectively.

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2011

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,734,461</u>
 Liabilities	
Deposits Held and Due to Others	\$1,712,869
Intergovernmental Payable	<u>21,592</u>
 <i>Total Liabilities</i>	 <u><u>\$1,734,461</u></u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 – Description of City and Reporting Entity

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

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

Legislative authority is vested in a seven-member council with four members elected from wards and three elected at large. All of the Council members choose an at large member to serve as Council President. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes. Members of Council are elected to a two-year term.

Reporting Entity

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

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

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

The City is associated with the Lorain County General Health District and the Northeast Ohio Public Energy Council, both jointly governed organizations, as presented in Note 17 and the Lorain County Healthcare Program, a shared risk pool presented in Note 18.

Note 2 – Summary of Significant Accounting Policies

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

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.

Fund Accounting

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

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

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

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

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

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

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

Recreation Complex Capital Projects Fund This fund accounts for and reports restricted bond proceeds that will be used for the cost of constructing a recreation facility in conjunction with the Greater Cleveland YMCA.

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net 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. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for contractor's deposits, taxes distributed to the Lorain Public Library, the collection and distribution of sewer charges for North Ridgeville, subdivision deposits, Avon Lake sanitary sewer trunk fees, monies due to other organizations/entities and Mayor's Court.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net 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.

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 is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

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, 2011, but which were levied to finance year 2012 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.

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the original and final amended certificate of estimated resources in effect when final appropriations were passed by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

During 2011, investments were made in federal national mortgage association notes and federal home loan bank notes. Investments are reported at fair value which is based on quoted market prices.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2011 amounted to \$50,235, which includes \$40,658 assigned from other City funds.

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

Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011 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.

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.

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
Vehicles	10 - 15 years
Infrastructure	10 - 50 years

City of Avon, Ohio
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For the Year Ended December 31, 2011

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

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

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

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

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

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include recycling, highway maintenance, law enforcement, parks, recreation, community activities, contributions to police pension funds and various police programs.

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

Contributions of Capital

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Internal Activity

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

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

Operating Revenues and Expenses

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

Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. On the governmental financial statements, issuance costs are reported as an expenditure in the fiscal year in which the bonds are issued. Bond issuance costs are generally paid from bond proceeds.

As permitted by State Statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

Deferred Loss on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of various refunding bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented net of the general obligation bonds payable on the statement of net assets.

Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. During 2011, the City expensed \$9,944,692 for the I-90 interchange project recorded as a special item.

Estimates

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

Note 3 – Change in Accounting Principles

For fiscal year 2011, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 59, “Financial Instruments Omnibus”. GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in the City’s financial statements.

Note 4 – Accountability

At December 31, 2011, the I-90 interchange, recreation complex, park development, road and bridges, land purchase, storm sewers, and municipal buildings funds had deficits of \$14,034,102, \$453,954, \$380,006, \$808,778, \$1,442,549, \$714,509 and \$548,238, respectively. The deficits in the park development, recreation complex, and municipal buildings funds are due to interfund payables. The general fund is liable for any deficits in these funds and provides transfers when cash is required, rather than when accruals occur. The remaining funds are due to the issuance of short-term Bond Anticipation Notes which are used to finance the projects until Bonds are issued. Once the Notes are retired or Bonds are issued, the deficit will be eliminated.

Note 5 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
4. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
6. Investments are reported at cost (budget) rather than fair value (GAAP).

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

Net Change in Fund Balance

	General	Fire Department	Street Construction, Maintenance and Repair	Police
GAAP Basis	(\$849,307)	\$219,270	(\$204,400)	\$223,487
Net Adjustment for Revenue Accruals	270,424	77,281	190	(77,395)
Advances In	2,758,150	0	0	0
Unrecorded Cash Beginning of Year	35,784	39	136	0
Unrecorded Cash End of Year	(30,144)	0	(60)	0
Ending Fair Value Adjustment for Investments	(248)	0	0	0
Net Adjustment for Expenditure Accruals	(34,274)	44,381	89,611	10,815
Advances Out	(4,212,538)	0	0	0
Encumbrances	(77,104)	(12,719)	(185,431)	(56,551)
Budget Basis	<u>(\$2,139,257)</u>	<u>\$328,252</u>	<u>(\$299,954)</u>	<u>\$100,356</u>

Note 6 – Fund Balances

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

City of Avon, Ohio
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For the Year Ended December 31, 2011

Fund Balances	General	Fire Department	Street Construction, Maintenance and Repair	Police
<u>Nonspendable:</u>				
Inventory	\$399	\$13,292	\$97,453	\$30,604
Prepays	15,750	12,500	6,500	17,500
Interfund Loans	183,000	0	0	0
Unclaimed Funds	1,051,123	0	0	0
<i>Total Nonspendable</i>	<u>1,250,272</u>	<u>25,792</u>	<u>103,953</u>	<u>48,104</u>
<u>Restricted for:</u>				
Fire Department	0	704,512	0	0
Street Maintenance	0	0	1,143,344	0
Police	0	0	0	257,858
Debt Retirement	0	0	0	0
Recycling	0	0	0	0
Mayor's Court	0	0	0	0
Park Operating	0	0	0	0
Equipment	0	0	0	0
<i>Total Restricted</i>	<u>0</u>	<u>704,512</u>	<u>1,143,344</u>	<u>257,858</u>
<u>Committed to:</u>				
Other Purposes	0	0	0	0
Recreation	0	0	0	0
Stadium Marquee	0	0	0	0
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Assigned to:</u>				
Other Purposes	107,024	0	0	0
Street Maintenance	0	0	7,369	0
Storm Water Detention	0	0	0	0
French Creek Restoration	0	0	0	0
Sidewalk Programs	0	0	0	0
Detroit Road Landscaping	0	0	0	0
<i>Total Assigned</i>	<u>107,024</u>	<u>0</u>	<u>7,369</u>	<u>0</u>
Unassigned (Deficits):	7,509,648	0	0	0
Total Fund Balances	<u><u>\$8,866,944</u></u>	<u><u>\$730,304</u></u>	<u><u>\$1,254,666</u></u>	<u><u>\$305,962</u></u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

General Obligation Bond Retirement	Special Assessment Bond Retirement	I-90 Interchange Study	Recreation Complex	Other Governmental Funds	Total
\$0	\$0	\$0	\$0	\$0	\$141,748
0	0	0	0	500	52,750
0	0	0	0	0	183,000
0	0	0	0	0	1,051,123
0	0	0	0	500	1,428,621
0	0	0	0	0	704,512
0	0	0	0	210,386	1,353,730
0	0	0	0	0	257,858
44,968	234,216	0	0	0	279,184
0	0	0	0	50,891	50,891
0	0	0	0	32,598	32,598
0	0	0	0	87,619	87,619
0	0	0	0	135,118	135,118
0	0	0	0	1,637,747	1,637,747
44,968	234,216	0	0	2,154,359	4,539,257
0	0	0	0	7,561	7,561
0	0	0	286,284	62,381	348,665
0	0	0	0	208,876	208,876
0	0	0	286,284	278,818	565,102
0	0	0	0	0	107,024
0	0	0	0	0	7,369
0	0	0	0	548	548
0	0	0	0	4,120	4,120
0	0	0	0	2,352	2,352
0	0	0	0	25,000	25,000
0	0	0	0	32,020	146,413
0	0	(14,034,102)	(740,238)	(3,894,080)	(11,158,772)
\$44,968	\$234,216	(\$14,034,102)	(\$453,954)	(\$1,428,383)	(\$4,479,379)

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Note 7 – Deposits and Investments

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

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

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

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

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

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

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

Deposits

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

At year-end, the carrying amount of the City's deposits was \$7,497,883 and the bank balance was \$7,841,937. Of the uninsured bank balance of \$2,458,098, all was collateralized with securities held by the pledging institution's trust department, not in the City's name.

Investments

Investments are reported at fair value. As of December 31, 2011, the City had the following investments:

	<u>Fair Value</u>
Federal Home Loan Mortgage Corporation Notes	\$3,500,000
Federal National Mortgage Association Notes	8,689,381
Federal Home Loan Bank Notes	<u>11,981,867</u>
Total	<u><u>\$24,171,248</u></u>

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

Credit Risk Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes and Federal Home Loan Bank Notes all carry a rating of AAA by Standard and Poor's. The City has no investment policy that would further limit its investment choices.

City of Avon, Ohio
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For the Year Ended December 31, 2011

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Federal National Mortgage Association Notes and Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2011:

Investment	Percentage of Investments
Federal National Mortgage Association Notes	42.04 %
Federal Home Loan Bank Notes	57.96

Note 8 – Receivables

Receivables at December 31, 2011, consisted primarily of municipal income taxes, property taxes, payment in lieu of taxes, special assessments, intergovernmental receivables arising from entitlements and shared revenues and accounts (billings for user charged services and court fines).

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

Special assessments expected to be collected in more than one year amount to \$2,333,102 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding at year-end is \$34,606.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes were levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2011 was \$9.25 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Real Property	
Residential/Agricultural	\$577,927,270
Commercial Industrial/Public Utility	191,542,460
Public Utility Property	10,293,520
Total Valuation	\$779,763,250

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 public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2011, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as revenue while on the modified accrual basis the revenue has been deferred.

Income Tax

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

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

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

Intergovernmental Receivables

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

	Amount
Homestead and Rollback	\$258,489
Gasoline Excise Tax	226,194
Local Government	162,717
Inheritance Tax	139,627
Gasoline Tax	115,275
Motor Vehicle Registration	81,558
Permissive Tax	51,168
Miscellaneous	18,182
Electric Deregulation	5,827
Total	\$1,059,037

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Payments in Lieu of Taxes Receivables

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

Note 9 – Compensated Absences

The criteria for determining the vacation and sick leave liabilities are derived from negotiated agreements and City ordinances. Full-time employees earn 10 to 25 vacation days per year, depending upon length of service. All employees other than police and fire department employees may carry over 80 hours into the following year. Police employees may carry over 40 hours and fire department employees may carry over 120 hours or five tours. In addition, police employees may carry over a maximum of 90 hours of compensatory time and 40 hours of holiday time, fire department employees may accumulate and/or use a maximum of 120 hours of compensatory time per year and unused time can be carried over or paid in December. Accumulated, unused vacation, compensatory time, and holidays are paid upon termination of employment.

All full-time employees of the City, excluding full-time fire employees, earn sick leave at the rate of 10 hours per month. Full-time fire employees earn 13 hours of sick leave per month. Sick leave accumulation is unlimited. Upon retirement, payment is made for one-half of total sick leave accumulation up to a maximum of 960 hours for all full-time employees, excluding full-time fire employees, who have a cap of 1,200 hours.

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Note 10 – Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$4,881,014	\$552,207	\$0	\$5,433,221
Construction in Progress	163,244	411,813	(575,057)	0
<i>Total Capital Assets, Not Being Depreciated</i>	<u>5,044,258</u>	<u>964,020</u>	<u>(575,057)</u>	<u>5,433,221</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	712,739	12,668	0	725,407
Buildings and Improvements	44,346,061	599,071	0	44,945,132
Machinery and Equipment	1,747,006	229,191	(19,870)	1,956,327
Vehicles	3,933,912	445,925	(168,687)	4,211,150
Infrastructure:				
Park Improvements	1,158,693	0	0	1,158,693
Streets	52,358,065	1,286,887	0	53,644,952
Bridges and Culverts	2,132,581	11,053	0	2,143,634
Traffic Signals	2,177,145	72,954	0	2,250,099
Storm Sewer	20,085,933	1,581,670	0	21,667,603
Water Lines	2,026,921	39,700	0	2,066,621
<i>Total Capital Assets, Being Depreciated</i>	<u>130,679,056</u>	<u>4,279,119</u>	<u>(188,557)</u>	<u>134,769,618</u>
Less Accumulated Depreciation:				
Land Improvements	(441,817)	(60,664)	0	(502,481)
Buildings and Improvements	(2,360,817)	(923,180)	0	(3,283,997)
Machinery and Equipment	(835,160)	(139,124)	19,870	(954,414)
Vehicles	(2,172,607)	(316,261)	168,687	(2,320,181)
Infrastructure:				
Park Improvements	(305,604)	(38,623)	0	(344,227)
Streets	(26,176,835)	(1,945,728)	0	(28,122,563)
Bridges and Culverts	(367,065)	(60,931)	0	(427,996)
Traffic Signals	(738,158)	(120,270)	0	(858,428)
Storm Sewer	(4,357,138)	(495,597)	0	(4,852,735)
Water Lines	0	(388,089)	0	(388,089)
<i>Total Accumulated Depreciation</i>	<u>(37,755,201)</u>	<u>(4,488,467)</u> *	<u>188,557</u>	<u>(42,055,111)</u>
Total Capital Assets, Being Depreciated, Net	<u>92,923,855</u>	<u>(209,348)</u>	<u>0</u>	<u>92,714,507</u>
Governmental Activities Capital Assets, Net	<u>\$97,968,113</u>	<u>\$754,672</u>	<u>(\$575,057)</u>	<u>\$98,147,728</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$7,580	\$0	\$0	\$7,580
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	93,196	0	0	93,196
Buildings and Improvements	1,704,541	0	0	1,704,541
Machinery and Equipment	240,940	14,909	(10,000)	245,849
Vehicles	143,600	39,528	(37,457)	145,671
Infrastructure:				
Water Lines	17,000,847	915,717	0	17,916,564
Sewer Lines	21,578,015	2,162,725	0	23,740,740
<i>Total Capital Assets, Being Depreciated</i>	<u>40,761,139</u>	<u>3,132,879</u>	<u>(47,457)</u>	<u>43,846,561</u>
Less Accumulated Depreciation:				
Land Improvements	(93,196)	0	0	(93,196)
Buildings and Improvements	(661,049)	(34,967)	0	(696,016)
Machinery and Equipment	(111,695)	(15,243)	10,000	(116,938)
Vehicles	(94,276)	(12,591)	36,711	(70,156)
Infrastructure:				
Water Lines	(7,014,560)	(32,815)	0	(7,047,375)
Sewer Lines	(5,705,951)	(562,229)	0	(6,268,180)
<i>Total Accumulated Depreciation</i>	<u>(13,680,727)</u>	<u>(657,845)</u>	<u>46,711</u>	<u>(14,291,861)</u>
Total Capital Assets, Being Depreciated, Net	<u>27,080,412</u>	<u>2,475,034</u>	<u>(746)</u>	<u>29,554,700</u>
Business-Type Activities Capital Assets, Net	<u>\$27,087,992</u>	<u>\$2,475,034</u>	<u>(\$746)</u>	<u>\$29,562,280</u>

During 2011, the City received street improvements from developers valued at \$172,793, and storm sewer and water improvements from developers valued at \$87,132 in governmental funds. The water and sewer enterprise funds received water and sewer lines from developers valued at \$77,011 and \$63,408, respectively.

* Depreciation expense was charged to governmental functions as follows:

General Government	\$679,779
Security of Persons and Property	439,292
Transportation	2,311,832
Community Environment	14,807
Leisure Time Activities	159,071
Basic Utility Services	883,686
Total Depreciation Expense	<u>\$4,488,467</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Note 11 – Note Debt

A summary of note transactions for the year ended December 31, 2011 follows:

	Balance 12/31/10	Additions	Deletions	Balance 12/31/11
Governmental Activities				
Road and Bridges Fund	\$825,000	\$1,740,000	\$825,000	\$1,740,000
Storm Sewers Fund	795,000	805,000	795,000	805,000
Land Purchases Fund	1,500,000	1,520,000	1,500,000	1,520,000
I-90 Interchange Fund	6,300,000	24,880,000	6,300,000	24,880,000
Total Governmental Funds	\$9,420,000	\$28,945,000	\$9,420,000	\$28,945,000
Business-Type Activities				
Water Fund	\$425,000	\$2,785,000	\$425,000	\$2,785,000
Sewer Fund	0	2,250,000	0	2,250,000
Total Business-Type Funds	\$425,000	\$5,035,000	\$425,000	\$5,035,000

In 2011, the City issued \$1,740,000, \$805,000, \$1,520,000 and \$24,880,000 in bond anticipation notes to help finance the road and bridges, storm sewers, land purchases, and I-90 interchange study funds, respectively. These notes will mature on July 3, 2012 and July 19, 2012 and have an interest rate of 1.00 percent. The I-90 Interchange note proceeds are being spent to construct a new interchange on interstate 90. This interchange will be owned by the State of Ohio, and therefore is not a capital asset of the City.

In 2011, the City issued \$2,785,000 and \$2,250,000 in water and sewer notes to help finance the construction of water and sewer lines. These notes will mature on July 3, 2012 and July 19, 2012 and have an interest rate of 1.00 percent.

All notes are backed by the full faith and credit of the City and mature within one year. The note liability is reflected in the fund which received the proceeds and will repay the debt. The notes are generally issued in anticipation of long-term bond financing and refinanced until such bonds are issued.

Note 12 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds:</i>			
Detroit Road Park Refunding - 2006	3.45-4.25 %	\$163,000	December 1, 2016
Library Improvement Refunding - 2006	3.45-4.25	600,000	December 1, 2014
Northgate Sewer Improvement Refunding - 2006	3.45-4.25	271,000	December 1, 2016
New City Hall Refunding - 2006	3.45-4.25	626,000	December 1, 2017
Schneider Court Improvements Serial - 2006	3.45-4.25	111,132	December 1, 2026

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds (Continued):</i>			
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 Term - 2004	2.00-5.00	2,500,000	December 1, 2024
Water/Sewer Refunding Bonds - 2004	2.00-3.25	114,000	December 1, 2012
Mills, Jaycox, Sandy Lane - 2000	4.50-5.75	242,600	December 1, 2020
Various Purpose Bonds - 2008	3.00-5.25	6,910,000	December 1, 2027
Various Purpose Bonds - 2009A	4.573-5.784	4,190,000	December 1, 2023
Various Purpose Bonds - 2009B	2.00-5.00	28,700,000	December 1, 2038
YMCA Bonds Series 2011	2.00-4.50	5,760,000	December 1, 2031
Refunding Bonds 2011	1.50-4.00	604,477	December 1, 2021
<i>Ohio Public Works Commission Loans:</i>			
Center Road Extension - 2007	0.00	92,152	December 1, 2017
Jaycox Road/Chester Improvements	0.00	145,194	December 1, 2027
<i>Special Assessment Bonds:</i>			
Route 83 Sewer Improvements - 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
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	342,400	December 1, 2020
Schneider Court Improvements - 2006	3.45-4.25	903,868	December 1, 2026
Various Purpose - 2001	3.95-5.25	590,000	December 1, 2021
Refunding Bonds 2011	1.50-4.00	2,015,523	December 1, 2021
<i>Long-term Notes</i>			
Recreation Construction - 2010	1.50	5,675,000	May 11, 2011
<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	239,400	December 1, 2012
Various Purpose Bonds - 2008	3.00-5.25	330,000	December 1, 2027
Sewer Construction Refunding Bonds - 2004	2.00-3.25	239,400	December 1, 2012

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Changes in bonds and other long-term obligations of the City during 2011 were as follows:

	Principal Outstanding 12/31/10	Additions	Deletions	Principal Outstanding 12/31/11	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Detroit Road Park Refunding	\$107,000	\$0	\$16,000	\$91,000	\$16,000
Unamortized Premium	126	0	10	116	0
Unamortized Loss on Refunding	(4,414)	0	(764)	(3,650)	0
Library Improvement Refunding	275,000	0	65,000	210,000	70,000
Unamortized Premium	12,322	0	3,114	9,208	0
Unamortized Loss on Refunding	(12,951)	0	(3,139)	(9,812)	0
Northgate Sewer Improvement Refunding	168,000	0	27,000	141,000	26,000
Unamortized Premium	201	0	14	187	0
Unamortized Loss on Refunding	(7,230)	0	(1,188)	(6,042)	0
New City Hall Refunding	445,000	0	57,000	388,000	58,000
Unamortized Loss on Refunding	(19,865)	0	(3,392)	(16,473)	0
Schneider Court Improvements Serial	95,803	0	4,380	91,423	4,380
Unamortized Premium	390	0	25	365	0
Just Imagine Drive	305,000	0	305,000	0	0
North Branch Sewer Avins Ditch	45,427	0	45,427	0	0
Moore Road Improvement	63,358	0	63,358	0	0
Veteran's Park	1,170,000	0	70,000	1,100,000	70,000
Service Garage Term	1,930,000	0	105,000	1,825,000	110,000
Unamortized Premium	7,277	0	519	6,758	0
Water/Sewer Refunding Bonds	24,800	0	12,000	12,800	12,800
Unamortized Premium	116	0	58	58	0
Unamortized Loss on Refunding	(8,724)	0	(4,362)	(4,362)	0
Mills, Jaycox, Sandy Lane	151,364	0	151,364	0	0
Various Purpose Bonds, 2008	6,213,275	0	262,466	5,950,809	276,782
Various Purpose Bonds, 2009A	3,835,000	0	225,000	3,610,000	235,000
Various Purpose Bonds, 2009B	27,840,000	0	585,000	27,255,000	605,000
Unamortized Premium	351,566	0	12,556	339,010	0
YMCA Bonds Series 2011 - Serial	0	3,340,000	0	3,340,000	210,000
YMCA Bonds Series 2011 - Term	0	2,420,000	0	2,420,000	0
Unamortized Premium	0	71,446	0	71,446	0
Refunding Bonds 2011	0	604,477	72,450	532,027	76,169
Unamortized Premium	0	14,210	947	13,263	0
Unamortized Loss on Refunding	0	(20,314)	(1,354)	(18,960)	0
Total General Obligation Bonds	42,987,841	6,429,819	2,069,489	47,348,171	1,770,131
<i>OPWC Loans:</i>					
Center Road Extension	64,507	0	9,215	55,292	9,215
Jaycox Road/Chester Improvements	134,304	0	7,260	127,044	7,260
Total OPWC Loans	\$198,811	\$0	\$16,475	\$182,336	\$16,475

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

	Principal Outstanding 12/31/10	Additions	Deletions	Principal Outstanding 12/31/11	Due Within One Year
Governmental Activities (cont.)					
<i>Special Assessment Bonds:</i>					
Route 83 Sewer Improvements	\$195,000	\$0	\$35,000	\$160,000	\$35,000
Chester Road Sanitary Sewer	466,148	0	466,148	0	0
Moore/Chester Road Waterline	45,368	0	45,368	0	0
Chester Road Waterline East	73,192	0	73,192	0	0
Avon Road Waterline	155,292	0	155,292	0	0
North Branch Sewer Avins Ditch	144,570	0	144,570	0	0
Moore Road Improvement	496,641	0	496,641	0	0
Mills, Jaycox, Sandy Lane	213,634	0	213,634	0	0
Schneider Court Improvements	779,197	0	35,620	743,577	35,620
Various Purpose	390,000	0	390,000	0	0
Refunding Bonds 2011	0	2,015,523	242,550	1,772,973	253,831
Unamortized Premium	0	47,380	3,159	44,221	0
Unamortized Loss of Refunding	0	(67,734)	(4,516)	(63,218)	0
<i>Total Special Assessment Bonds</i>	<u>2,959,042</u>	<u>1,995,169</u>	<u>2,296,658</u>	<u>2,657,553</u>	<u>324,451</u>
<i>Long-Term Notes Payable:</i>					
Recreation Construction	5,675,000	0	5,675,000	0	0
Premium	51,870	0	51,870	0	0
<i>Total Long-Term Notes Payable</i>	<u>5,726,870</u>	<u>0</u>	<u>5,726,870</u>	<u>0</u>	<u>0</u>
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,882,126	205,807	115,970	1,971,963	101,249
<i>Total Governmental Activities</i>	<u>\$53,754,690</u>	<u>\$8,630,795</u>	<u>\$10,225,462</u>	<u>\$52,160,023</u>	<u>\$2,212,306</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

	Principal Outstanding 12/31/10	Additions	Deletions	Principal Outstanding 12/31/11	Due Within One Year
Business-Type Activities					
<i>Ohio Water Development Loans:</i>					
Sanitary Sewer Addition	\$189,960	\$0	\$74,926	\$115,034	\$76,424
Sanitary Sewer Construction	111,963	0	53,916	58,047	58,046
<i>Total Ohio Water Development Loans</i>	<u>301,923</u>	<u>0</u>	<u>128,842</u>	<u>173,081</u>	<u>134,470</u>
<i>General Obligation Bonds:</i>					
Water Construction Refunding Bonds	65,100	0	31,500	33,600	33,600
Unamortized Premium	232	0	116	116	0
Unamortized Gain on Refunding	(4,116)	0	(2,058)	(2,058)	0
Various Purpose Bonds 2008	296,726	0	12,535	284,191	13,218
Sewer Construction Refunding Bonds	65,100	0	31,500	33,600	33,600
Unamortized Premium	232	0	116	116	0
Unamortized Gain on Refunding	(4,116)	0	(2,058)	(2,058)	0
<i>Total General Obligation Bonds</i>	<u>419,158</u>	<u>0</u>	<u>71,651</u>	<u>347,507</u>	<u>80,418</u>
<i>Intergovernmental Payable</i>					
Avon Lake Waterline 1994	482,073	0	109,781	372,292	116,690
Avon Lake Waterline 2009	470,118	0	20,712	449,406	20,097
<i>Total Intergovernmental Payable</i>	<u>952,191</u>	<u>0</u>	<u>130,493</u>	<u>821,698</u>	<u>136,787</u>
Compensated Absences	130,956	21,411	11,136	141,231	18,364
<i>Total Business-Type Activities</i>	<u>\$1,804,228</u>	<u>\$21,411</u>	<u>\$342,122</u>	<u>\$1,483,517</u>	<u>\$370,039</u>

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

Special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. 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.

The City has pledged future revenues to repay the OWDA Loans. The loans are payable solely from revenues generated by the ownership and operation of the sewer utility system and are payable through 2013. Revenues include all revenues received by the sewer utility less all operating expenses other than depreciation expense. Annual principal and interest payments of the loans are expected to require less than 10 percent of total revenues.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

The total principal and interest remaining to be paid on the loans is \$180,567. Principal and interest paid for the current year were \$145,454.

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 and matures on May 11, 2011. The long-term notes were be paid by transfers from the general fund. On May 12, 2010, the City issued \$5,675,000 in governmental general obligation notes with a maturity date of May 11, 2011 and an interest rate of 1.50 percent. The notes were for the YMCA construction project.

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

On May 10, 2011, the City issued \$5,760,000 in governmental general obligation bonds with a maturity date of December 1, 2031 and an interest rate of 1.50 percent. The bonds were for the YMCA construction project.

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

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

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

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

The YMCA bonds maturing on December 1, 2028 are subject to mandatory redemption, pursuant to mandatory sinking fund requirements, at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1, in each of the years and in the principal amounts set forth below:

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

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

The YMCA bonds maturing on December 1, 2030 are subject to mandatory redemption, pursuant to mandatory sinking fund requirements, at a redemption price of 100 percent of the principal amount redeemed plus interest accrued to the redemption date, on December 1, in each of the years and in the principal amounts set forth below:

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

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

In 2011, the City issued general obligation bonds, in the amount of \$2,620,000, to refund bonds previously issued for various purposes. The bonds were issued with interest rates varying from 1.5 to 4.0 percent. The bonds were issued for a 10 year period with a final maturity on December 1, 2021. The bonds will be retired through the bond retirement debt service fund.

	Outstanding at December 31, 2010	Amount Refunded	Principal Payment on Non-Refunded Portion	Outstanding at December 31, 2011
1997 Various Purpose	\$740,000	(\$740,000)	\$0	\$0
1997 Just Imagine Drive	305,000	(305,000)	0	0
1998 North Branch				0
Sewer Avins Ditch	189,997	(189,997)	0	0
1999 Moore Road Improvement	559,999	(559,999)	0	0
2000 Mills, Jaycox, Sandy Lane	364,998	(364,998)	0	0
2001 Various Purpose	390,000	(365,000)	(25,000)	0
Total Amount Refunded	<u>\$2,549,994</u>	<u>(\$2,524,994)</u>	<u>(\$25,000)</u>	<u>\$0</u>

The bonds were sold at a premium of \$61,590. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the various refunding Various Purpose bonds. As a result, \$2,524,994 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements.

Although the refunding will result in the recognition of an accounting loss of \$88,048, the City in effect decreased its aggregated debt service payments by \$315,322 over the next 10 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$273,385.

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

On April 12, 2006, the City issued \$1,660,000 in General Obligation Refunding Bonds and \$1,015,000 in Schneider Court Improvement serial bonds at interest rates varying from 3.4 percent to 4.0 percent. Proceeds were used to refund \$1,565,000 of the outstanding 1996 bonds and 1997 New City Hall Bonds. As a result, \$1,565,000 of these bonds were considered defeased and the liability for the refunded bonds had been removed from the basic financial statements. The amount still outstanding at December 31, 2011 is \$455,000.

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

On September 15, 2004, the City issued \$570,000 in general obligation refunding bonds and \$2,500,000 in service garage construction term bonds at interest rates varying from 2.0 percent to 5.0 percent. Proceeds were used to refund \$600,000 of the outstanding 1992 water and sewer construction bonds. As a result, \$600,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the basic financial statements. The amount still outstanding at December 31, 2011 is \$85,000.

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

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

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

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

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

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

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

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

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

The City's overall legal debt margin was \$65,254,602 and an unvoted debt margin of \$26,266,440 at December 31, 2011. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2011 are as follows:

City of Avon, Ohio
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For the Year Ended December 31, 2011

Years	General Obligation Bonds		Special Assessment Bonds		OPWC Loans	Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2012	\$1,770,131	\$2,016,182	\$324,451	\$84,891	\$16,475	\$2,111,057	\$2,101,073
2013	1,967,650	1,963,614	333,904	76,233	20,106	2,321,660	2,039,847
2014	2,089,502	1,904,962	341,596	67,068	16,475	2,447,573	1,972,030
2015	2,064,972	1,842,139	350,442	57,730	16,475	2,431,889	1,899,869
2016	2,128,147	1,777,709	322,039	47,305	16,475	2,466,661	1,825,014
2017-2021	10,936,021	7,721,191	705,796	126,221	45,510	11,687,327	7,847,412
2022-2026	11,345,021	5,007,718	298,322	39,361	36,300	11,679,643	5,047,079
2027-2031	7,655,615	2,579,596	0	0	14,520	7,670,135	2,579,596
2032-2036	4,765,000	1,258,186	0	0	0	4,765,000	1,258,186
2037-2038	2,245,000	169,750	0	0	0	2,245,000	169,750
Total	\$46,967,059	\$26,241,047	\$2,676,550	\$498,809	\$182,336	\$49,825,945	\$26,739,856

Years	OWDA Loans		Avon Lake	
	Principal	Interest	Principal	Interest
2012	\$134,470	\$6,736	\$136,787	\$47,787
2013	38,611	750	144,837	39,644
2014	0	0	153,723	31,023
2015	0	0	24,434	22,908
2016	0	0	25,059	20,528
2017-2021	0	0	148,301	80,237
2022-2026	0	0	188,557	32,530
2027-2030	0	0	0	0
Total	\$173,081	\$7,486	\$821,698	\$274,657

Years	General Obligation Bonds		Total Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$80,418	\$14,784	\$418,875	\$71,491
2013	13,446	12,204	196,894	52,598
2014	13,902	11,767	167,625	42,790
2015	14,586	11,297	39,020	34,205
2016	14,814	10,787	39,873	31,315
2017-2021	83,184	44,511	231,485	124,748
2022-2026	106,658	21,414	295,215	53,944
2027	24,383	1,134	24,383	1,134
Total	\$351,391	\$127,898	\$1,413,370	\$412,225

Avon Lake Contractual Agreements

During 1994, the City of Avon entered into a contractual agreement with the City of Avon Lake for the construction and future maintenance of a water trunk line that runs through Avon 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, 2011 is \$372,292.

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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 waterline. In 2011, a payment was made to the City of Avon Lake in the amount of \$109,781; \$28,091 from the special assessment debt service fund and \$81,690 from the enterprise water fund. The current year capital contribution related to this debt is \$28,091.

Of the amount owed to Avon Lake, \$123,370 will be repaid from special assessments levied against property owners. The remainder of the amount owed to the City of Avon Lake will be repaid with water fund revenues.

During 2009, the City of Avon entered into another contractual agreement with the City of Avon Lake for the construction and future maintenance of a water trunk line that runs through Avon and that Avon residents will be able to tap into. 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. In 2011, \$20,712 was paid from the water enterprise fund. The total amount owed to the City of Avon Lake as of December 31, 2011 is \$449,406. This amount has been recorded on Avon's books as a long-term liability in the water enterprise fund. The annual interest rate of this obligation is 5.672 percent.

A corresponding amount has been recorded as deferred charges in the water enterprise fund. This amount will be amortized over the life of the waterline.

Note 13 – Contingencies

Grants

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

Litigation

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

Note 14 – Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the City negotiated with Curtis Insurance Company for commercial insurance coverage relating to general liability, police professional, public officials, employment practices liability, property, fire, auto and employee bonds and public official bonds.

City of Avon, Ohio
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The cost of the current coverage was \$118,500 for 2011. This coverage includes a \$1,000,000/\$2,000,000 general liability insurance policy, a \$1,000,000 police professional liability policy with a \$10,000 deductible, a \$1,000,000 public officials policy with a \$7,500 deductible, a \$1,000,000 employment practice liability policy with a \$7,500 deductible, a \$59,778,733 blanket building and contents policy, an inland marine coverage of \$2,514,416, a crime coverage blanket bond of \$100,000 all with \$1,000 deductibles, an automobile insurance policy of \$1,000,000 and a \$9,000,000 excess umbrella policy.

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

Workers' Compensation

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

Employee Insurance Benefits

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

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

Note 15 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

City of Avon, Ohio
Notes to Basic Financial Statements
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OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$406,542, \$350,350, and \$316,646, respectively. For 2011, 90.58 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$11,715 made by the City and \$8,368 made by plan members.

Ohio Police and Fire Pension Fund

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

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

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$311,805 and \$389,915 for the year ended December 31, 2011, \$335,850 and \$389,759 for the year ended December 31, 2010, and \$287,680 and \$329,703 for the year ended December 31, 2009, respectively. For 2011, 70.38 percent for police and 69.37 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Note 16 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$162,617, \$226,697, and \$204,889, respectively. For 2011, 90.58 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

City of Avon, Ohio
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The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six-year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

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

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

City of Avon, Ohio
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The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$165,073 and \$152,576 for the year ended December 31, 2011, \$177,803 and \$151,341 for the year ended December 31, 2010, and \$152,301 and \$129,014 for the year ended December 31, 2009. For 2011, 70.38 percent has been contributed for police and 69.37 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

Note 17 – Jointly Governed Organizations

Lorain County General Health District

The City participates in the Lorain County General Health District, a jointly governed organization, which provides health services to the citizens within the Health District. The Health District is governed by the Board of Health which represents the area served by the Health District and oversees the operation of the Health District. The Board of Health members are appointed to staggered five-year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the cities of Avon and Sheffield Lake and one member is appointed jointly by the cities of Amherst and Oberlin. The remaining five members are appointed by the various mayors of villages, chairmen of the township trustees and the County Commissioners. The City contributed \$107,700 during 2011 for the operation of the Health District. Financial information can be obtained by contacting the Lorain County General Health District, 9880 S. Murray Ridge Road, Elyria, Ohio, 44035.

Northeast Ohio Public Energy Council

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Avon did not contribute to NOPEC during 2011. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 31320 Solon Road, Suite 20 Solon, Ohio 44139 or at the website www.nopecinfo.org.

Note 18 – Shared Risk Pool

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Note 19 – Interfund Transfers and Balances

Interfund Transfers

Transfers are primarily from the general fund to various funds within the City. Income tax revenues are collected in the general fund and then transferred to the police fund to cover daily operating expenses and to cover the cost of street improvement projects within the capital improvements fund. The general fund transferred funds to help finance the various programs accounted for in other special revenue funds and to provide start-up funds for new capital projects funds established by council.

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

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

Transfers made during the year ended December 31, 2011 were as follows:

<u>Transfer To</u>	Transfer From			
	General	Street Construction, Maintenance and Repair	Special Assessment Bond Retirement	Recreation Complex
General	\$0	\$0	\$17,220	\$0
Police	3,985,000	0	0	0
Sewer	0	0	0	0
Nonmajor Funds	3,127,067	187,481	0	1,100,000
Total	\$7,112,067	\$187,481	\$17,220	\$1,100,000

<u>Transfer To</u>	Transfer From		
	Water	Nonmajor	Totals
General	\$1	\$199,589	\$216,810
Police	0	0	3,985,000
Sewer	0	18,229	18,229
Nonmajor Funds	0	1,036,362	5,450,910
Total	\$1	\$1,254,180	\$9,670,949

City of Avon, Ohio
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Interfund Balances

On the fund financial statements interfund balances at December 31, 2011 were:

	Receivables		Payable	
	Manuscript Bonds	Advances To Other Funds	Manuscript Bonds	Advances From Other Funds
Major Funds				
General	\$183,000	\$3,384,562	\$0	\$0
I-90 Interchange	0	0	0	850,000
Recreation Complex	0	0	0	1,043,000
Water	0	0	183,000	50,000
Sewer	0	0		61,750
Nonmajor Funds				
Park Development	0	0	0	622,500
Road and Bridge Programs	0	0	0	143,312
Municipal Buildings	0	0	0	614,000
Total	\$183,000	\$3,384,562	\$183,000	\$3,384,562

As of December 31, 2011, the general fund had \$3,384,562 interfund receivable due to the timing of the receipt of grant monies by the nonmajor funds, and the water and sewer enterprise funds had \$50,000 and \$61,750 interfund payable, respectively.

The Jaycox Road Watermain Improvement interfund balance of \$183,000 represents a manuscript bond that was issued on September 2, 2008 at 5.10 percent. This bond is due on December 1, 2028 and was used for the purpose of the cost of construction of a watermain extension on Jaycox Road.

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

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

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

During 2011, the City has pledged tap-in-fees in the amount of \$15,547 to repay the Jaycox Road Sewer Line Improvement manuscript bonds. The bonds are payable solely from and to the extent tap-in-fees are received by the City in connection with the improvement for which the bonds were issued and are payable through 2027. Currently; the City is unable to determine the amount of revenue to be collected from tap-in fees because a large portion of the land is undeveloped and it is not known who will purchase the land and when it will be connected to the sewer. Accordingly, because of such unknowns, an accurate debt repayment schedule has not been established.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2011

Note 20 – Contractual Commitments

At December 31, 2011, the various projects within the City had contractual commitments consisting of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Kinzel-Stoney Ridge Intersection	\$572,431	\$245,785	\$326,646
Avon Isle Bridge	38,052	35,052	3,000
Storm Sewer Improvements	864,754	706,691	158,063
I-90 Interchange	17,720,891	6,027,878	11,693,013
Recreation Lane Roadway	844,762	668,672	176,090
Sanitary Lift Station	1,139,549	1,039,376	100,173
Nagel District Improvements	2,387,787	1,064,013	1,323,774
Avon Isle Renovation	500,446	480,428	20,018
Schwartz-Nagel Intersection	32,500	13,981	18,519
Detroit Road Improvements	483,005	383,571	99,434
Signal - Bridge Pointe	109,936	0	109,936
	<u>\$24,694,113</u>	<u>\$10,665,447</u>	<u>\$14,028,666</u>

Note 21 – Operating Leases

During 2008, the City entered into an operating lease with the United States Postal Service, for the period of February 1, 2008 to January 31, 2023, for the rental of the space located at 36225 Detroit Road. The terms of the lease require payment in monthly installments in the amount of \$10,833.

During 2009, the City entered into an operating lease with Avon Baseball L.L.C, for the period of 15 years, to be primarily used for professional baseball events located at the baseball stadium at the corner of Interstate 90 and State Route 611. Avon Baseball L.L.C. is responsible for all operating costs and the City will be responsible for capital item replacements. The terms of the lease require payment in annual installments in the amount of \$250,000.

**Combining Statements
and Individual Fund Schedules**

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

Nonmajor Debt Service Funds

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

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

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

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds

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

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

Storm Water Detention Fund - This fund accounts for and reports monies derived from fees generated by new developments assigned to the maintenance of a water detention system. This fund did not have any budgetary activity in 2011; therefore, budgetary information is not provided.

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

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

French Creek Restoration Fund - This fund accounts for and reports assigned monies from transfers in for the costs associated with the improvements at this site. This fund did not have any budgetary activity in 2011; therefore, budgetary information is not provided.

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

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

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

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

Detroit Road Landscaping Fund - This fund accounts for and reports assigned monies from transfers in for costs associated with the purchase and installation of new landscaping along Detroit Road in the center of Avon. This fund did not have any budgetary activity in 2011; therefore, budgetary information is not provided.

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$779,797	\$50,891	\$3,502,187	\$4,332,875
Intergovernmental Receivable	113,179	4,385	34,900	152,464
Prepaid Items	500	0	0	500
Property Taxes Receivable	303,726	67,113	585,438	956,277
Payments in Lieu of Taxes Receivable	0	743,858	0	743,858
<i>Total Assets</i>	<u>\$1,197,202</u>	<u>\$866,247</u>	<u>\$4,122,525</u>	<u>\$6,185,974</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$14,423	\$0	\$31,713	\$46,136
Contracts Payable	0	0	245,771	245,771
Accrued Wages and Benefits	5,732	0	0	5,732
Interfund Payable	622,500	0	757,312	1,379,812
Intergovernmental Payable	9,116	0	0	9,116
Retainage Payable	0	0	17,790	17,790
Deferred Revenue	389,274	815,356	620,338	1,824,968
Accrued Interest Payable	0	0	20,032	20,032
Notes Payable	0	0	4,065,000	4,065,000
<i>Total Liabilities</i>	<u>1,041,045</u>	<u>815,356</u>	<u>5,757,956</u>	<u>7,614,357</u>
Fund Balances				
Nonspendable	500	0	0	500
Restricted	465,721	50,891	1,637,747	2,154,359
Committed	69,942	0	208,876	278,818
Assigned	0	0	32,020	32,020
Unassigned (Deficit)	(380,006)	0	(3,514,074)	(3,894,080)
<i>Total Fund Balances (Deficit)</i>	<u>156,157</u>	<u>50,891</u>	<u>(1,635,431)</u>	<u>(1,428,383)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,197,202</u>	<u>\$866,247</u>	<u>\$4,122,525</u>	<u>\$6,185,974</u>

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$303,859	\$77,322	\$587,837	\$969,018
Payment in Lieu of Taxes	0	1,701,068	0	1,701,068
Charges for Services	84,841	0	0	84,841
Licenses and Permits	130,769	0	0	130,769
Fines and Forfeitures	5,285	0	0	5,285
Intergovernmental	200,441	8,770	601,208	810,419
Interest	508	0	1,391	1,899
Contributions and Donations	325	0	0	325
Rentals	0	0	380,000	380,000
Miscellaneous	12,834	0	13,798	26,632
<i>Total Revenues</i>	<u>738,862</u>	<u>1,787,160</u>	<u>1,584,234</u>	<u>4,110,256</u>
Expenditures				
Current:				
General Government	0	1,120,892	0	1,120,892
Security of Persons and Property	1,458	0	0	1,458
Transportation	207,947	0	0	207,947
Community Environment	121,409	0	0	121,409
Leisure Time Activities	1,331,542	0	0	1,331,542
Capital Outlay	153	0	3,730,359	3,730,512
Debt Service:				
Principal Retirement	86,000	65,000	0	151,000
Interest and Fiscal Charges	57,074	14,444	41,265	112,783
<i>Total Expenditures</i>	<u>1,805,583</u>	<u>1,200,336</u>	<u>3,771,624</u>	<u>6,777,543</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	<u>(1,066,721)</u>	<u>586,824</u>	<u>(2,187,390)</u>	<u>(2,667,287)</u>
Other Financing Sources (Uses)				
Transfers In	632,397	0	2,012,067	2,644,464
Transfers Out	0	(575,000)	(660,951)	(1,235,951)
<i>Total Other Financing Sources (Uses)</i>	<u>632,397</u>	<u>(575,000)</u>	<u>1,351,116</u>	<u>1,408,513</u>
<i>Net Change in Fund Balances</i>	(434,324)	11,824	(836,274)	(1,258,774)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>590,481</u>	<u>39,067</u>	<u>(799,157)</u>	<u>(169,609)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$156,157</u>	<u>\$50,891</u>	<u>(\$1,635,431)</u>	<u>(\$1,428,383)</u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	<u>Recycling</u>	<u>State Highway</u>	<u>Permissive Tax</u>	<u>Mayor's Court Computer</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$33,023	\$155,455	\$36,545	\$87,619
Intergovernmental Receivable	0	31,725	51,168	12,380
Prepaid Items	0	0	0	0
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$33,023</u>	<u>\$187,180</u>	<u>\$87,713</u>	<u>\$99,999</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$285	\$0	\$9,245	\$0
Accrued Wages and Benefits	123	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	17	0	0	0
Deferred Revenue	0	21,150	34,112	12,380
<i>Total Liabilities</i>	<u>425</u>	<u>21,150</u>	<u>43,357</u>	<u>12,380</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted	32,598	166,030	44,356	87,619
Committed	0	0	0	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>32,598</u>	<u>166,030</u>	<u>44,356</u>	<u>87,619</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$33,023</u>	<u>\$187,180</u>	<u>\$87,713</u>	<u>\$99,999</u>

<u>Recreation</u>	<u>Park Operating</u>	<u>Park Development</u>	<u>Donations</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$62,970	\$154,130	\$242,494	\$7,561	\$779,797
0	17,906	0	0	113,179
0	500	0	0	500
0	303,726	0	0	303,726
<u>\$62,970</u>	<u>\$476,262</u>	<u>\$242,494</u>	<u>\$7,561</u>	<u>\$1,197,202</u>
\$0	\$4,893	\$0	\$0	\$14,423
517	5,092	0	0	5,732
0	0	622,500	0	622,500
72	9,027	0	0	9,116
0	321,632	0	0	389,274
<u>589</u>	<u>340,644</u>	<u>622,500</u>	<u>0</u>	<u>1,041,045</u>
0	500	0	0	500
0	135,118	0	0	465,721
62,381	0	0	7,561	69,942
0	0	(380,006)	0	(380,006)
<u>62,381</u>	<u>135,618</u>	<u>(380,006)</u>	<u>7,561</u>	<u>156,157</u>
<u>\$62,970</u>	<u>\$476,262</u>	<u>\$242,494</u>	<u>\$7,561</u>	<u>\$1,197,202</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, 2011

	Recycling	State Highway	Permissive Tax	Mayor's Court Computer
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	5,285
Intergovernmental	0	64,236	100,394	0
Interest	0	504	4	0
Contributions and Donations	0	0	0	0
Miscellaneous	0	0	891	0
<i>Total Revenues</i>	<u>0</u>	<u>64,740</u>	<u>101,289</u>	<u>5,285</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Transportation	0	38,957	168,990	0
Community Environment	121,409	0	0	0
Leisure Time Activities	0	0	0	0
Capital Outlay	0	0	0	153
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>121,409</u>	<u>38,957</u>	<u>168,990</u>	<u>153</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(121,409)	25,783	(67,701)	5,132
Other Financing Sources				
Transfers In	150,000	0	90,000	0
<i>Net Change in Fund Balances</i>	28,591	25,783	22,299	5,132
<i>Fund Balances Beginning of Year</i>	<u>4,007</u>	<u>140,247</u>	<u>22,057</u>	<u>82,487</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$32,598</u>	<u>\$166,030</u>	<u>\$44,356</u>	<u>\$87,619</u>

Recreation	Park Operating	Park Development	Donations	Total Nonmajor Special Revenue Funds
\$0	\$303,859	\$0	\$0	\$303,859
84,841	0	0	0	84,841
0	0	130,769	0	130,769
0	0	0	0	5,285
0	35,811	0	0	200,441
0	0	0	0	508
0	0	0	325	325
0	11,350	0	593	12,834
84,841	351,020	130,769	918	738,862
0	0	0	1,458	1,458
0	0	0	0	207,947
0	0	0	0	121,409
93,344	748,539	489,659	0	1,331,542
0	0	0	0	153
0	0	86,000	0	86,000
0	0	57,074	0	57,074
93,344	748,539	632,733	1,458	1,805,583
(8,503)	(397,519)	(501,964)	(540)	(1,066,721)
0	375,000	17,397	0	632,397
(8,503)	(22,519)	(484,567)	(540)	(434,324)
70,884	158,137	104,561	8,101	590,481
\$62,381	\$135,618	(\$380,006)	\$7,561	\$156,157

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2011

	Library Bond Retirement	Tax Increment Financing	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$34,761	\$16,130	\$50,891
Intergovernmental Receivable	4,385	0	4,385
Property Taxes Receivable	67,113	0	67,113
Payments in Lieu of Taxes Receivable	0	743,858	743,858
<i>Total Assets</i>	<u>\$106,259</u>	<u>\$759,988</u>	<u>\$866,247</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$71,498	\$743,858	\$815,356
Fund Balances			
Restricted	34,761	16,130	50,891
<i>Total Liabilities and Fund Balances</i>	<u>\$106,259</u>	<u>\$759,988</u>	<u>\$866,247</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, 2011

	Library Bond Retirement	Tax Increment Financing	Total Nonmajor Debt Service Funds
Revenues			
Property Taxes	\$77,322	\$0	\$77,322
Payment in Lieu of Taxes	0	1,701,068	1,701,068
Intergovernmental	8,770	0	8,770
<i>Total Revenues</i>	<u>86,092</u>	<u>1,701,068</u>	<u>1,787,160</u>
Expenditures			
Current:			
General Government	1,268	1,119,624	1,120,892
Debt Service:			
Principal Retirement	65,000	0	65,000
Interest and Fiscal Charges	14,444	0	14,444
<i>Total Expenditures</i>	<u>80,712</u>	<u>1,119,624</u>	<u>1,200,336</u>
<i>Excess of Revenues Over Expenditures</i>	5,380	581,444	586,824
Other Financing Uses			
Transfers Out	0	(575,000)	(575,000)
<i>Net Change in Fund Balances</i>	5,380	6,444	11,824
<i>Fund Balances Beginning of Year</i>	<u>29,381</u>	<u>9,686</u>	<u>39,067</u>
<i>Fund Balances End of Year</i>	<u><u>\$34,761</u></u>	<u><u>\$16,130</u></u>	<u><u>\$50,891</u></u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	<u>Equipment</u>	<u>Storm Water Detention</u>	<u>Road and Bridges</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,662,718	\$548	\$1,266,182
Intergovernmental Receivable	34,900	0	0
Property Taxes Receivable	585,438	0	0
<i>Total Assets</i>	<u>\$2,283,056</u>	<u>\$548</u>	<u>\$1,266,182</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$24,971	\$0	\$0
Contracts Payable	0	0	172,751
Interfund Payable	0	0	143,312
Retainage Payable	0	0	9,790
Deferred Revenue	620,338	0	0
Accrued Interest Payable	0	0	9,107
Notes Payable	0	0	1,740,000
<i>Total Liabilities</i>	<u>645,309</u>	<u>0</u>	<u>2,074,960</u>
Fund Balances			
Restricted	1,637,747	0	0
Committed	0	0	0
Assigned	0	548	0
Unassigned (Deficit)	0	0	(808,778)
<i>Total Fund Balances (Deficit)</i>	<u>1,637,747</u>	<u>548</u>	<u>(808,778)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,283,056</u>	<u>\$548</u>	<u>\$1,266,182</u>

Land Purchases	French Creek Restoration	Sidewalk Programs	Storm Sewers	Municipal Buildings
\$84,594	\$4,120	\$3,777	\$175,563	\$70,809
0	0	0	0	0
0	0	0	0	0
<u>\$84,594</u>	<u>\$4,120</u>	<u>\$3,777</u>	<u>\$175,563</u>	<u>\$70,809</u>

\$0	\$0	\$1,425	\$270	\$5,047
0	0	0	73,020	0
0	0	0	0	614,000
0	0	0	8,000	0
0	0	0	0	0
7,143	0	0	3,782	0
1,520,000	0	0	805,000	0
<u>1,527,143</u>	<u>0</u>	<u>1,425</u>	<u>890,072</u>	<u>619,047</u>
0	0	0	0	0
0	0	0	0	0
0	4,120	2,352	0	0
<u>(1,442,549)</u>	<u>0</u>	<u>0</u>	<u>(714,509)</u>	<u>(548,238)</u>
<u>(1,442,549)</u>	<u>4,120</u>	<u>2,352</u>	<u>(714,509)</u>	<u>(548,238)</u>
<u>\$84,594</u>	<u>\$4,120</u>	<u>\$3,777</u>	<u>\$175,563</u>	<u>\$70,809</u>

(continued)

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2011

	Stadium Marquee	Detroit Road Landscaping	Total Nonmajor Capital Projects Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$208,876	\$25,000	\$3,502,187
Intergovernmental Receivable	0	0	34,900
Property Taxes Receivable	0	0	585,438
<i>Total Assets</i>	<u>\$208,876</u>	<u>\$25,000</u>	<u>\$4,122,525</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$31,713
Contracts Payable	0	0	245,771
Interfund Payable	0	0	757,312
Retainage Payable	0	0	17,790
Deferred Revenue	0	0	620,338
Accrued Interest Payable	0	0	20,032
Notes Payable	0	0	4,065,000
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>5,757,956</u>
Fund Balances			
Restricted	0	0	1,637,747
Committed	208,876	0	208,876
Assigned	0	25,000	32,020
Unassigned (Deficit)	0	0	(3,514,074)
<i>Total Fund Balances (Deficit)</i>	<u>208,876</u>	<u>25,000</u>	<u>(1,635,431)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$208,876</u>	<u>\$25,000</u>	<u>\$4,122,525</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, 2011

	Equipment	Storm Water Detention	Road and Bridges	Land Purchases
Revenues				
Property Taxes	\$587,837	\$0	\$0	\$0
Intergovernmental	69,801	0	246,075	0
Interest	0	0	252	0
Rentals	0	0	0	0
Miscellaneous	10,518	0	2,000	0
<i>Total Revenues</i>	<u>668,156</u>	<u>0</u>	<u>248,327</u>	<u>0</u>
Expenditures				
Capital Outlay	375,891	0	2,220,172	1,980
Debt Service:				
Interest and Fiscal Charges	0	0	14,721	17,351
<i>Total Expenditures</i>	<u>375,891</u>	<u>0</u>	<u>2,234,893</u>	<u>19,331</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>292,265</u>	<u>0</u>	<u>(1,986,566)</u>	<u>(19,331)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	1,805,067	0
Transfers Out	0	0	(226,157)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,578,910</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	292,265	0	(407,656)	(19,331)
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year</i>	<u>1,345,482</u>	<u>548</u>	<u>(401,122)</u>	<u>(1,423,218)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,637,747</u>	<u>\$548</u>	<u>(\$808,778)</u>	<u>(\$1,442,549)</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, 2011

	French Creek Restoration	Sidewalk Programs	Storm Sewers
Revenues			
Property Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	0	0	1,139
Rentals	0	0	0
Miscellaneous	0	1,280	0
<i>Total Revenues</i>	<u>0</u>	<u>1,280</u>	<u>1,139</u>
Expenditures			
Capital Outlay	0	27,345	886,310
Debt Service:			
Interest and Fiscal Charges	0	0	9,193
<i>Total Expenditures</i>	<u>0</u>	<u>27,345</u>	<u>895,503</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>(26,065)</u>	<u>(894,364)</u>
Other Financing Sources (Uses)			
Transfers In	0	12,000	175,000
Transfers Out	0	0	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>12,000</u>	<u>165,000</u>
<i>Net Change in Fund Balances</i>	0	(14,065)	(729,364)
<i>Fund Balances (Deficit)</i>			
<i>Beginning of Year</i>	<u>4,120</u>	<u>16,417</u>	<u>14,855</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$4,120</u></u>	<u><u>\$2,352</u></u>	<u><u>(\$714,509)</u></u>

Municipal Buildings	Stadium Marquee	Detroit Road Landscaping	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$587,837
85,332	200,000	0	601,208
0	0	0	1,391
380,000	0	0	380,000
0	0	0	13,798
<u>465,332</u>	<u>200,000</u>	<u>0</u>	<u>1,584,234</u>
218,661	0	0	3,730,359
0	0	0	41,265
<u>218,661</u>	<u>0</u>	<u>0</u>	<u>3,771,624</u>
<u>246,671</u>	<u>200,000</u>	<u>0</u>	<u>(2,187,390)</u>
20,000	0	0	2,012,067
(424,794)	0	0	(660,951)
<u>(404,794)</u>	<u>0</u>	<u>0</u>	<u>1,351,116</u>
(158,123)	200,000	0	(836,274)
<u>(390,115)</u>	<u>8,876</u>	<u>25,000</u>	<u>(799,157)</u>
<u>(\$548,238)</u>	<u>\$208,876</u>	<u>\$25,000</u>	<u>(\$1,635,431)</u>

Fiduciary Funds

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

Agency Funds

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

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

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

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

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

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

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

City of Avon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011

	Beginning Balance 12/31/10	Additions	Deductions	Ending Balance 12/31/11
Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$213,975	\$544,212	\$581,200	\$176,987
Liabilities				
Deposits Held and Due to Others	\$213,975	\$544,212	\$581,200	\$176,987
 Lorain Public Library				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$446,055	\$446,055	\$0
Liabilities				
Intergovernmental Payable	\$0	\$446,055	\$446,055	\$0
 North Ridgeville Sewer				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,830	\$1,945,260	\$1,926,498	\$21,592
Liabilities				
Intergovernmental Payable	\$2,830	\$1,945,260	\$1,926,498	\$21,592
 Avon Lake Sanitary Sewer Trunk Fees				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$230,622	\$13,269	\$230,235	\$13,656
Liabilities				
Deposits Held and Due to Others	\$230,622	\$13,269	\$230,235	\$13,656

(continued)

City of Avon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2011

	Beginning Balance 12/31/10	Additions	Deductions	Ending Balance 12/31/11
Clearing Fund				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$0	\$7,047	\$7,047	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$7,047	\$7,047	\$0
Subdivisions				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,896,590	\$136,414	\$510,778	\$1,522,226
Liabilities				
Deposits Held and Due to Others	\$1,896,590	\$136,414	\$510,778	\$1,522,226
Mayor's Court				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$119,114	\$119,114	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$119,114	\$119,114	\$0
Total - All Agency Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,344,017	\$3,092,257	\$3,701,813	\$1,734,461
Cash and Cash Equivalents in Segregated Accounts	0	119,114	119,114	0
Total Assets	\$2,344,017	\$3,211,371	\$3,820,927	\$1,734,461
Liabilities				
Deposits Held and Due to Others	\$2,341,187	\$820,056	\$1,448,374	\$1,712,869
Intergovernmental Payable	2,830	2,391,315	2,372,553	21,592
Total Liabilities	\$2,344,017	\$3,211,371	\$3,820,927	\$1,734,461

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

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$971,841	\$1,616,742	\$1,616,742	\$0
Municipal Income Taxes	3,099,517	5,156,315	5,156,315	0
Charges for Services	259,940	432,433	431,453	(980)
Licenses and Permits	360,830	600,272	611,802	11,530
Fines and Forfeitures	114,420	190,348	196,404	6,056
Intergovernmental	1,049,659	1,629,156	1,629,156	0
Interest	46,201	76,859	76,859	0
Contributions and Donations	180	300	300	0
Miscellaneous	75,276	125,227	218,567	93,340
<i>Total Revenues</i>	5,977,864	9,827,652	9,937,598	109,946
Expenditures				
Current:				
General Government:				
Mayor:				
Personal Services	212,520	270,965	250,881	20,084
Materials and Supplies	5,216	6,650	5,251	1,399
Contractual Services	72,313	92,200	67,575	24,625
<i>Total Mayor</i>	290,049	369,815	323,707	46,108
Finance:				
Personal Services	330,769	421,734	388,506	33,228
Materials and Supplies	5,983	7,629	1,943	5,686
Contractual Services	31,098	39,650	34,728	4,922
<i>Total Finance</i>	367,850	469,013	425,177	43,836
Treasurer:				
Personal Services	17,176	21,900	21,145	755
Materials and Supplies	1,490	1,900	1,486	414
Contractual Services	1,804	2,300	100	2,200
<i>Total Treasurer</i>	20,470	26,100	22,731	3,369
Law Director:				
Personal Services	123,293	157,200	153,824	3,376
Materials and Supplies	2,196	2,800	1,748	1,052
Contractual Services	201,175	256,500	228,565	27,935
<i>Total Law Director</i>	\$326,664	\$416,500	\$384,137	\$32,363

(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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Council:				
Personal Services	\$157,089	\$200,290	\$191,565	\$8,725
Materials and Supplies	13,828	17,631	14,843	2,788
Contractual Services	13,630	17,379	15,048	2,331
Total Council	184,547	235,300	221,456	13,844
City Hall:				
Personal Services	38,058	48,525	41,899	6,626
Materials and Supplies	41,668	53,127	35,189	17,938
Contractual Services	130,981	163,691	138,926	24,765
Capital Outlay	7,843	10,000	9,653	347
Other	19,686	28,412	28,412	0
Total City Hall	238,236	303,755	254,079	49,676
Civil Service:				
Personal Services	4,639	5,915	4,196	1,719
Materials and Supplies	78	100	0	100
Contractual Services	6,667	8,500	0	8,500
Other	78	100	0	100
Total Civil Service	11,462	14,615	4,196	10,419
Records:				
Personal Services	7,706	9,825	7,791	2,034
Materials and Supplies	392	500	0	500
Contractual Services	784	1,000	0	1,000
Total Records	8,882	11,325	7,791	3,534
Statutory Accounts:				
Personal Services	145,915	186,044	103,053	82,991
Material and Supplies	264,923	337,780	302,033	35,747
Contractual Services	8,823	11,250	0	11,250
Total Statutory Accounts	419,661	535,074	405,086	129,988
Legal:				
Personal Services	2,741	3,495	3,127	368
Materials and Supplies	431	550	109	441
Capital Outlay	428	546	71	475
Total Legal	\$3,600	\$4,591	\$3,307	\$1,284

(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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Engineer:				
Personal Services	\$114,034	\$145,395	\$124,829	\$20,566
Materials and Supplies	5,145	6,560	3,264	3,296
Contractual Services	99,199	126,480	111,956	14,524
Total Engineer	218,378	278,435	240,049	38,386
Internet Technology:				
Personal Services	15,336	19,554	12,913	6,641
Materials and Supplies	2,745	3,500	3,370	130
Contractual Services	1,569	2,000	1,625	375
Total Internet Technology	19,650	25,054	17,908	7,146
Grant Coordinator:				
Contractual Services	39,215	50,000	8,903	41,097
Project Coordinator:				
Personal Services	62,886	80,180	36,257	43,923
Materials and Supplies	2,736	3,488	3,421	67
Contractual Services	2,404	3,062	2,878	184
Total Project Coordinator	68,026	86,730	42,556	44,174
Income Tax Department:				
Contractual Services	129,883	165,603	161,035	4,568
Total General Government	2,346,573	2,991,910	2,522,118	469,792
Community Environment:				
Avon Seniors:				
Personal Services	114,520	146,015	142,095	3,920
Materials and Supplies	23,563	30,043	20,327	9,716
Contractual Services	23,000	29,325	24,273	5,052
Capital Outlay	13,579	17,313	7,985	9,328
Total Avon Seniors	174,662	222,696	194,680	28,016
Planning Commission:				
Personal Services	139,857	178,320	164,271	14,049
Materials and Supplies	3,184	4,060	2,439	1,621
Contractual Services	22,549	28,750	11,387	17,363
Other	1,569	2,000	450	1,550
Total Planning Commission	\$167,159	\$213,130	\$178,547	\$34,583

(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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Cemetery:				
Contractual Services	\$1,961	\$2,500	\$0	\$2,500
Building Inspector:				
Personal Services	511,608	652,307	572,635	79,672
Materials and Supplies	45,079	57,476	25,776	31,700
Contractual Services	109,560	139,690	80,927	58,763
Capital Outlay	58,039	74,000	64,274	9,726
Other	1,960	2,500	1,635	865
Total Building Inspector	726,246	925,973	745,247	180,726
Safety Director/Zoning Officer:				
Personal Services	53,384	68,065	66,877	1,188
Materials and Supplies	118	150	30	120
Contractual Services	2,549	3,250	1,536	1,714
Total Safety Director/Zoning Officer	56,051	71,465	68,443	3,022
Total Community Environment	1,126,079	1,435,764	1,186,917	248,847
Leisure Time Activities:				
Community Center:				
Personal Services	13,106	16,710	14,035	2,675
Materials and Supplies	784	1,000	1,000	0
Contractual Services	2,743	3,497	3,010	487
Other	102	130	130	0
Total Leisure Time Activities	16,735	21,337	18,175	3,162
<i>Total Expenditures</i>	3,489,387	4,449,011	3,727,210	721,801
<i>Excess of Revenues</i>				
<i>Over Expenditures</i>	2,488,477	5,378,641	6,210,388	831,747
Other Financing Sources (Uses)				
Advances In	2,854,824	2,854,824	2,758,150	(96,674)
Advances Out	(2,815,689)	(3,590,038)	(4,212,538)	(622,500)
Transfers In	5,113,491	5,328,490	216,810	(5,111,680)
Transfers Out	(10,254,463)	(13,074,567)	(7,112,067)	5,962,500
Total Other Financing Sources (Uses)	(5,101,837)	(8,481,291)	(8,349,645)	131,646
<i>Net Change in Fund Balance</i>	(2,613,360)	(3,102,650)	(2,139,257)	963,393
<i>Fund Balance Beginning of Year</i>	6,599,580	6,599,580	6,599,580	0
Prior Year Encumbrances Appropriated	41,412	41,412	41,412	0
<i>Fund Balance End of Year</i>	\$4,027,632	\$3,538,342	\$4,501,735	\$963,393

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$3,661,899	\$4,081,077	\$4,081,077	\$0
Miscellaneous	3,234	3,604	3,604	0
<i>Total Revenues</i>	<u>3,665,133</u>	<u>4,084,681</u>	<u>4,084,681</u>	<u>0</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Personal Services	3,370,984	3,390,042	3,364,977	25,065
Materials and Supplies	154,185	155,057	144,921	10,136
Contractual Services	277,727	279,297	246,531	32,766
<i>Total Expenditures</i>	<u>3,802,896</u>	<u>3,824,396</u>	<u>3,756,429</u>	<u>67,967</u>
<i>Net Change in Fund Balance</i>	(137,763)	260,285	328,252	67,967
<i>Fund Balance Beginning of Year</i>	171,229	171,229	171,229	0
Prior Year Encumbrances Appropriated	7,426	7,426	7,426	0
<i>Fund Balance End of Year</i>	<u>\$40,892</u>	<u>\$438,940</u>	<u>\$506,907</u>	<u>\$67,967</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$1,206,250	\$1,270,365	\$1,270,365	\$0
Intergovernmental	950,145	1,000,647	1,000,647	0
Interest	4,071	4,287	4,287	0
Miscellaneous	19,314	20,341	20,638	297
<i>Total Revenues</i>	2,179,780	2,295,640	2,295,937	297
Expenditures				
Current:				
Transportation:				
Street Department:				
Personal Services	1,005,773	1,169,768	1,082,971	86,797
Materials and Supplies	572,330	665,650	613,965	51,685
Contractual Services	201,967	234,899	191,315	43,584
Capital Outlay	431,576	501,946	467,812	34,134
Other	5,030	5,850	5,850	0
Total Transportation	2,216,676	2,578,113	2,361,913	216,200
Basic Utilities Services:				
Drainage:				
Materials and Supplies	39,193	58,193	46,497	11,696
<i>Total Expenditures</i>	2,255,869	2,636,306	2,408,410	227,896
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(76,089)	(340,666)	(112,473)	228,193
Other Financing Uses				
Transfers Out	(187,481)	(187,481)	(187,481)	0
<i>Net Change in Fund Balance</i>	(263,570)	(528,147)	(299,954)	228,193
<i>Fund Balance Beginning of Year</i>	1,173,480	1,173,480	1,173,480	0
Prior Year Encumbrances Appropriated	148,242	148,242	148,242	0
<i>Fund Balance End of Year</i>	\$1,058,152	\$793,575	\$1,021,768	\$228,193

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$682,834	\$650,253	\$650,253	\$0
Fines and Forfeitures	1,907	1,816	1,816	0
Intergovernmental	86,539	82,410	82,410	0
Miscellaneous	42,759	40,719	40,869	150
<i>Total Revenues</i>	<u>814,039</u>	<u>775,198</u>	<u>775,348</u>	<u>150</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	4,385,735	4,369,430	4,084,453	284,977
Materials and Supplies	256,807	255,852	241,237	14,615
Contractual Services	360,458	359,118	334,302	24,816
<i>Total Expenditures</i>	<u>5,003,000</u>	<u>4,984,400</u>	<u>4,659,992</u>	<u>324,408</u>
<i>Excess of Revenues Under Expenditures</i>	(4,188,961)	(4,209,202)	(3,884,644)	324,558
Other Financing Sources				
Transfers In	3,985,000	3,985,000	3,985,000	0
<i>Net Change in Fund Balance</i>	(203,961)	(224,202)	100,356	324,558
<i>Fund Balance Beginning of Year</i>	273,644	273,644	273,644	0
Prior Year Encumbrances Appropriated	54,220	54,220	54,220	0
<i>Fund Balance End of Year</i>	<u>\$123,903</u>	<u>\$103,662</u>	<u>\$428,220</u>	<u>\$324,558</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$215,790	\$341,078	\$304,307	(\$36,771)
Miscellaneous	4,496	6,550	6,550	0
<i>Total Revenues</i>	<u>220,286</u>	<u>347,628</u>	<u>310,857</u>	<u>(36,771)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Material and Supplies	23,495	35,650	17,588	18,062
Debt Service:				
Principal Retirement	2,317,870	1,375,009	1,366,771	8,238
Interest and Fiscal Charges	1,195,606	1,825,921	1,825,719	202
<i>Total Debt Service</i>	<u>3,513,476</u>	<u>3,200,930</u>	<u>3,192,490</u>	<u>8,440</u>
<i>Total Expenditures</i>	<u>3,536,971</u>	<u>3,236,580</u>	<u>3,210,078</u>	<u>26,502</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	<u>(3,316,685)</u>	<u>(2,888,952)</u>	<u>(2,899,221)</u>	<u>(10,269)</u>
Other Financing Sources (Uses)				
Current Refunding Bonds Issued	1,527,481	2,225,441	2,225,441	0
Premium on General Obligation Bonds Issued	12,235	17,825	17,825	0
Payments to Refunded Bond Escrow Agent	0	(2,160,000)	(2,160,000)	0
Transfers In	1,926,267	2,806,446	2,806,446	0
Transfers Out	(36,248)	(55,000)	(18,229)	36,771
<i>Total Other Financing Sources (Uses)</i>	<u>3,429,735</u>	<u>2,834,712</u>	<u>2,871,483</u>	<u>36,771</u>
<i>Net Change in Fund Balance</i>	113,050	(54,240)	(27,738)	26,502
<i>Fund Balance Beginning of Year</i>	64,469	64,469	64,469	0
Prior Year Encumbrances Appropriated	8,237	8,237	8,237	0
<i>Fund Balance End of Year</i>	<u>\$185,756</u>	<u>\$18,466</u>	<u>\$44,968</u>	<u>\$26,502</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Special Assessments	\$467,220	\$447,385	\$447,385	\$0
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement:				
Contractual Services	18,003	20,000	17,711	2,289
Debt Service:				
Principal Retirement	329,688	366,261	366,261	0
Interest and Fiscal Charges	120,970	134,390	134,390	0
Total Debt Service	450,658	500,651	500,651	0
<i>Total Expenditures</i>	468,661	520,651	518,362	2,289
<i>Excess of Revenues</i>				
<i> Under Expenditures</i>	(1,441)	(73,266)	(70,977)	2,289
Other Financing Uses				
Transfers Out	(17,220)	(17,220)	(17,220)	0
<i>Net Change in Fund Balance</i>	(18,661)	(90,486)	(88,197)	2,289
<i>Fund Balance Beginning of Year</i>	325,453	325,453	325,453	0
<i>Fund Balance End of Year</i>	\$306,792	\$234,967	\$237,256	\$2,289

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
I-90 Interchange Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$163	\$7,750	\$7,750	\$0
Miscellaneous	0	27	27	0
<i>Total Revenues</i>	163	7,777	7,777	0
Expenditures				
Debt Service:				
Principal Retirement	683,709	6,300,000	6,300,000	0
Interest and Fiscal Charges	8,546	78,750	78,750	0
<i>Total Expenditures</i>	692,255	6,378,750	6,378,750	0
<i>Excess of Revenues Under Expenditures</i>	(692,092)	(6,370,973)	(6,370,973)	0
Other Financing Sources (Uses)				
General Obligation Notes Issued	522,533	24,880,000	24,880,000	0
Advances In	27,303	1,300,000	1,300,000	0
Advances Out	(48,835)	(450,000)	(450,000)	0
<i>Total Other Financing Sources (Uses)</i>	501,001	25,730,000	25,730,000	0
Special Item				
I-90 Interchange Project	(2,538,153)	(23,387,677)	(22,460,772)	(926,905)
<i>Net Change in Fund Balance</i>	(2,729,244)	(4,028,650)	(3,101,745)	0
<i>Fund Balance Beginning of Year</i>	1,311,725	1,311,725	1,311,725	0
Prior Year Encumbrances Appropriated	2,729,244	2,729,244	2,729,244	0
<i>Fund Balance End of Year</i>	\$1,311,725	\$12,319	\$939,224	\$0

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Complex Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$1,261,167	\$1,315,277	\$1,315,277	\$0
Interest	440	447	447	0
Miscellaneous	133,299	136,640	136,640	0
<i>Total Revenues</i>	1,394,906	1,452,364	1,452,364	0
Expenditures				
General Government:				
Recreation Complex:				
Contractual Services	45,491	45,010	43,687	1,323
Capital Outlay	207,376	205,185	193,741	11,444
Total General Government	252,867	250,195	237,428	12,767
Debt Service:				
Principal Retirement	5,735,603	5,675,000	5,675,000	0
Interest and Fiscal Charges	86,034	85,125	85,125	0
Total Debt Service	5,821,637	5,760,125	5,760,125	0
<i>Total Expenditures</i>	6,074,504	6,010,320	5,997,553	12,767
<i>Excess of Revenues</i>				
<i> Under Expenditures</i>	(4,679,598)	(4,557,956)	(4,545,189)	12,767
Other Financing Sources (Uses)				
General Obligation Bonds Issued	5,466,431	5,603,454	5,603,454	0
Transfers Out	(1,111,909)	(1,100,160)	(1,100,000)	160
<i>Total Other Financing Sources (Uses)</i>	4,354,522	4,503,294	4,503,454	160
<i>Net Change in Fund Balance</i>	(325,076)	(54,662)	(41,735)	12,927
<i>Fund Balance Beginning of Year</i>	256,397	256,397	256,397	0
Prior Year Encumbrances Appropriated	166,743	166,743	166,743	0
<i>Fund Balance End of Year</i>	\$98,064	\$368,478	\$381,405	\$12,927

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$2,156,497	\$2,185,267	\$2,182,554	(\$2,713)
Interest	2,043	2,093	2,093	0
General Obligation Notes Issued	2,718,512	2,785,000	2,785,000	0
Other	1,948	4,274	1,996	(2,278)
<i>Total Revenues</i>	<u>4,879,000</u>	<u>4,976,634</u>	<u>4,971,643</u>	<u>(4,991)</u>
Expenses				
Personal Services	346,654	482,090	449,740	32,350
Materials and Supplies	836,179	1,433,337	1,110,840	322,497
Contractual Services	193,772	869,626	808,597	61,029
Other	1,748	10,000	2,264	7,736
Capital Outlay	731,456	1,923,433	1,439,799	483,634
Debt Service:				
Principal Retirement	445,276	559,193	558,902	291
Interest and Fiscal Charges	54,317	61,607	61,476	131
<i>Total Expenses</i>	<u>2,609,402</u>	<u>5,339,286</u>	<u>4,431,618</u>	<u>907,668</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenses Before Advances and Transfers</i>	2,269,598	(362,652)	540,025	902,677
Advances In	50,000	50,000	50,000	0
Advances Out	(46,557)	(60,300)	(60,300)	0
Transfers Out	0	(1)	(1)	0
<i>Net Change in Fund Equity</i>	2,273,041	(372,953)	529,724	902,677
<i>Fund Equity Beginning of Year</i>	2,589,508	2,589,508	2,589,508	0
Prior Year Encumbrances Appropriated	57,891	57,891	57,891	0
<i>Fund Equity End of Year</i>	<u>\$4,920,440</u>	<u>\$2,274,446</u>	<u>\$3,177,123</u>	<u>\$902,677</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$1,144,388	\$1,616,447	\$1,620,332	\$3,885
Interest	1,145	1,621	1,621	0
Other Operating Revenues	494	700	700	0
General Obligation Notes Issued	1,589,103	2,250,000	2,250,000	0
<i>Total Revenues</i>	<u>2,735,130</u>	<u>3,868,768</u>	<u>3,872,653</u>	<u>3,885</u>
Expenses				
Personal Services	140,185	294,625	266,604	28,021
Materials and Supplies	117,788	325,631	302,312	23,319
Contractual Services	21,026	257,319	234,792	22,527
Other	155	3,500	499	3,001
Capital Outlay	488,118	2,882,983	2,636,537	246,446
Debt Service:				
Principal Retirement	53,618	172,900	172,877	23
Interest and Fiscal Charges	8,278	27,475	26,689	786
<i>Total Expenses</i>	<u>829,168</u>	<u>3,964,433</u>	<u>3,640,310</u>	<u>324,123</u>
<i>Excess of Revenues Over (Under)</i>				
<i>Expenses Before Advances and Transfers</i>	1,905,962	(95,665)	232,343	328,008
Advances In	942,867	1,335,000	1,335,000	0
Advances Out	(418,039)	(1,347,850)	(1,347,850)	0
Transfers In	48,188	55,000	18,229	(36,771)
Transfers Out	(155,076)	0	0	0
<i>Net Change in Fund Equity</i>	2,323,902	(53,515)	237,722	291,237
<i>Fund Equity Beginning of Year</i>	2,535,934	2,535,934	2,535,934	0
Prior Year Encumbrances Appropriated	33,573	33,573	33,573	0
<i>Fund Equity End of Year</i>	<u>\$4,893,409</u>	<u>\$2,515,992</u>	<u>\$2,807,229</u>	<u>\$291,237</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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Community Environment:				
Recycling:				
Personal Services	6,000	6,000	4,777	1,223
Material and Supplies	6,000	6,000	5,263	737
Contractual Services	115,940	115,940	111,543	4,397
<i>Total Expenditures</i>	127,940	127,940	121,583	6,357
<i>Excess of Revenues Under Expenditures</i>	(127,940)	(127,940)	(121,583)	6,357
Other Financing Sources				
Transfers In	150,000	150,000	150,000	0
<i>Net Change in Fund Balance</i>	22,060	22,060	28,417	6,357
<i>Fund Balance Beginning of Year</i>	4,098	4,098	4,098	0
<i>Fund Balance End of Year</i>	\$26,158	\$26,158	\$32,515	\$6,357

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$58,245	\$64,252	\$64,252	\$0
Interest	465	513	513	0
<i>Total Revenues</i>	<u>58,710</u>	<u>64,765</u>	<u>64,765</u>	<u>0</u>
Expenditures				
Current:				
Transportation:				
State Highway:				
Material and Supplies	80,726	80,726	53,479	27,247
Contractual Services	32,430	32,430	30,845	1,585
<i>Total Expenditures</i>	<u>113,156</u>	<u>113,156</u>	<u>84,324</u>	<u>28,832</u>
<i>Net Change in Fund Balance</i>	(54,446)	(48,391)	(19,559)	28,832
<i>Fund Balance Beginning of Year</i>	100,630	100,630	100,630	0
Prior Year Encumbrances Appropriated	63,156	63,156	63,156	0
<i>Fund Balance End of Year</i>	<u>\$109,340</u>	<u>\$115,395</u>	<u>\$144,227</u>	<u>\$28,832</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$97,997	\$99,590	\$99,590	\$0
Interest	6	6	6	0
Miscellaneous	877	891	891	0
<i>Total Revenues</i>	98,880	100,487	100,487	0
Expenditures				
Current:				
Transportation:				
Permissive Tax:				
Contractual Services	180,250	185,250	175,493	9,757
<i>Excess of Revenues Under Expenditures</i>	(81,370)	(84,763)	(75,006)	9,757
Other Financing Sources				
Transfers In	90,000	90,000	90,000	0
<i>Net Change in Fund Balance</i>	8,630	5,237	14,994	9,757
<i>Fund Balance Beginning of Year</i>	21,551	21,551	21,551	0
<i>Fund Balance End of Year</i>	\$30,181	\$26,788	\$36,545	\$9,757

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeitures	\$3,000	\$5,105	\$5,285	\$180
Expenditures				
Current:				
Capital Outlay:				
Mayor's Court Computer:				
Capital Outlay	5,000	5,000	153	4,847
<i>Net Change in Fund Balance</i>	(2,000)	105	5,132	5,027
<i>Fund Balance Beginning of Year</i>	82,487	82,487	82,487	0
<i>Fund Balance End of Year</i>	\$80,487	\$82,592	\$87,619	\$5,027

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$108,700	\$89,045	\$84,841	(\$4,204)
Expenditures				
Current:				
Leisure Time Activities:				
Recreation Department:				
Personal Services	1,029	1,150	0	1,150
Materials and Supplies	4,467	4,993	4,785	208
Contractual Services	17,336	19,379	18,407	972
Other	895	1,000	0	1,000
Total Recreation Department	23,727	26,522	23,192	3,330
Adult Volleyball:				
Materials and Supplies	2,684	3,000	0	3,000
Men's Basketball:				
Materials and Supplies	447	500	0	500
Youth Basketball:				
Materials and Supplies	9,840	11,000	10,826	174
Little Eagles:				
Materials and Supplies	8,946	10,000	9,505	495
Tennis Camp				
Materials and Supplies	4,473	5,000	4,085	915
Adult Softball:				
Materials and Supplies	3,578	4,000	1,868	2,132
Little Scientist:				
Materials and Supplies	3,578	4,000	1,995	2,005
Youth Baseball:				
Materials and Supplies	7,157	8,000	5,620	2,380
T-Ball:				
Materials and Supplies	8,976	10,034	5,453	4,581
Flag Football:				
Materials and Supplies	\$8,986	\$10,045	\$7,534	\$2,511

(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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Safety Town:				
Materials and Supplies	\$5,367	\$6,000	\$3,657	\$2,343
Fishing:				
Materials and Supplies	1,073	1,200	1,200	0
Youth Football:				
Materials and Supplies	8,051	9,000	7,750	1,250
Running Club:				
Materials and Supplies	2,684	3,000	1,671	1,329
Fitness Camp:				
Materials and Supplies	3,578	4,000	4,000	0
Theater:				
Materials and Supplies	2,684	3,000	2,310	690
Youth Soccer:				
Materials and Supplies	1,789	2,000	0	2,000
Educational:				
Materials and Supplies	1,789	2,000	1,815	185
Kidz Art:				
Materials and Supplies	894	1,000	0	1,000
<i>Total Expenditures</i>	<u>110,301</u>	<u>123,301</u>	<u>92,481</u>	<u>30,820</u>
<i>Net Change in Fund Balance</i>	(1,601)	(34,256)	(7,640)	26,616
<i>Fund Balance Beginning of Year</i>	69,142	69,142	69,142	0
Prior Year Encumbrances Appropriated	<u>1,451</u>	<u>1,451</u>	<u>1,451</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$68,992</u></u>	<u><u>\$36,337</u></u>	<u><u>\$62,953</u></u>	<u><u>\$26,616</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$410,077	\$303,859	\$303,859	\$0
Intergovernmental	48,329	35,811	35,811	0
Miscellaneous	15,308	11,343	11,350	7
<i>Total Revenues</i>	<u>473,714</u>	<u>351,013</u>	<u>351,020</u>	<u>7</u>
Expenditures				
Current:				
Leisure Time Activities:				
Park Operating:				
Personal Services	525,409	525,409	499,407	26,002
Materials and Supplies	77,563	77,563	67,238	10,325
Contractual Services	163,627	163,627	142,778	20,849
Capital Outlay	51,214	51,214	50,380	834
Other	100	100	25	75
<i>Total Expenditures</i>	<u>817,913</u>	<u>817,913</u>	<u>759,828</u>	<u>58,085</u>
<i>Excess of Revenues Under Expenditures</i>	(344,199)	(466,900)	(408,808)	58,092
Other Financing Sources				
Transfers In	375,000	375,000	375,000	0
<i>Net Change in Fund Balance</i>	30,801	(91,900)	(33,808)	58,092
<i>Fund Balance Beginning of Year</i>	152,333	152,333	152,333	0
Prior Year Encumbrances Appropriated	30,031	30,031	30,031	0
<i>Fund Balance End of Year</i>	<u>\$213,165</u>	<u>\$90,464</u>	<u>\$148,556</u>	<u>\$58,092</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Park Development Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Licenses and Permits	\$23,576	\$128,750	\$130,769	\$2,019
Expenditures				
Current:				
Leisure Time Activities:				
Park Development:				
Capital Outlay	116,566	629,144	608,568	20,576
Debt Service:				
Principal Retirement	15,966	86,000	86,000	0
Interest and Fiscal Charges	10,542	57,074	57,074	0
Total Debt Service	26,508	143,074	143,074	0
<i>Total Expenditures</i>	143,074	772,218	751,642	20,576
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(119,498)	(643,468)	(620,873)	22,595
Other Financing Sources				
Advances In	0	622,500	622,500	0
Transfers In	117,174	17,397	17,397	0
<i>Total Other Financing Sources</i>	117,174	639,897	639,897	0
<i>Net Change in Fund Balance</i>	(2,324)	(3,571)	19,024	22,595
<i>Fund Balance Beginning of Year</i>	98,470	98,470	98,470	0
<i>Fund Balance End of Year</i>	\$96,146	\$94,899	\$117,494	\$22,595

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Donations Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Contributions and Donations	\$325	\$325	\$325	\$0
Miscellaneous	1,000	593	593	0
<i>Total Revenues</i>	1,325	918	918	0
Expenditures				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Materials and Supplies	1,200	1,200	165	1,035
Contractual Services	5,569	5,569	1,312	4,257
<i>Total Expenditures</i>	6,769	6,769	1,477	5,292
<i>Net Change in Fund Balance</i>	(5,444)	(5,851)	(559)	5,292
<i>Fund Balance Beginning of Year</i>	7,532	7,532	7,532	0
Prior Year Encumbrances Appropriated	569	569	569	0
<i>Fund Balance End of Year</i>	\$2,657	\$2,250	\$7,542	\$5,292

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$77,036	\$77,322	\$77,322	\$0
Intergovernmental	8,738	8,770	8,770	0
<i>Total Revenues</i>	<u>85,774</u>	<u>86,092</u>	<u>86,092</u>	<u>0</u>
Expenditures				
Current:				
General Government:				
Contractual Services	1,500	1,500	1,268	232
Debt Service:				
Principal Retirement	65,000	65,000	65,000	0
Interest and Fiscal Charges	14,444	14,444	14,444	0
Total Debt Service	<u>79,444</u>	<u>79,444</u>	<u>79,444</u>	<u>0</u>
<i>Total Expenditures</i>	<u>80,944</u>	<u>80,944</u>	<u>80,712</u>	<u>232</u>
<i>Net Change in Fund Balance</i>	4,830	5,148	5,380	232
<i>Fund Balance Beginning of Year</i>	<u>29,381</u>	<u>29,381</u>	<u>29,381</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$34,211</u></u>	<u><u>\$34,529</u></u>	<u><u>\$34,761</u></u>	<u><u>\$232</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tax Increment Financing Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Payment in Lieu of Taxes	\$836,880	\$1,701,068	\$1,701,068	\$0
Expenditures				
Current:				
General Government	228,386	1,122,660	1,119,624	3,036
<i>Excess of Revenues Over Expenditures</i>	608,494	578,408	581,444	3,036
Other Financing Uses				
Transfers Out	(575,000)	(575,000)	(575,000)	0
<i>Net Change in Fund Balance</i>	33,494	3,408	6,444	3,036
<i>Fund Balance Beginning of Year</i>	9,686	9,686	9,686	0
<i>Fund Balance End of Year</i>	<u>\$43,180</u>	<u>\$13,094</u>	<u>\$16,130</u>	<u>\$3,036</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$593,512	\$587,887	\$587,887	\$0
Intergovernmental	70,469	69,801	69,801	0
Miscellaneous	10,619	10,518	10,518	0
<i>Total Revenues</i>	<u>674,600</u>	<u>668,206</u>	<u>668,206</u>	<u>0</u>
Expenditures				
Capital Outlay:				
Equipment:				
Materials and Supplies	5,987	6,000	5,418	582
Contractual Services	4,091	4,100	3,962	138
Capital Outlay	438,655	439,633	423,899	15,734
<i>Total Expenditures</i>	<u>448,733</u>	<u>449,733</u>	<u>433,279</u>	<u>16,454</u>
<i>Net Change in Fund Balance</i>	225,867	218,473	234,927	16,454
<i>Fund Balance Beginning of Year</i>	1,217,065	1,217,065	1,217,065	0
Prior Year Encumbrances Appropriated	129,633	129,633	129,633	0
<i>Fund Balance End of Year</i>	<u><u>\$1,572,565</u></u>	<u><u>\$1,565,171</u></u>	<u><u>\$1,581,625</u></u>	<u><u>\$16,454</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road and Bridges Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Intergovernmental	\$90,878	\$141,503	\$246,075	\$104,572
Interest	202	314	314	0
Miscellaneous	1,284	2,000	2,000	0
<i>Total Revenues</i>	<u>92,364</u>	<u>143,817</u>	<u>248,389</u>	<u>104,572</u>
Expenditures				
Capital Outlay:				
Road and Bridge Programs:				
Capital Outlay	1,008,025	3,194,493	2,995,109	199,384
Debt Service:				
Principal Retirement	260,330	825,000	825,000	0
Interest and Fiscal Charges	3,254	10,312	10,312	0
<i>Total Debt Service</i>	<u>263,584</u>	<u>835,312</u>	<u>835,312</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,271,609</u>	<u>4,029,805</u>	<u>3,830,421</u>	<u>199,384</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	<u>(1,179,245)</u>	<u>(3,885,988)</u>	<u>(3,582,032)</u>	<u>303,956</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	1,117,484	1,740,000	1,740,000	0
Advances In	0	905,038	905,038	0
Advances Out	(314,767)	(900,000)	(900,000)	0
Transfers In	1,740,517	1,805,067	1,805,067	0
Transfers Out	(40,593)	(226,157)	(226,157)	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,502,641</u>	<u>3,323,948</u>	<u>3,323,948</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,323,396	(562,040)	(258,084)	303,956
<i>Fund Balance Beginning of Year</i>	424,258	424,258	424,258	0
Prior Year Encumbrances Appropriated	365,058	365,058	365,058	0
<i>Fund Balance End of Year</i>	<u>\$2,112,712</u>	<u>\$227,276</u>	<u>\$531,232</u>	<u>\$303,956</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Purchases Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Land Purchases:				
Capital Outlay	4,798	87,800	18,900	68,900
Debt Service:				
Principal Retirement	81,977	1,500,000	1,500,000	0
Interest and Fiscal Charges	1,025	18,750	18,750	0
Total Debt Service	83,002	1,518,750	1,518,750	0
<i>Total Expenditures</i>	87,800	1,606,550	1,537,650	68,900
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(87,800)	(1,606,550)	(1,537,650)	68,900
Other Financing Sources				
General Obligation Notes Issued	1,520,000	1,520,000	1,520,000	0
<i>Net Change in Fund Balance</i>	1,432,200	(86,550)	(17,650)	68,900
<i>Fund Balance Beginning of Year</i>	96,644	96,644	96,644	0
Prior Year Encumbrances Appropriated	2,800	2,800	2,800	0
<i>Fund Balance End of Year</i>	<u>\$1,531,644</u>	<u>\$12,894</u>	<u>\$81,794</u>	<u>\$68,900</u>

City of Avon, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sidewalk Programs Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Miscellaneous	\$280	\$1,280	\$1,280	\$0
Expenditures				
Capital Outlay:				
Capital Improvements:				
Capital Outlay	12,000	28,418	25,920	2,498
<i>Excess of Revenues Under Expenditures</i>	(11,720)	(27,138)	(24,640)	2,498
Other Financing Sources				
Transfers In	1,000	12,000	12,000	0
<i>Net Change in Fund Balance</i>	(10,720)	(15,138)	(12,640)	2,498
<i>Fund Balance Beginning of Year</i>	16,417	16,417	16,417	0
<i>Fund Balance End of Year</i>	\$5,697	\$1,279	\$3,777	\$2,498

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Storm Sewers Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Interest	\$935	\$1,139	\$1,139	\$0
Expenditures				
Capital Outlay:				
Storm Sewers:				
Capital Outlay	27,871	970,975	964,420	6,555
Debt Service:				
Principal Retirement	22,820	795,000	795,000	0
Interest and Fiscal Charges	285	9,938	9,938	0
Total Debt Service	23,105	804,938	804,938	0
<i>Total Expenditures</i>	50,976	1,775,913	1,769,358	6,555
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(50,041)	(1,774,774)	(1,768,219)	6,555
Other Financing Sources (Uses)				
General Obligation Notes Issued	660,482	805,000	805,000	0
Transfers In	143,583	175,000	175,000	0
Transfers Out	(10,000)	(10,000)	(10,000)	0
<i>Total Other Financing Sources (Uses)</i>	794,065	970,000	970,000	0
<i>Net Change in Fund Balance</i>	744,024	(804,774)	(798,219)	6,555
<i>Fund Balance Beginning of Year</i>	814,743	814,743	814,743	0
Prior Year Encumbrances Appropriated	976	976	976	0
<i>Fund Balance End of Year</i>	<u>\$1,559,743</u>	<u>\$10,945</u>	<u>\$17,500</u>	<u>\$6,555</u>

City of Avon, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Buildings Fund
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$85,332	\$85,332	\$85,332	\$0
Rentals	380,000	380,000	380,000	0
<i>Total Revenues</i>	465,332	465,332	465,332	0
Expenditures				
Capital Outlay:				
Municipal Buildings:				
Capital Outlay	205,485	433,358	416,860	16,498
<i>Excess of Revenues Over Expenditures</i>	259,847	31,974	48,472	16,498
Other Financing Sources (Uses)				
Transfers In	0	20,000	20,000	0
Transfers Out	(424,000)	(434,794)	(424,794)	10,000
<i>Total Other Financing Sources (Uses)</i>	(424,000)	(414,794)	(404,794)	10,000
<i>Net Change in Fund Balance</i>	(164,153)	(382,820)	(356,322)	26,498
<i>Fund Balance Beginning of Year</i>	206,581	206,581	206,581	0
Prior Year Encumbrances Appropriated	195,485	195,485	195,485	0
<i>Fund Balance End of Year</i>	<u>\$237,913</u>	<u>\$19,246</u>	<u>\$45,744</u>	<u>\$26,498</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Stadium Marquee Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$10,000	\$200,000	\$200,000	\$0
Expenditures				
Current:				
Leisure Time Activities:				
Stadium Marquee:				
Contractual Services	5,000	5,000	0	5,000
<i>Net Change in Fund Balance</i>	5,000	195,000	200,000	5,000
<i>Fund Balance Beginning of Year</i>	8,876	8,876	8,876	0
<i>Fund Balance End of Year</i>	\$13,876	\$203,876	\$208,876	\$5,000

STATISTICAL



RIBBON CUTTING at MILLER NATURE PRESERVE:

Front row L to R: Sherrill McLoda, Dr. Ibrahim Eren, Diane Corrao, Judge James Walther

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Statistical Section

This part of the City of Avon, Ohio's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2-S15
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax, and the municipal income	S16-S25
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S26-S32
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	S33-S37
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S38-S44

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.

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

	2011	2010	2009	2008	2007
Governmental Activities					
Invested in Capital Assets,					
Net of Related Debt	\$48,907,059	\$54,276,654	\$46,612,947	\$47,659,906	\$50,184,764
Restricted:					
Capital Projects	1,890,372	0	1,129,478	0	2,474,044
Debt Service	2,015,083	1,347,716	1,445,051	1,714,977	2,255,097
Fire Department	710,228	376,263	1,297,579	1,876,277	3,369,930
Street Construction,					
Maintenance and Repair	1,440,649	1,760,913	1,368,224	1,072,610	836,575
Other Purposes	44,024	488,915	849,084	936,764	884,183
Unrestricted (Deficit)	(8,747,905)	(1,799,650)	6,779,793	5,976,457	2,488,208
<i>Total Governmental Activities</i>					
<i>Net Assets</i>	46,259,510	56,450,811	59,482,156	59,236,991	62,492,801
Business Type - Activities					
Invested in Capital Assets,					
Net of Related Debt	29,043,222	26,368,440	27,616,704	27,306,773	25,494,999
Unrestricted	(44,488)	3,170,654	3,559,010	3,980,420	5,272,777
<i>Total Business-Type Activities</i>					
<i>Net Assets</i>	28,998,734	29,539,094	31,175,714	31,287,193	30,767,776
Primary Government					
Invested in Capital Assets,					
Net of Related Debt	77,950,281	80,645,094	74,229,651	74,966,679	75,679,763
Restricted	6,100,356	3,973,807	6,089,416	5,600,628	9,819,829
Unrestricted	(8,792,393)	1,371,004	10,338,803	9,956,877	7,760,985
<i>Total Primary Government Net Assets</i>	\$75,258,244	\$85,989,905	\$90,657,870	\$90,524,184	\$93,260,577

2006	2005	2004	2003	2002
\$50,319,254	\$48,545,323	\$43,240,483	\$39,981,775	\$33,648,231
2,213,629	3,231,787	5,411,319	2,124,737	1,659,080
1,407,892	1,444,688	2,339,940	2,156,992	2,461,360
2,613,979	1,884,793	815,856	2,275,314	0
734,079	752,640	906,927	1,051,272	0
1,034,770	1,235,143	988,785	754,244	3,169,282
2,805,147	771,107	(58,200)	745,443	(771,225)
61,128,750	57,865,481	53,645,110	49,089,777	40,166,728
24,570,995	23,504,509	20,753,823	17,442,509	16,625,219
6,414,575	6,767,325	6,200,193	7,082,882	4,855,375
30,985,570	30,271,834	26,954,016	24,525,391	21,480,594
74,890,249	72,049,832	63,994,306	57,424,284	50,273,450
8,004,349	8,549,051	10,462,827	8,362,559	7,289,722
9,219,722	7,538,432	6,141,993	7,828,325	4,084,150
\$92,114,320	\$88,137,315	\$80,599,126	\$73,615,168	\$61,647,322

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

	2011	2010	2009	2008	2007
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$1,628,202	\$1,122,652	\$1,420,788	\$1,109,333	\$2,058,970
Security of Persons and Property	1,816	2,340	1,771	88,885	11,871
Transportation	0	0	0	0	0
Community Environment	394,643	457,238	429,764	470,431	555,772
Basic Utility Services	0	0	20,052	30,219	450
Leisure Time Activities	221,838	272,808	219,656	296,925	333,573
Subtotal - Charges for Services	<u>2,246,499</u>	<u>1,855,038</u>	<u>2,092,031</u>	<u>1,995,793</u>	<u>2,960,636</u>
Operating Grants and Contributions:					
General Government	9,033	150,827	8,810	131,238	51,326
Security of Persons and Property	10,448	230,744	150,203	175,872	101,026
Transportation	1,112,132	1,239,397	1,178,652	1,382,026	1,017,795
Community Environment	11,955	87,280	81,575	163,341	70,429
Basic Utility Services	0	0	0	150,000	0
Leisure Time Activities	21,675	65,314	56,530	56,496	20,246
Subtotal - Operating Grants and Contributions	<u>1,165,243</u>	<u>1,773,562</u>	<u>1,475,770</u>	<u>2,058,973</u>	<u>1,260,822</u>
Capital Grants and Contributions:					
General Government	325,251	0	105,407	0	0
Security of Persons and Property	0	0	0	0	0
Transportation	246,075	0	1,142,925	0	0
Community Environment	0	0	0	0	0
Basic Utility Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Subtotal - Capital Grants and Contributions	<u>571,326</u>	<u>0</u>	<u>1,248,332</u>	<u>0</u>	<u>0</u>
<i>Total Governmental Activities Program Revenues</i>	<u>3,983,068</u>	<u>3,628,600</u>	<u>4,816,133</u>	<u>4,054,766</u>	<u>4,221,458</u>
Business-Type Activities:					
Charges for Services:					
Water	2,105,969	2,613,627	2,007,943	2,144,366	2,350,121
Sewer	1,644,692	1,356,918	1,628,898	1,322,418	1,267,601
Subtotal - Charges for Services	<u>3,750,661</u>	<u>3,970,545</u>	<u>3,636,841</u>	<u>3,466,784</u>	<u>3,617,722</u>
Capital Grants and Contributions					
Water	77,010	0	0	507,811	121,800
Sewer	63,408	310,925	453,148	587,409	242,036
Subtotal - Capital Grants and Contributions	<u>140,418</u>	<u>310,925</u>	<u>453,148</u>	<u>1,095,220</u>	<u>363,836</u>
<i>Total Business-Type Activities Program Revenues</i>	<u>3,891,079</u>	<u>4,281,470</u>	<u>4,089,989</u>	<u>4,562,004</u>	<u>3,981,558</u>
<i>Total Primary Government Program Revenues</i>	<u>\$7,874,147</u>	<u>\$7,910,070</u>	<u>\$8,906,122</u>	<u>\$8,616,770</u>	<u>\$8,203,016</u>

2006	2005	2004	2003	2002
\$367,172	\$1,186,202	\$1,343,467	\$1,068,732	\$849,259
10,213	10,036	9,223	37,214	350,848
50	750	530	20	2,190
1,272,496	681,953	839,327	558,460	482,531
16,828	32,247	34,000	52,556	278,824
365,727	454,726	461,048	365,797	317,280
<u>2,032,486</u>	<u>2,365,914</u>	<u>2,687,595</u>	<u>2,082,779</u>	<u>2,280,932</u>
0	0	0	0	4,498
0	32,081	30,565	17,148	75,756
991,097	860,389	763,940	561,904	494,385
70,429	68,001	100,527	113,505	111,480
0	0	0	0	0
42,815	13,893	17,982	2,784	6,000
<u>1,104,341</u>	<u>974,364</u>	<u>913,014</u>	<u>695,341</u>	<u>692,119</u>
0	22,480	0	0	0
0	0	22,078	60,000	0
1,816,365	3,988,681	5,163,299	6,709,012	1,302,781
0	217,267	0	0	0
0	573,019	0	209,514	1,599,316
0	0	0	80,000	94,526
<u>1,816,365</u>	<u>4,801,447</u>	<u>5,185,377</u>	<u>7,058,526</u>	<u>2,996,623</u>
<u>4,953,192</u>	<u>8,141,725</u>	<u>8,785,986</u>	<u>9,836,646</u>	<u>5,969,674</u>
2,137,300	2,258,379	2,046,470	1,962,762	1,213,560
1,143,598	1,021,487	826,192	769,285	844,518
<u>3,280,898</u>	<u>3,279,866</u>	<u>2,872,662</u>	<u>2,732,047</u>	<u>2,058,078</u>
276,477	1,540,005	1,290,440	612,910	1,157,408
406,870	2,012,709	2,243,380	2,712,519	2,747,851
<u>683,347</u>	<u>3,552,714</u>	<u>3,533,820</u>	<u>3,325,429</u>	<u>3,905,259</u>
<u>3,964,245</u>	<u>6,832,580</u>	<u>6,406,482</u>	<u>6,057,476</u>	<u>5,963,337</u>
<u>\$8,917,437</u>	<u>\$14,974,305</u>	<u>\$15,192,468</u>	<u>\$15,894,122</u>	<u>\$11,933,011</u>

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

	2011	2010	2009	2008	2007
Expenses					
Governmental Activities:					
General Government	\$4,525,898	\$4,349,901	\$3,042,622	\$2,968,222	\$2,269,262
Security of Persons and Property	8,769,685	8,611,264	7,948,875	7,572,725	6,789,884
Transportation	4,150,279	6,025,615	5,140,893	6,638,018	4,449,451
Community Environment	1,320,973	1,236,395	1,406,060	1,680,851	1,256,537
Basic Utility Services	682,667	862,479	495,523	848,296	430,858
Leisure Time Activities	1,464,779	1,104,319	1,130,300	1,217,094	829,313
Interest and Fiscal Charges	2,300,130	2,211,663	1,669,318	1,761,494	757,830
<i>Total Governmental Activities Expenses</i>	<u>23,214,411</u>	<u>24,401,636</u>	<u>20,833,591</u>	<u>22,686,700</u>	<u>16,783,135</u>
Business-Type Activities					
Water	2,793,765	3,924,685	2,392,503	2,594,517	2,757,452
Sewer	1,662,416	1,871,978	2,127,598	1,725,241	2,008,071
<i>Total Business-Type Activities Expenses</i>	<u>4,456,181</u>	<u>5,796,663</u>	<u>4,520,101</u>	<u>4,319,758</u>	<u>4,765,523</u>
<i>Total Primary Government Program Expenses</i>	<u>27,670,592</u>	<u>30,198,299</u>	<u>25,353,692</u>	<u>27,006,458</u>	<u>21,548,658</u>
Net (Expense)/Revenue					
Governmental Activities	(19,231,343)	(20,773,036)	(16,017,458)	(18,631,934)	(12,561,677)
Business-Type Activities	(565,102)	(1,515,193)	(430,112)	242,246	(783,965)
<i>Total Primary Government Net Expense</i>	<u>(\$19,796,445)</u>	<u>(\$22,288,229)</u>	<u>(\$16,447,570)</u>	<u>(\$18,389,688)</u>	<u>(\$13,345,642)</u>

2006	2005	2004	2003	2002
\$2,739,914	\$1,919,159	\$1,935,275	\$1,695,377	\$1,510,968
5,739,141	5,462,030	4,532,738	3,932,378	4,299,769
3,824,122	5,285,670	4,470,599	3,288,035	3,533,913
1,272,107	1,395,945	1,222,720	1,091,550	940,434
419,887	379,953	395,185	22,007	461,515
1,173,141	811,918	1,052,267	1,131,505	805,698
671,474	619,472	522,343	479,473	511,821
<u>15,839,786</u>	<u>15,874,147</u>	<u>14,131,127</u>	<u>11,640,325</u>	<u>12,064,118</u>
1,505,362	2,235,003	2,630,729	1,852,642	1,643,370
<u>2,224,019</u>	<u>1,548,860</u>	<u>1,442,009</u>	<u>1,228,483</u>	<u>1,002,289</u>
<u>3,729,381</u>	<u>3,783,863</u>	<u>4,072,738</u>	<u>3,081,125</u>	<u>2,645,659</u>
<u>19,569,167</u>	<u>19,658,010</u>	<u>18,203,865</u>	<u>14,721,450</u>	<u>14,709,777</u>
(10,886,594)	(7,732,422)	(5,345,141)	(1,803,679)	(6,094,444)
<u>234,864</u>	<u>3,048,717</u>	<u>2,333,744</u>	<u>2,976,351</u>	<u>3,317,678</u>
<u>(\$10,651,730)</u>	<u>(\$4,683,705)</u>	<u>(\$3,011,397)</u>	<u>\$1,172,672</u>	<u>(\$2,776,766)</u>

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

	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes:					
Property Taxes Levied For:					
General Purposes	\$1,566,237	\$1,496,579	\$1,520,272	\$1,520,015	\$1,543,962
Streets	1,228,341	1,223,635	1,268,806	776,504	806,201
Police	629,793	613,253	411,556	433,011	464,321
Police Pension	0	0	198,297	198,262	201,386
Park Operating	293,924	289,808	297,378	244,631	251,185
Library Bond Retirement	74,421	78,640	72,822	71,874	86,093
Equipment	568,618	559,583	559,752	575,854	414,954
Other Purposes	0	0	0	0	0
Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Municipal Income Taxes levied for:					
General Purposes	5,478,107	4,692,358	4,726,399	4,639,884	4,326,837
Police	143,118	0	0	0	0
Fire Department	4,164,144	3,386,770	3,343,630	3,519,526	3,466,344
Recreation Complex	1,413,615	1,179,680	1,172,927	1,256,991	0
Grants and Entitlements not Restricted to					
Specific Programs	1,223,337	1,837,467	979,590	1,139,985	940,842
Investment Earnings	64,712	293,374	315,399	865,425	1,151,966
Payment in Lieu of Taxes	1,701,068	1,319,031	668,139	0	0
Gain on Sale of Capital Assets	0	0	0	0	0
Net Gain on the Loss of Impaired Asset	0	0	0	0	0
Miscellaneous	453,527	607,322	1,165,347	185,009	501,637
<i>Total Governmental Activities</i>	<u>19,002,962</u>	<u>17,577,500</u>	<u>16,700,314</u>	<u>15,426,971</u>	<u>14,155,728</u>
Business-Type Activities					
Investment Earnings	3,818	8,309	7,499	49,163	261,204
Miscellaneous	2,696	34,455	16,746	33,858	74,967
<i>Total Business-Type Activities</i>	<u>6,514</u>	<u>42,764</u>	<u>24,245</u>	<u>83,021</u>	<u>336,171</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>19,009,476</u>	<u>17,620,264</u>	<u>16,724,559</u>	<u>15,509,992</u>	<u>14,491,899</u>
Transfers					
Governmental Activities	(18,228)	164,191	(294,388)	(194,150)	(230,000)
Business-Type Activities	18,228	(164,191)	294,388	194,150	230,000
Special Item					
I-90 Interchange Project	(9,944,692)	0	0	0	0
Change in Net Assets					
Governmental Activities	(10,191,301)	(3,031,345)	388,468	(3,399,113)	1,364,051
Business-Type Activities	(540,360)	(1,636,620)	(111,479)	519,417	(217,794)
<i>Total Primary Government Change in Net Assets</i>	<u>(\$10,731,661)</u>	<u>(\$4,667,965)</u>	<u>\$276,989</u>	<u>(\$2,879,696)</u>	<u>\$1,146,257</u>

2006	2005	2004	2003	2002
\$1,333,155	\$1,217,503	\$1,037,165	\$870,500	\$698,768
788,160	725,131	654,620	693,349	0
461,994	431,013	391,964	0	0
173,609	153,362	0	0	0
244,487	222,397	0	0	0
98,426	85,628	0	0	0
405,525	372,103	0	0	0
0	0	343,569	660,143	1,133,835
0	0	79,395	83,291	84,537
0	0	336,020	356,914	244,153
4,933,050	4,278,546	3,643,042	4,019,591	2,909,788
0	0	0	0	0
3,155,090	3,204,104	2,223,953	2,727,351	2,008,383
0	0	0	0	0
1,257,304	404,963	507,009	275,722	237,174
1,001,612	541,233	525,863	291,920	533,541
0	0	0	0	0
0	0	0	647,650	0
0	203,748	0	0	0
297,451	218,412	178,207	96,670	125,650
14,149,863	12,058,143	9,920,807	10,723,101	7,975,829
423,066	109,830	44,133	27,272	25,825
55,806	53,921	30,415	44,801	12,381
478,872	163,751	74,548	72,073	38,206
14,628,735	12,221,894	9,995,355	10,795,174	8,014,035
0	18,533	(20,333)	3,627	370,669
0	(18,533)	20,333	(3,627)	(370,669)
0	0	0	0	0
3,263,269	4,344,254	4,555,333	8,923,049	2,252,054
713,736	3,193,935	2,428,625	3,044,797	2,985,215
\$3,977,005	\$7,538,189	\$6,983,958	\$11,967,846	\$5,237,269

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

	2011	2010	2009	2008
General Fund				
Nonspendable	\$1,250,272	\$25,615	\$23,773	N/A
Restricted	0	974,616	973,798	N/A
Assigned	107,024	83,948	50,844	N/A
Unassigned	7,509,648	8,632,072	6,854,374	N/A
Reserved	N/A	N/A	N/A	\$178,261
Unreserved	N/A	N/A	N/A	6,319,932
Total General Fund	<u>8,866,944</u>	<u>9,716,251</u>	<u>7,902,789</u>	<u>6,498,193</u>
All Other Governmental Funds				
Nonspendable	178,349	166,340	151,638	N/A
Restricted	4,539,257	8,171,553	8,058,375	N/A
Committed	565,102	186,029	598,223	N/A
Assigned	39,389	86,605	214,528	N/A
Unassigned (Deficit)	(18,668,420)	(10,782,800)	(159,044)	N/A
Reserved	N/A	N/A	N/A	\$25,344,685
Unreserved, Undesignated, Reported in:				
Special Revenue funds	N/A	N/A	N/A	3,083,916
Debt Service funds	N/A	N/A	N/A	643,228
Capital Projects funds	N/A	N/A	N/A	1,684,436
Total All Other Governmental Funds (Deficit)	<u>(13,346,323)</u>	<u>(2,172,273)</u>	<u>8,863,720</u>	<u>30,756,265</u>
Total Governmental Funds (Deficit)	<u><u>(\$4,479,379)</u></u>	<u><u>\$7,543,978</u></u>	<u><u>\$16,766,509</u></u>	<u><u>\$37,254,458</u></u>

Note: During 2010, the City implemented GASB 54.

2007	2006	2005	2004	2003	2002
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$189,529	\$170,059	\$27,802	\$47,714	\$31,677	\$67,424
6,577,416	6,558,172	5,556,819	4,692,475	4,618,368	3,123,883
6,766,945	6,728,231	5,584,621	4,740,189	4,650,045	3,191,307
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$3,799,554	\$1,171,829	\$1,001,146	\$3,468,055	\$2,721,875	\$2,379,265
3,990,801	3,579,484	3,096,126	2,266,290	3,259,084	961,578
531,928	371,855	369,923	1,239,564	34,992	325,470
(347,899)	986,929	(320,766)	411,653	914,847	40,741
7,974,384	6,110,097	4,146,429	7,385,562	6,930,798	3,707,054
\$14,741,329	\$12,838,328	\$9,731,050	\$12,125,751	\$11,580,843	\$6,898,361

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

	2011	2010	2009	2008
Revenues				
Property Taxes	\$4,506,378	\$4,248,951	\$4,330,690	\$3,854,146
Payment in Lieu of Taxes	1,701,068	1,319,031	668,139	0
Municipal Income Taxes	10,555,273	9,710,548	9,378,759	9,294,659
Charges for Services	811,160	617,297	903,298	814,606
Licenses and Permits	742,571	1,090,059	745,232	974,480
Fines and Forfeitures	203,505	147,987	115,165	206,707
Intergovernmental	3,286,920	3,296,064	3,672,996	3,581,433
Special Assessments	410,752	249,816	240,379	243,986
Interest	64,712	293,374	315,399	853,783
Contributions and Donations	625	5,000	6,575	40,650
Rentals	380,000	380,000	328,361	0
Miscellaneous	453,527	227,322	1,165,347	185,009
<i>Total Revenues</i>	<u>23,116,491</u>	<u>21,585,449</u>	<u>21,870,340</u>	<u>20,049,459</u>
Expenditures				
Current:				
General Government	3,644,554	3,451,160	2,824,337	2,664,209
Security of Persons and Property	8,403,805	7,834,770	7,526,545	7,134,465
Transportation	2,474,040	2,035,160	1,982,203	1,632,598
Community Environment	1,268,823	1,204,080	1,386,408	1,282,138
Basic Utility Services	46,497	15,286	14,838	99,491
Leisure Time Activities	1,350,087	840,942	986,909	1,071,323
Capital Outlay	3,816,253	11,799,587	23,767,231	20,549,738
Debt Service:				
Principal Retirement	7,530,941	7,326,169	40,432,357	7,729,043
Interest and Fiscal Charges	2,363,849	2,191,887	2,009,751	1,354,369
Bond Issuance Costs	178,073	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
<i>Total Expenditures</i>	<u>31,076,922</u>	<u>36,699,041</u>	<u>80,930,579</u>	<u>43,517,374</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(7,960,431)</u>	<u>(15,113,592)</u>	<u>(59,060,239)</u>	<u>(23,467,915)</u>
Other Financing Sources (Uses)				
Current Refunding Bonds Issued	2,620,000	0	0	0
Sale of Capital Assets	0	0	0	0
Bonds Issued	0	0	32,890,000	6,910,000
Insurance Recovery	0	0	0	0
Refunding Notes Issued	0	0	0	0
Payment to Refund Notes	0	0	0	0
General Obligation Bonds Issued	5,760,000	0	0	0
Refunding Principal	0	0	0	0
Notes Issued	0	5,675,000	5,600,000	39,120,000
Loans Received	0	0	0	145,194
Bond Premium	133,036	0	376,678	0
Payment to Refunded Bond Escrow Agent	(2,613,042)	0	0	0
Note Premium	0	51,870	0	0
Transfers In	9,652,720	11,341,838	8,676,343	14,475,111
Transfers Out	(9,670,948)	(11,177,647)	(8,970,731)	(14,669,261)
<i>Total Other Financing Sources (Uses)</i>	<u>5,881,766</u>	<u>5,891,061</u>	<u>38,572,290</u>	<u>45,981,044</u>
Special Item	(9,944,692)	0	0	0
<i>Net Change in Fund Balances</i>	<u>(\$12,023,357)</u>	<u>(\$9,222,531)</u>	<u>(\$20,487,949)</u>	<u>\$22,513,129</u>
Debt Service as a Percentage of Noncapital Expenditures	37.1%	33.4%	73.2%	33.8%

2007	2006	2005	2004	2003	2002
\$3,702,610	\$3,451,462	\$3,214,250	\$2,778,596	\$2,671,095	\$2,161,319
0	0	0	0	0	0
7,681,269	7,688,999	7,437,862	6,434,671	6,181,819	5,148,048
832,369	711,413	383,550	437,346	516,302	660,046
1,068,752	1,268,486	1,640,246	1,913,733	1,282,688	1,301,949
212,817	183,256	335,448	329,848	277,121	318,937
2,137,538	2,293,477	2,117,906	1,350,819	1,270,445	1,130,957
227,188	202,342	196,332	188,089	184,848	174,939
1,151,966	1,001,612	541,233	525,863	291,920	533,541
0	0	230	1,762	85,775	131,651
0	0	0	0	0	0
501,637	297,451	218,412	178,207	96,670	125,650
17,516,146	17,098,498	16,085,469	14,138,934	12,858,683	11,687,037
2,169,720	2,247,763	1,830,143	1,632,580	1,740,913	1,463,958
6,268,041	5,513,657	5,197,175	4,257,571	3,468,294	2,661,078
1,649,383	1,649,507	1,650,577	1,463,490	1,101,163	947,671
1,239,252	1,275,204	1,321,262	1,125,113	920,261	910,906
22,410	24,473	19,997	26,022	22,007	33,541
1,134,764	1,058,069	609,671	783,976	705,439	775,672
7,163,756	3,566,729	4,853,222	4,799,799	3,827,534	4,259,083
1,205,994	575,200	524,442	404,039	361,333	351,428
581,977	575,686	645,962	574,113	495,534	510,771
0	59,145	0	0	0	0
0	585	0	0	0	0
21,435,297	16,546,018	16,652,451	15,066,703	12,642,478	11,914,108
(3,919,151)	552,480	(566,982)	(927,769)	216,205	(227,071)
(1,100,000)	0	0	0	0	0
0	0	0	0	1,097,650	0
0	2,675,000	0	0	0	0
0	0	203,748	0	0	0
0	0	200,000	0	0	0
0	0	(2,250,000)	(3,870,000)	(1,870,000)	0
0	0	0	2,614,000	1,590,000	0
0	(200,000)	0	0	0	0
6,910,000	1,700,000	0	2,600,000	3,870,000	1,870,000
242,152	0	0	0	45,000	0
0	27,558	0	11,000	0	0
0	(1,647,760)	0	(131,990)	0	0
0	0	0	0	0	0
6,912,643	6,110,550	6,125,523	7,088,602	5,604,836	4,748,230
(7,142,643)	(6,110,550)	(6,106,990)	(7,108,935)	(5,601,209)	(4,377,561)
5,822,152	2,554,798	(1,827,719)	1,202,677	4,736,277	2,240,669
0	0	0	0	0	0
\$1,903,001	\$3,107,278	(\$2,394,701)	\$274,908	\$4,952,482	\$2,013,598
11.5%	9.9%	11.9%	13.6%	30.5%	12.4%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2011	\$577,927,270	\$191,542,460	\$2,198,484,943	\$10,293,520	\$11,697,182
2010	567,702,900	176,422,410	2,126,072,314	9,888,710	11,237,170
2009	578,232,900	170,637,860	2,139,630,743	9,597,120	10,905,818
2008	560,820,750	173,342,630	2,097,609,657	8,051,870	9,149,852
2007	534,209,880	167,992,780	2,006,293,314	10,155,460	11,540,295
2006	453,889,000	138,900,170	1,693,683,343	10,162,370	11,548,148
2005	408,693,210	115,980,310	1,499,067,200	10,714,700	12,175,795
2004	367,405,730	100,851,970	1,337,879,143	10,960,870	12,455,534
2003	305,013,530	76,136,110	1,088,998,971	10,647,860	12,099,841
2002	272,215,560	61,781,660	954,277,771	11,260,440	12,795,955

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

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

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

Source: Lorain County, Ohio; County Auditor

<u>Tangible Personal Property</u>						
<u>General Business</u>		<u>Total</u>		<u>Ratio</u>	<u>Total Direct Tax Rate</u>	<u>Weighted Average</u>
<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>			
\$0	\$0	\$779,763,250	\$2,210,182,125	35.28 %	\$9.25	\$6.93
388,577	3,108,616	754,402,597	2,140,418,101	35.25	9.27	7.12
407,606	3,260,848	758,875,486	2,153,797,409	35.23	9.26	7.07
11,458,960	91,671,680	753,674,210	2,198,431,189	34.28	9.41	7.10
34,724,120	277,792,960	747,082,240	2,295,626,569	32.54	9.47	6.44
37,150,490	198,135,947	640,102,030	1,903,367,436	33.63	9.47	6.28
34,856,395	151,549,543	570,244,615	1,662,792,538	34.29	9.48	6.85
30,871,010	134,221,783	510,089,580	1,484,556,460	34.36	9.35	6.97
25,843,840	107,682,667	417,641,340	1,208,781,479	34.55	9.40	5.04
20,953,670	87,306,958	366,211,330	1,054,380,684	34.73	9.45	4.93

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

	2011	2010	2009	2008
Unvoted Millage				
Operating	\$2.30000	\$2.30000	\$2.30000	\$2.30000
Police Pension	0.30000	0.30000	0.30000	0.30000
<i>Total Unvoted Millage</i>	<u>2.60000</u>	<u>2.60000</u>	<u>2.60000</u>	<u>2.60000</u>
Voted Millage - by levy				
1994 Bond	0.1000	0.1200	0.1100	0.1100
2002 Fire				
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Residential/Agricultural Real	0.3759	0.3771	0.3622	0.3627
Commercial/Industrial and Public Utility Real	0.2690	0.3160	0.3187	0.3300
1996 Library				
General Business and Public Utility Personal	1.2000	1.2000	1.2000	1.2000
Residential/Agricultural Real	0.5606	0.5625	0.5403	0.5409
Commercial/Industrial and Public Utility Real	0.5129	0.6025	0.6076	0.6292
1998 Parks				
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
2003 Park				
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.5000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.3719
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.3493
2008 Park & Recreation				
General Business and Public Utility Personal	0.4500	0.4500	0.4500	0.0000
Residential/Agricultural Real	0.4485	0.4500	0.4495	0.0000
Commercial/Industrial and Public Utility Real	0.3668	0.4309	0.4345	0.0000
1984 Police				
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Residential/Agricultural Real	0.5523	0.5541	0.5323	0.5329
Commercial/Industrial and Public Utility Real	0.6972	0.8190	0.8259	0.8553
1997 Police				
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
2007 Police				
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Residential/Agricultural Real	0.4984	0.5000	0.4957	0.4963
Commercial/Industrial and Public Utility Real	0.4076	0.4788	0.4828	0.5000
1998 Street Improvement				
General Business and Public Utility Personal	0.0000	0.0000	0.0000	2.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	1.1835
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	1.0486
2008 Street Improvement				
General Business and Public Utility Personal	1.9000	1.9000	1.9000	0.0000
Residential/Agricultural Real	1.8938	1.9000	1.8979	0.0000
Commercial/Industrial and Public Utility Real	1.5488	1.8193	1.8347	0.0000
1997 Fire				
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000

2007	2006	2005	2004	2003	2002
\$2.30000	\$2.30000	\$2.30000	\$2.30000	\$2.30000	\$2.30000
0.30000	0.30000	0.30000	0.30000	0.30000	0.30000
2.60000	2.60000	2.60000	2.60000	2.60000	2.60000
0.1700	0.1700	0.1800	0.2000	0.2500	0.3000
0.5000	0.5000	0.5000	0.5000	0.0000	0.0000
0.4103	0.4217	0.4349	0.4876	0.0000	0.0000
0.3769	0.3985	0.4133	0.4724	0.0000	0.0000
1.2000	1.2000	1.2000	1.2000	1.2000	1.2000
0.6119	0.6289	0.6486	0.7273	0.7458	0.7697
0.7186	0.7599	0.7879	0.9007	0.9533	0.9201
0.0000	0.0000	0.0000	0.0000	0.3500	0.3500
0.0000	0.0000	0.0000	0.0000	0.2855	0.2947
0.0000	0.0000	0.0000	0.0000	0.2780	0.2684
0.5000	0.5000	0.5000	0.3500	0.0000	0.0000
0.4207	0.4324	0.4459	0.2785	0.0000	0.0000
0.3989	0.4218	0.4374	0.2627	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
0.6028	0.6195	0.6389	0.7164	0.7346	0.7582
0.9768	1.0329	1.0711	1.2244	1.2959	1.2508
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.2630	0.2704	0.2788	0.3126	0.3206	0.3309
0.2994	0.3166	0.3283	0.3753	0.3972	0.3834
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
1.3388	1.3760	1.4191	1.5912	1.6316	1.6840
1.1976	1.2664	1.3132	1.5012	1.5888	1.5335
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.5000	0.5000
0.0000	0.0000	0.0000	0.0000	0.3206	0.3309
0.0000	0.0000	0.0000	0.0000	0.3972	0.3834

(continued)

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

	2011	2010	2009	2008
<i>Total Voted Millage by Type of Property</i>				
General Business and Public Utility Personal	\$6.65000	\$6.67000	\$6.66000	\$6.81000
Residential/Agricultural Real	4.42947	4.46370	4.38790	3.59816
Commercial/Industrial and Public Utility Real	3.90234	4.58650	4.61421	3.82240
<i>Total Millage by Type of Property</i>				
General Business and Public Utility Personal	\$9.25000	\$9.27000	\$9.26000	\$9.41000
Residential/Agricultural Real	7.02947	7.06370	6.98790	6.19816
Commercial/Industrial and Public Utility Real	6.50234	7.18650	7.21421	6.42240
<i>Total Weighted Average Tax Rate</i>				
	\$6.93000	\$7.12000	\$7.07000	\$7.10000
<i>Overlapping Rates by Taxing District</i>				
<i>Avon Local School District</i>				
General Business and Public Utility Personal	\$56.5700	\$50.4900	\$50.4400	\$50.4900
Residential/Agricultural Real	39.8338	33.8055	33.1312	33.1825
Commercial/Industrial and Public Utility Real	39.0337	33.0959	33.0539	33.2053
<i>Lorain County Voted Millage</i>				
General Business and Public Utility Personal	13.6900	13.3900	13.3900	13.3900
Residential/Agricultural Real	12.2226	11.5346	10.9380	10.9618
Commercial/Industrial and Public Utility Real	12.4841	11.9718	11.8436	11.9061
<i>Special Taxing Districts (1)</i>				
General Business and Public Utility Personal	3.4500	3.4500	3.4500	3.4500
Residential/Agricultural Real	3.1184	3.1154	2.9949	2.9975
Commercial/Industrial and Public Utility Real	2.9779	3.0120	2.9847	3.0056

Source: Lorain County Auditor

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

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

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

(1) Health District, Joint Vocational School

2007	2006	2005	2004	2003	2002
\$6.87000	\$6.87000	\$6.88000	\$6.75000	\$6.80000	\$6.85000
3.81750	3.91890	4.04620	4.31360	4.28870	4.46840
4.13820	4.36610	4.53120	4.93670	5.16040	5.03960
\$9.47000	\$9.47000	\$9.48000	\$9.35000	\$9.40000	\$9.45000
6.41750	6.51890	6.64620	6.91360	6.88870	7.06840
6.73820	6.96610	7.13120	7.53670	7.76040	7.63960
\$6.44000	\$6.28000	\$6.85000	\$6.97000	\$5.04000	\$4.93000
\$43.7000	\$42.1000	\$37.2200	\$38.0100	\$37.0500	\$37.7500
26.5292	24.9620	20.1200	20.9100	19.9501	20.6500
26.4900	24.9555	20.1200	20.9100	20.4623	20.6501
13.4900	13.1900	12.8900	12.8900	12.8900	10.7900
12.1746	10.7597	10.1212	10.5495	10.6199	8.1030
12.7798	12.0306	11.6676	11.9922	12.0564	9.6901
3.4500	3.4500	3.4500	3.4500	3.4500	3.4500
2.6080	2.6148	2.6222	2.6927	2.6990	2.7047
2.7675	2.7831	2.7967	2.8769	2.9046	2.8944

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

Tax Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections
2010	\$5,208,709	\$5,509,845	105.78 %	\$35,867
2009	4,935,250	4,667,972	94.58	94,251
2008	4,936,187	4,675,241	94.71	144,098
2007	4,311,718	3,851,783	89.33	140,881
2006	4,118,715	3,697,890	89.78	127,526
2005	3,550,966	3,495,653	98.44	65,689
2004	3,216,199	3,127,969	97.26	49,128
2003	2,995,687	2,877,724	96.06	60,579
2002	2,486,377	2,431,912	97.81	56,519
2001	2,209,111	2,160,415	97.80	68,527

Source: Lorain County, Ohio; County Auditor

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

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

<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections to Current Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
\$5,545,712	106.47%	\$73,805	1.42%
4,762,223	96.49	231,539	4.69
4,819,339	97.63	190,617	3.86
3,992,664	92.60	268,151	6.22
3,825,416	92.88	309,555	7.52
3,561,342	100.29	121,001	3.41
3,177,097	98.78	129,729	4.03
2,938,303	98.08	137,819	4.60
2,488,431	100.08	66,901	2.69
2,228,942	100.90	62,792	2.84

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

<i>2011</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
First Interstate Avon, LTD.	\$17,776,050	2.31 %
Blue Dog Properties Trust	9,467,300	1.23
AERC Avon LLC	7,123,310	0.93
Cleveland Electric	7,015,670	0.91
Timberlake Apartments	5,695,910	0.74
Comprehensive Healthcare	4,701,630	0.61
First Interstate Avon	4,194,480	0.55
Wal Mart Real Estate Business Trust	4,053,460	0.53
Franciscan Communities	3,662,400	0.48
JG Avon	3,523,170	0.45
Total	\$67,213,380	8.74 %
Total Real Property Assessed Valuation	\$769,469,730	

<i>2002</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
First Interstate Avon, LTD.	\$11,584,480	3.47 %
AERC Avon	6,590,010	1.97
Comprehensive Health	3,644,920	1.09
F I BJS	2,239,910	0.67
Manco Incorporated	2,092,900	0.63
Timber Lake Apartments	1,933,030	0.58
JS Avon North	1,903,980	0.57
Caravan Golf Company	1,733,620	0.52
Avon Oaks Country Club	1,451,970	0.43
David Kirschenbaum (Good Samaritan)	1,442,590	0.43
Total	\$34,617,410	10.36 %
Total Real Property Assessed Valuation	\$333,997,220	

Source: Lorain County, Ohio; County Auditor

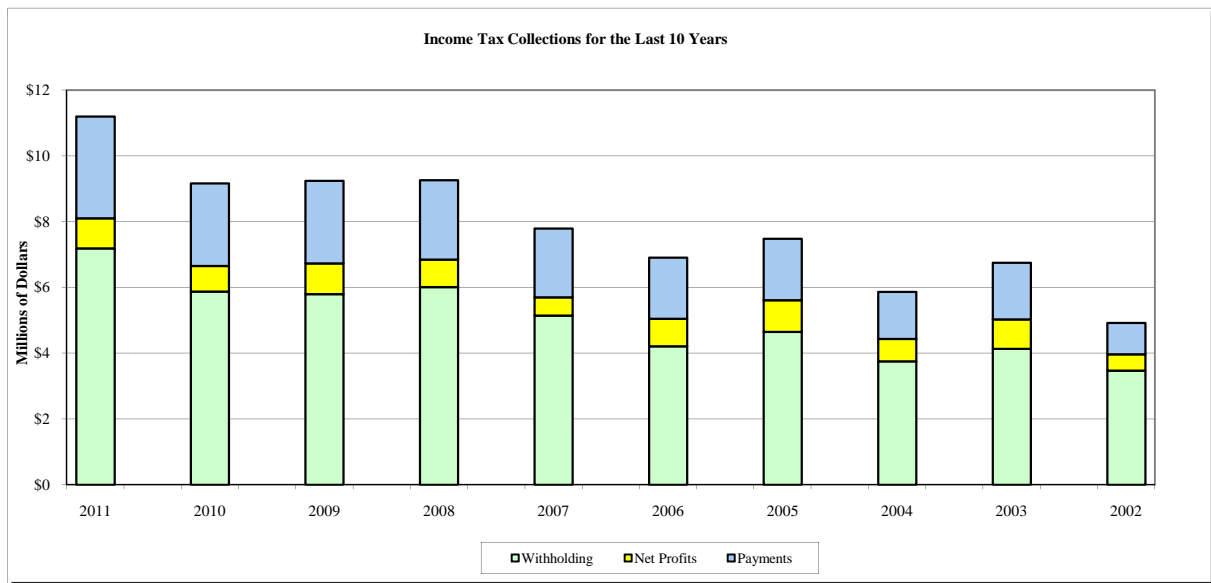
(1) The amounts presented represent the assessed values upon which 2011 and 2002 collections were based.

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

Tax Year	Tax Rate (2)	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individual Payments	Percentage of Taxes from Individual Payments
2011	1.75%	\$11,198,984	\$7,184,148	64.15%	\$916,077	8.18%	\$3,098,759	27.67%
2010	1.75	9,258,808	5,873,788	63.44	776,814	8.39	2,516,544	27.18
2009	1.75	9,242,956	5,792,561	62.67	940,933	10.18	2,509,463	27.15
2008	1.75	9,416,401	6,006,449	63.79	845,059	8.97	2,413,019	25.63
2007	1.50	7,793,181	5,139,025	65.94	561,016	7.20	2,093,140	26.86
2006	1.50	8,088,140	4,209,739	56.26	838,805	11.21	1,854,201	24.78
2005	1.50	7,482,650	4,650,467	62.15	960,024	12.83	1,872,159	25.02
2004	1.50	5,866,995	3,754,290	63.99	676,465	11.53	1,436,240	24.48
2003	1.50	6,746,942	4,131,827	61.24	895,994	13.28	1,719,121	25.48
2002	1.50	4,918,171	3,465,835	70.47	504,113	10.25	948,223	19.28

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

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



City of Avon, Ohio

Income Tax Statistics

Last Nine Years (1)

Tax Year	Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
2010	\$0 - 24,999	1,722	25.59 %	\$16,658,792	2.69 %
2010	25,000 - 49,999	912	13.55	33,707,542	5.45
2010	50,000 - 74,999	932	13.85	58,240,162	9.41
2010	75,000 - 99,999	794	11.80	69,330,417	11.20
2010	Over 100,000	<u>2,370</u>	35.21	<u>440,989,347</u>	71.25
	Total	<u>6,730</u>		<u>\$618,926,260</u>	
2009	\$0 - 24,999	1,727	25.88 %	\$16,838,135	2.90 %
2009	25,000 - 49,999	973	14.58	36,223,361	6.23
2009	50,000 - 74,999	897	13.44	56,187,628	9.67
2009	75,000 - 99,999	826	12.38	71,685,920	12.34
2009	Over 100,000	<u>2,251</u>	33.72	<u>400,195,682</u>	68.86
	Total	<u>6,674</u>		<u>\$581,130,726</u>	
2008	\$0 - 24,999	1,739	26.11 %	\$17,229,483	3.09 %
2008	25,000 - 49,999	967	14.52	35,954,446	6.43
2008	50,000 - 74,999	976	14.65	60,897,408	10.90
2008	75,000 - 99,999	776	11.65	67,571,451	12.09
2008	Over 100,000	<u>2,203</u>	33.07	<u>377,157,371</u>	67.49
	Total	<u>6,661</u>		<u>\$558,810,159</u>	
2007	\$0 - 24,999	1,748	26.67 %	\$16,916,794	3.19 %
2007	25,000 - 49,999	1,032	15.74	38,442,879	7.25
2007	50,000 - 74,999	936	14.28	58,398,823	11.02
2007	75,000 - 99,999	777	11.85	67,801,989	12.79
2007	Over 100,000	<u>2,062</u>	31.46	<u>348,394,384</u>	65.75
	Total	<u>6,555</u>		<u>\$529,954,869</u>	
2006	\$0 - 24,999	1,731	28.10 %	\$16,146,506	3.24 %
2006	25,000 - 49,999	924	15.00	34,682,455	6.96
2006	50,000 - 74,999	866	14.06	54,220,032	10.88
2006	75,000 - 99,999	761	12.35	66,550,102	13.36
2006	Over 100,000	<u>1,878</u>	30.49	<u>326,560,796</u>	65.56
	Total	<u>6,160</u>		<u>\$498,159,891</u>	
2005	\$0 - 24,999	1,666	28.43 %	\$15,728,218	3.35 %
2005	25,000 - 49,999	909	15.51	33,990,464	7.23
2005	50,000 - 74,999	882	15.05	55,326,557	11.78
2005	75,000 - 99,999	827	14.11	72,287,420	15.39
2005	Over 100,000	<u>1,577</u>	26.90	<u>292,492,967</u>	62.25
	Total	<u>5,861</u>		<u>\$469,825,626</u>	

(continued)

City of Avon, Ohio
Income Tax Statistics (continued)
Last Nine Years (1)

Tax Year	Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
2004	\$0 - 24,999	1,636	29.15 %	\$14,815,608	3.91 %
2004	25,000 - 49,999	900	16.03	31,741,150	8.38
2004	50,000 - 74,999	857	15.27	51,278,424	13.53
2004	75,000 - 99,999	795	14.16	66,822,259	17.63
2004	Over 100,000	1,425	25.39	214,276,863	56.55
	Total	<u>5,613</u>		<u>\$378,934,304</u>	
2003	\$0 - 24,999	1,535	29.96 %	\$14,383,257	4.33 %
2003	25,000 - 49,999	845	16.49	30,316,444	9.12
2003	50,000 - 74,999	831	16.22	49,714,424	14.95
2003	75,000 - 99,999	741	14.46	62,547,823	18.81
2003	Over 100,000	1,172	22.87	175,541,667	52.79
	Total	<u>5,124</u>		<u>\$332,503,615</u>	
2002	\$0 - 24,999	1,394	29.30 %	\$12,651,259	4.27 %
2002	25,000 - 49,999	866	18.20	30,643,037	10.35
2002	50,000 - 74,999	810	17.02	48,550,536	16.39
2002	75,000 - 99,999	677	14.23	57,253,860	19.33
2002	Over 100,000	1,011	21.25	147,086,590	49.66
	Total	<u>4,758</u>		<u>\$296,185,282</u>	
2001	\$0 - 24,999	1,265	28.06 %	\$11,227,014	4.07 %
2001	25,000 - 49,999	877	19.45	31,527,108	11.44
2001	50,000 - 74,999	820	18.19	49,029,914	17.79
2001	75,000 - 99,999	635	14.08	53,502,498	19.42
2001	Over 100,000	912	20.22	130,255,254	47.28
	Total	<u>4,509</u>		<u>\$275,541,788</u>	

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

As of December 31, 2011, year 2011 information has not been compiled.

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

Year	Governmental Activities		Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)	Other Governmental Activities Debt		
	General Obligation Bonds				Special Assessment Bonds	OPWC Loans	Bond Anticipation Notes
2011	\$47,348,171		2.14 %	\$2,234.14	\$2,657,553	\$182,336	\$0
2010	42,987,841		2.01	2,028.40	2,959,042	198,811	5,726,870
2009	44,441,334		2.06	2,468.96	3,208,858	215,286	5,600,000
2008	12,251,682		0.56	1,068.52	3,449,237	223,523	39,120,000
2007	6,717,363		0.29	\$585.85	2,866,244	242,044	6,910,000
2006	7,096,708		0.37	\$618.93	3,073,713	13,500	1,700,000
2005	6,412,213		0.39	\$559.24	3,263,227	22,500	2,873,650
2004	6,565,767		0.44	\$572.63	3,596,389	56,540	3,805,000
2003	4,283,189		0.35	\$377.27	3,777,810	90,580	3,870,000
2002	2,842,209		0.27	\$250.35	3,955,990	79,713	5,300,000

Business-Type Activities							
Year	General Obligation Bonds	Avon Lake Debt	Bond Anticipation Notes	OWDA Loans	Total Debt (3)	Percentage of Personal Income (2)	Per Capita (2)
2011	\$347,507	\$821,698	\$0	\$173,081	\$51,530,346	7.04 %	\$2,431
2010	419,158	952,191	0	301,923	53,545,836	7.32	2,527
2009	490,581	1,074,817	0	425,464	55,456,340	10.87	3,081
2008	557,576	683,979	0	544,006	56,830,003	17.52	4,956
2007	291,378	776,103	730,000	657,830	19,190,962	5.92	1,674
2006	342,096	863,621	0	767,198	13,856,836	4.27	1,209
2005	397,014	946,533	991,350	872,356	15,778,843	4.87	1,379
2004	447,732	1,024,120	1,470,000	973,532	17,939,080	5.53	1,580
2003	504,000	1,099,312	1,400,000	1,071,526	16,096,417	4.96	1,418
2002	541,800	1,169,941	0	1,165,371	15,055,024	4.64	2,052

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

(1) See S14-15 for taxable property value data.

(2) See S34 for population and personal income data.

(3) Includes general bonded debt, other governmental debt and business-type activities debt.

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City of Avon, Ohio

Legal Debt Margin

Last Ten Years

	2011	2010	2009	2008
Total Assessed Property Value	<u>\$779,763,250</u>	<u>\$754,402,597</u>	<u>\$758,875,486</u>	<u>\$753,674,210</u>
General Bonded Debt Outstanding:				
General Obligation Notes/Bonds	\$47,348,171	\$42,987,841	\$44,441,334	\$12,251,682
General Obligation Revenue Notes/Bonds	67,200	130,200	193,200	252,000
Special Assessment Bonds	2,657,553	2,959,042	3,208,858	3,449,237
Bond Anticipation Notes	0	5,675,000	5,600,000	39,120,000
Bond Anticipation Notes Enterprise	0	0	0	0
OPWC Loans	182,336	198,811	215,286	223,523
OWDA Loans	173,081	301,923	425,464	544,006
Contractual Debt Obligation	<u>821,698</u>	<u>952,191</u>	<u>1,074,817</u>	<u>683,979</u>
Total Gross Indebtedness	51,250,039	53,205,008	55,158,959	56,524,427
Less:				
General Obligation Bonds	(30,865,000)	(31,675,000)	(32,970,000)	0
General Obligation Revenue Notes/Bonds	(67,200)	(130,200)	(193,200)	(252,000)
Special Assessment Bonds	(2,657,553)	(2,959,042)	(3,208,858)	(3,449,237)
Bond Anticipation Notes	0	(5,675,000)	(5,600,000)	(39,120,000)
Bond Anticipation Notes Enterprise	0	0	0	0
OWDA Loans	(173,081)	(301,923)	(425,464)	(544,006)
Contractual Debt Obligation	(821,698)	(952,191)	(1,074,817)	(683,979)
General Obligation Bond Retirement Fund Balance	<u>(44,968)</u>	<u>(64,469)</u>	<u>(52,292)</u>	<u>(48,136)</u>
Total Net Debt Applicable to Debt Limit	<u>16,620,539</u>	<u>11,447,183</u>	<u>11,634,328</u>	<u>12,427,069</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>81,875,141</u>	<u>79,212,273</u>	<u>79,681,926</u>	<u>79,135,792</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$65,254,602</u>	<u>\$67,765,090</u>	<u>\$68,047,598</u>	<u>\$66,708,723</u>
Legal Debt Margin as a Percentage of the Debt Limit	79.70%	85.55%	85.40%	84.30%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$42,886,979</u>	<u>\$41,492,143</u>	<u>\$41,738,152</u>	<u>\$41,452,082</u>
Total Gross Indebtedness	51,250,039	53,205,008	55,158,959	56,524,427
Less:				
General Obligation Bonds	(30,865,000)	(31,675,000)	(32,970,000)	0
General Obligation Revenue Notes/Bonds	(67,200)	(130,200)	(193,200)	(252,000)
Special Assessment Bonds	(2,657,553)	(2,959,042)	(3,208,858)	(3,449,237)
Bond Anticipation Notes	0	(5,675,000)	(5,600,000)	(39,120,000)
Bond Anticipation Notes Enterprise	0	0	0	0
OWDA Loans	(173,081)	(301,923)	(425,464)	(544,006)
Contractual Debt Obligation	(821,698)	(952,191)	(1,074,817)	(683,979)
General Obligation Bond Retirement Fund Balance	<u>(44,968)</u>	<u>(64,469)</u>	<u>(52,292)</u>	<u>(48,136)</u>
Net Debt Within 5 ½ % Limitations	<u>16,620,539</u>	<u>11,447,183</u>	<u>11,634,328</u>	<u>12,427,069</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$26,266,440</u>	<u>\$30,044,960</u>	<u>\$30,103,824</u>	<u>\$29,025,013</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	61.25%	72.41%	72.13%	70.02%

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

2007	2006	2005	2004	2003	2002
<u>\$747,082,240</u>	<u>\$640,102,030</u>	<u>\$570,244,615</u>	<u>\$510,089,580</u>	<u>\$417,641,340</u>	<u>\$366,211,330</u>
\$6,780,967	\$7,165,884	\$6,286,816	\$6,565,767	\$4,283,189	\$2,842,209
310,800	365,400	424,200	456,000	504,000	541,800
2,866,244	3,073,713	3,263,227	3,596,389	3,777,810	3,955,990
6,910,000	2,110,000	2,873,650	3,805,000	3,870,000	5,300,000
1,530,000	1,150,000	991,350	1,470,000	1,400,000	0
242,044	13,500	22,500	56,540	90,580	79,713
657,830	767,198	872,356	974,117	1,071,526	1,165,371
776,103	863,621	946,533	1,024,845	1,099,312	1,169,941
<u>20,073,988</u>	<u>15,509,316</u>	<u>15,680,632</u>	<u>17,948,658</u>	<u>16,096,417</u>	<u>15,055,024</u>
0	0	0	0	0	0
(310,800)	(365,400)	(424,200)	(456,000)	(504,000)	(541,800)
(2,866,244)	(3,073,713)	(3,406,724)	(3,596,389)	(3,777,810)	(3,955,990)
0	0	0	0	0	0
(1,530,000)	(1,150,000)	(991,350)	(1,470,000)	(1,400,000)	0
(657,830)	(767,198)	(872,356)	(974,117)	(1,071,526)	(1,165,371)
(776,103)	(863,621)	(946,533)	(1,024,120)	(1,099,312)	(1,169,941)
<u>(168,549)</u>	<u>(26,725)</u>	<u>(23,992)</u>	<u>(95,356)</u>	<u>0</u>	<u>(8,543)</u>
<u>13,764,462</u>	<u>9,262,659</u>	<u>9,015,477</u>	<u>10,332,676</u>	<u>8,243,769</u>	<u>8,213,379</u>
<u>78,443,635</u>	<u>67,210,713</u>	<u>59,875,685</u>	<u>53,559,406</u>	<u>43,852,341</u>	<u>38,452,190</u>
<u>\$64,679,173</u>	<u>\$57,948,054</u>	<u>\$50,860,208</u>	<u>\$43,226,730</u>	<u>\$35,608,572</u>	<u>\$30,238,811</u>
82.45%	86.22%	84.94%	80.71%	81.20%	78.64%
<u>\$41,089,523</u>	<u>\$35,205,612</u>	<u>\$31,363,454</u>	<u>\$28,054,927</u>	<u>\$22,970,274</u>	<u>\$20,141,623</u>
20,073,988	15,509,316	15,680,632	17,948,658	16,096,417	15,055,024
0	0	0	0	0	0
(310,800)	(365,400)	(424,200)	(456,000)	(504,000)	(541,800)
(2,866,244)	(3,073,713)	(3,406,724)	(3,596,389)	(3,777,810)	(3,955,990)
0	0	0	0	0	0
(1,530,000)	(1,150,000)	(991,350)	(1,470,000)	(1,400,000)	0
(657,830)	(767,198)	(872,356)	(974,117)	(1,071,526)	(1,165,371)
(776,103)	(863,621)	(946,533)	(1,024,845)	(1,099,312)	(1,169,941)
<u>(168,549)</u>	<u>(26,725)</u>	<u>(23,992)</u>	<u>(95,356)</u>	<u>0</u>	<u>(8,543)</u>
<u>13,764,462</u>	<u>9,262,659</u>	<u>9,015,477</u>	<u>10,331,951</u>	<u>8,243,769</u>	<u>8,213,379</u>
<u>\$27,325,061</u>	<u>\$25,942,953</u>	<u>\$22,347,977</u>	<u>\$17,722,976</u>	<u>\$14,726,505</u>	<u>\$11,928,244</u>
66.50%	73.69%	71.25%	63.17%	64.11%	59.22%

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

Year	Sewer Operating Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$1,646,944	\$1,028,665	\$618,279	\$128,842	\$16,612	\$4.25
2010	1,360,364	1,240,708	119,656	123,541	16,612	0.85
2009	1,629,741	1,526,181	103,560	118,542	21,447	0.74
2008	1,333,487	1,102,775	230,712	113,824	25,745	1.65
2007	1,405,083	1,496,430	(91,347)	109,368	31,839	(0.65)
2006	1,396,730	1,028,961	367,769	105,158	33,908	2.64
2005	1,098,603	1,007,297	91,306	101,176	37,665	0.66
2004	855,744	921,824	(66,080)	97,409	32,166	(0.51)
2003	788,956	883,600	(94,644)	93,845	45,977	(0.68)
2002	860,163	702,846	157,317	90,466	50,741	1.11

(1) Revenues include interest and operating grants.

(2) Operating expenses do not include depreciation.

Source: City Financial Records

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City of Avon, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2011

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to the City of Avon
Direct - City of Avon			
General Obligation Bonds	\$47,348,171	100.00%	\$47,348,171
Special Assessment Bonds	2,657,553	100.00%	2,657,553
OPWC Loans	182,336	100.00%	182,336
<i>Total Direct Debt</i>	<u>50,188,060</u>		<u>50,188,060</u>
Overlapping			
Avon Local School District			
General Obligation Bonds	34,900,767	100.00%	34,900,767
Lorain County			
General Obligation Bonds	<u>27,935,000</u>	10.00%	<u>2,793,500</u>
<i>Total Overlapping Debt</i>	<u>62,835,767</u>		<u>37,694,267</u>
Total	<u><u>\$113,023,827</u></u>		<u><u>\$87,882,327</u></u>

Source: Lorain County, Ohio; County Auditor

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

* \$30,865,000 of the total \$47,348,171 of total outstanding general obligation debt is backed by two revenue sources.

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

City of Avon, Ohio
Principal Employers
Current and Six Years Ago (1)

2011

Employer	Employees	Percentage of Total City Employment	
Cleveland Clinic Foundation	450	3.26	%
Avon Local School District	376	2.72	
ShurTech Brands LLC	353	2.56	
Willoway Nurseries Inc	223	1.62	
Walmart	217	1.57	
A.J. Rose Manufacturing Company	198	1.43	
Good Samaritan Nursing Home	180	1.30	
City of Avon	179	1.30	
EMH Regional Medical Center	176	1.27	
Costco Wholesale	167	1.22	
Total	2,519	18.25	%
Total Employment within the City	13,805		

2005

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

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

(1) Information prior to 2005 is not available

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2011	21,193	\$731,963,834	\$34,538	\$75,951	38
2010	21,193	731,963,834	34,538	75,951	38
2009	18,000	510,012,000	28,334	66,747	38
2008	11,466	324,877,644	28,334	66,747	38
2007	11,466	324,877,644	28,334	66,747	38
2006	11,466	324,877,644	28,334	66,747	38
2005	11,466	324,877,644	28,334	66,747	38
2004	11,466	324,877,644	28,334	66,747	38
2003	11,353	321,675,902	28,334	66,747	38
2002	11,353	321,675,902	28,334	66,747	38

(1) Source: U. S. Census

(a) Years 2002 through 2008 - 2000 Federal Census; 2009 estimated

(b) Years 2010 and 2011 - 2010 Federal Census

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

(3) Ohio Department of Job and Family Services

(4) Source: Lorain County Auditor; 2011 Estimate

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

Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Lorain County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
32.3%	4,078	7.7%	\$260,000	\$779,763,250
32.3	3,976	8.8	260,000	754,402,597
32.3	3,580	9.4	245,000	758,875,486
32.3	3,136	7.0	251,011	753,674,210
32.3	3,128	6.2	239,730	747,082,240
32.3	2,988	5.5	213,590	640,102,030
32.3	2,962	5.8	213,590	570,244,615
32.3	2,699	6.3	213,590	510,089,580
32.3	2,474	6.6	121,510	417,641,340
32.3	2,266	6.3	N/A	366,211,330

City of Avon, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Nine Years (1)

Function/Program	2011	2010	2009	2008
General Government				
Council	5.00	5.00	5.00	5.00
Finance	4.00	4.00	4.00	4.00
Finance Director	1.00	1.00	1.00	1.00
Law	1.50	1.50	1.50	1.50
Administration	2.00	2.00	2.00	2.00
Planning	4.50	4.50	4.50	4.50
Civil Service	1.50	1.50	1.50	1.50
Court	0.50	0.50	0.50	0.50
Zoning	3.50	3.50	3.50	3.50
Information Technology	1.00	0.00	0.00	0.00
Security of Persons and Property				
Police	31.00	34.00	34.00	30.00
Police - Dispatchers/Office/Other	9.00	10.50	10.50	8.00
Safety Director	0.00	0.00	0.50	0.50
Fire	33.00	32.00	30.00	28.00
Fire - Dispatchers/Office/Other	1.00	1.00	1.00	1.00
Leisure Time Activities				
Recreation and Parks	9.50	10.00	11.00	9.00
Community Development				
Building	7.50	7.50	6.50	9.50
Transportation				
Service/Street M&R	15.00	15.50	15.00	13.00
Basic Utility Services				
Water and Sewer	10.50	9.50	10.50	11.00
Totals:	<u>141.00</u>	<u>143.50</u>	<u>142.50</u>	<u>133.50</u>

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

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

Some employees work in two different departments.

(1) Data prior to 2003 is not available.

2007	2006	2005	2004	2003
5.00	4.00	4.00	4.00	4.00
4.00	4.00	4.00	4.00	3.50
1.00	1.00	1.00	1.00	1.00
1.50	0.50	0.50	0.50	0.50
2.00	2.00	2.00	2.00	2.00
4.50	4.50	4.50	4.00	3.50
1.50	1.50	0.00	1.50	1.50
0.50	0.50	0.50	0.50	0.50
3.50	3.50	3.50	3.50	3.50
0.00	0.00	0.00	0.00	0.00
30.00	28.00	26.00	24.00	22.00
8.00	6.00	6.00	6.00	5.00
0.50	0.50	0.50	0.50	0.50
28.00	25.50	24.50	22.00	22.00
1.00	1.00	1.00	1.00	1.00
9.00	7.50	7.50	6.50	5.00
8.50	10.00	10.00	10.50	10.00
12.50	12.00	12.00	12.00	12.00
10.50	11.50	11.50	11.50	11.00
<u>131.50</u>	<u>123.50</u>	<u>119.00</u>	<u>115.00</u>	<u>108.50</u>

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

Function/Program	2011	2010	2009	2008
Date of Incorporation as a Village	1917			
Date of Incorporation as a City	1961			
General Government				
<i>Council and Clerk</i>				
Number of Ordinances Passed	116	113	132	168
Number of Resolutions Passed	22	39	18	44
<i>Planning Commission/Zoning Board of Appeals</i>				
Number of Planning Commission docket items	76	60	74	121
Zoning Board of Appeals docket items	17	17	20	26
<i>Finance Department</i>				
Amount of checks written	\$53,594,606	\$42,389,310	\$37,724,785	\$30,942,350
Interest earnings for fiscal year (cash basis)	\$95,029	\$112,699	\$231,386	\$665,519
Number of Receipts issued	3,687	4,018	3,658	3,661
Number of Budget Adjustments issued	35	32	26	44
Agency Ratings - Moody's Financial Services	Aa1	Aa1	Aa2	Aa2
General Fund Receipts (cash basis in thousands)	\$12,821	\$13,284	\$9,254	\$7,555
General Fund Expenditures (cash basis in thousands)	\$15,015	\$11,466	\$9,029	\$9,887
General Fund Cash Balances including Income Tax (in thousands)	\$3,343	\$5,570	\$3,752	\$3,527
<i>Income Tax Department</i>				
Number of Annual withholding forms processed	14,273	13,275	11,009	11,066
Number of Business net profit forms processed	2,079	2,075	1,882	1,559
Number of Individual forms processed	8,745	8,883	12,204	8,616
Amount of Penalties and Interest Collected	N/A	\$125,422	\$88,437	\$63,898
Annual number of balance due/estimated payment forms processed	8,874	10,195	11,165	9,234
Annual number of reconciliations of withholdings processed	1,862	N/A	1,251	1,215
<i>Engineer Contracted Services</i>				
Dollar amount of Construction overseen by Engineer	\$9,550,735	\$1,899,519	\$2,471,597	\$7,854,087
<i>Mayor's Court</i>				
Number of Traffic cases	1,103	982	880	867
Number of Criminal cases	40	62	44	50
<i>Civil Service</i>				
Number of police entry tests administered	0	0	1	0
Number of fire entry tests administered	0	0	0	1
Number of police promotional tests administered	1	0	0	0
Number of fire promotional tests administered	0	0	0	2
Number of hires of Police Officers from certified lists	0	1	5	0
Number of hires of Fire/Medics from certified lists	0	1	1	0
Number of promotions from police certified lists	1	0	0	0
Number of promotions from fire certified lists	0	5	2	0
<i>Building Department Indicators</i>				
Single Family Permits Issued	113	146	115	142
Commercial Permits Issued	228	137	109	210
Estimated Value of Construction	\$40,702,895	\$113,771,043	\$47,821,980	\$67,973,353
Number of permits issued (all types)	1,199	1,112	1,022	1,124
Amount of Revenue generated from permits	\$972,849	\$1,464,343	\$506,654	\$1,281,070
Number of contractor registrations issued	769	932	609	694

2007	2006	2005	2004	2003	2002
142	151	175	197	265	180
41	31	23	39	46	46
149	105	183	204	238	240
29	37	41	60	57	50
\$32,987,641	\$37,732,774	\$28,632,549	\$27,249,268	\$23,041,609	\$0
\$1,181,222	\$1,177,582	\$428,468	\$214,154	\$140,428	\$188,577
3,704	4,090	6,543	6,665	6,111	n/a
51	31	35	41	42	27
Aa2	Aa2	Aa2	Aa2	Aa2	Aa3
\$9,728	\$7,800	\$9,400	\$6,600	\$7,800	\$6,700
\$3,334	\$8,600	\$8,100	\$7,400	\$7,500	\$6,000
\$5,668	\$5,450	\$4,600	\$3,700	\$3,500	\$2,200
10,697	10,357	9,727	8,931	7,546	6,871
1,437	1,272	1,405	1,072	741	845
8,205	7,346	7,186	6,698	6,333	5,468
\$61,456	\$60,813	\$41,506	\$43,662	\$23,549	\$16,790
9,926	9,048	8,742	8,212	8,020	5,320
1,124	1,529	1,315	1,532	693	1,248
\$4,880,288	\$3,997,969	\$8,139,674	\$8,754,750	\$8,264,517	\$9,528,967
2,079	1,508	1,617	1,572	1,149	1,283
82	77	92	182	171	148
0	1	0	1	0	1
0	1	0	1	0	0
0	2	2	2	0	0
0	2	2	1	3	2
2	5	1	3	0	0
1	4	2	1	0	0
0	2	4	4	3	n/a
2	9	2	1	1	n/a
179	222	350	402	397	397
249	183	316	260	248	161
\$84,863,809	\$81,389,840	\$123,988,313	\$194,077,164	\$123,628,234	\$118,276,888
1,269	2,085	2,311	2,471	2,477	1,611
\$1,478,453	\$1,225,686	\$1,158,571	\$31,397,505	\$877,982	\$941,744
1,086	1,096	1,170	1,075	1,377	1,448

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

Function/Program	2011	2010	2009	2008
Security of Persons and Property				
<i>Police</i>				
Total Calls for Services	16,208	15,817	15,268	15,367
Number of traffic citations issued	2,018	1,733	1,446	1,267
Number of parking citations issued	306	294	441	104
Number of criminal arrests	565	677	682	725
Number of accident reports completed	581	507	488	575
Part 1 Offenses (major offenses)	313	303	325	283
DUI Arrests	82	90	67	76
Prisoners	363	399	380	363
Prisoner meal costs	\$5	\$0	\$0	\$35
Motor Vehicle Accidents	705	780	488	575
Fatalities from Motor Vehicle Accidents	0	0	1	2
Gasoline costs of fleet	\$102,384	\$84,013	\$64,291	\$83,693
<i>Fire</i>				
EMS Calls	1,530	1,511	1,557	1,516
Ambulance Billing Collections (net)	\$372,867	\$346,078	\$367,927	\$331,076
Fire Calls	567	536	490	459
Fires with Loss	17	18	25	22
Fires with Losses exceeding \$10K	3	6	5	0
Fire Losses	\$220,700	\$1,107,750	\$719,120	\$571,215
Fire Safety Inspections	640	859	608	619
Number of times Mutual Aid given to Fire and EMS and Auto Aid	143	54	61	45
Number of times Mutual Aid received for Fire and EMS and Auto Aid	75	29	16	4
Leisure Time Activities				
<i>Recreation</i>				
Recreation Men's and Women's Leagues receipts	\$3,381	\$6,375	\$5,822	\$5,405
Recreation Youth Activities receipts	\$81,460	\$83,125	\$62,899	\$121,872
Transportation				
Street Improvements - asphalt overlay (linear feet)	0	10,685	21,375	6,012
Crackseal Coating Program (Miles)	0	40	20	20
Street Repair (Curbs, aprons, berms, asphalt) (hours)	0	200	150	150
Guardrail Repair (hours)	0	20	40	40
Paint Striping (hours)	0	900	400	400
Cold Patch (hours)	0	550	400	400
Snow & Ice Removal overtime hours	0	850	350	350
Street Improvements Cost	\$138,295	\$129,301	\$151,940	n/a
Street Improvements Cost per mile	\$1,143	\$1,078	\$1,266	n/a
Miles of City Streets	121	120	120	n/a
Tons of snow melting salt purchased (Nov-May - winter season)	5,135	5,291	5,323	4,700
Cost of salt purchased	\$239,792	\$240,733	\$242,204	\$194,854
Water Department				
Water Rates per 1st 6,000 gallons of water used (per thousand)	\$2.63	\$2.33	\$2.33	\$2.33
Average gallons of water billed monthly (in thousands)	69,692	65,571	63,672	62,494
Total Water Collections Annually (Including P&I) (in thousands)	\$1,822	\$1,809	\$1,674	\$1,689
Wastewater Department				
Sewer Rates per 1,000 gallons of water used	\$5.59	\$4.98	\$4.98	\$4.23
Average gallons of sewer billed monthly (in thousands)	40,103	40,145	41,419	37,227
Total Sewer Collections Annually (Including penalties and interest) (in thousands)	\$1,445	\$1,327	\$1,137	\$1,081
Total North Ridgeville Sewer Collections Annually (in thousands)	\$1,206	\$1,154	\$1,115	\$1,017

(1) Information for some years is not available

Source: City of Avon Records

2007	2006	2005	2004	2003	2002
25,812	25,995	20,992	18,640	18,151	18,259
2,371	1,240	2,361	2,012	1,451	1,703
637	392	58	53	64	69
638	622	608	461	391	542
545	544	555	526	461	393
385	232	262	254	263	261
97	193	184	138	90	179
484	523	480	336	257	406
\$60	\$350	\$90	\$170	\$80	\$90
545	544	555	526	461	393
1	1	1	0	4	n/a
\$62,186	\$52,814	\$45,365	\$28,552	\$29,335	\$24,867
1,413	1,341	1,204	1,073	1,022	818
\$297,996	\$337,213	\$29,521	\$67,112	\$83,403	\$181,397
460	466	440	371	309	244
15	40	32	17	25	20
4	5	8	4	3	6
\$319,400	\$328,830	\$916,625	\$793,020	\$298,150	\$370,400
619	454	415	532	461	356
8	24	4	10	16	1
4	22	11	13	15	8
\$1,435	\$6,330	\$3,619	\$8,341	\$3,200	n/a
\$125,794	\$119,491	\$89,347	\$68,881	\$22,830	n/a
4,000	9,434	23,420	19,130	11,500	14,050
25	40	30	30	30	30
160	120	150	180	200	200
40	60	40	40	40	40
400	400	80	80	80	80
420	360	150	150	150	175
350	312	349	523	326	668
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
4,056	4,000	3,900	3,911	4,111	1,825
\$182,556	\$132,345	\$119,965	\$104,855	\$111,533	\$55,734
\$2.33	\$2.33	\$2.33	\$2.33	\$2.33	\$2.33
78,635	101,087	40,400	47,500	43,800	46,100
\$1,847	\$1,591	\$1,600	\$1,300	\$1,200	\$1,100
\$4.23	\$4.01	\$4.01	\$4.01	\$4.01	\$4.01
39,081	67,864	26,400	27,600	24,300	23,800
\$1,048	\$950	\$900	\$750	\$700	\$650
\$1,037	\$967	\$900	\$750	\$700	\$600

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

Function/Program	2011	2010	2009	2008
General Government				
Inspection Vehicles	8	7	8	9
Security of Persons and Property				
 Police				
Stations	1	1	1	1
Vehicles	33	37	34	27
 Fire				
Stations	1	1	1	1
Vehicles	15	14	15	16
Leisure Time Activities				
 Recreation				
Number of Parks	7	7	7	7
Number of Ice Rinks	1	1	1	1
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	12	12	12	11
Number of Tot Lots	4	4	4	4
Number of Soccer Fields	14	14	14	14
Vehicles	8	9	10	6
Transportation				
 Service				
Buildings	1	1	1	1
Service Vehicles	22	21	17	16
Streets (miles)	121.00	120.00	120.00	120.00
Water and Sewer				
Buildings	9	9	9	9
Water Lines (miles)	115.8	114.1	113.58	111.55
Sanitary Sewers (miles)	95.2	93.3	92.97	91.34
Vehicles	7	10	9	9

Source: City of Avon Records

2007	2006	2005	2004	2003	2002
9	9	9	8	8	5
1	1	1	1	1	1
27	27	24	18	14	12
1	1	1	1	1	1
16	16	15	15	13	13
6	6	6	6	6	5
1	3	3	3	3	2
1	1	1	1	0	0
11	11	11	11	11	7
3	3	3	3	3	2
14	10	10	10	8	5
6	5	5	4	3	3
1	1	1	1	1	1
16	16	14	12	11	11
120.00	120.00	120.00	94.18	120.00	120.00
9	9	9	8	8	8
108.38	106.5	106.50	101.00	88.00	90.00
89.06	84.5	84.50	79.00	63.00	66.00
9	8	8	6	5	5

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CITY OF AVON, OHIO

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

JAMES A. SMITH, MAYOR

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**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Members of the City Council
Avon, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon, Ohio (the “City”), as of and for the year ended December 31, 2011, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 28, 2012, wherein we noted the City adopted GASB Statement No. 59 as disclosed in Note 3. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members of the City Council
Avon, Ohio

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated June 28, 2012.

This report is intended solely for the information and use of management, City Council, the Audit Committee, others within the entity, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

Cinni & Panichi, Inc.

Cleveland, Ohio
June 28, 2012



Dave Yost • Auditor of State

CITY OF AVON

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 23, 2012