

Mary Taylor, CPA
Auditor of State

CITY OF AVON
LORAIN COUNTY

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Mary Taylor, CPA

Auditor of State

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

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

To the Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated June 25, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We also noted a certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 25, 2007.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and City Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 25, 2007

CITY OF AVON
LORAIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2006-001

Significant Deficiency / Noncompliance

Appropriations Exceeding Estimated Resources

Ohio Rev. Code § 5705.39 states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure, as certified by the budget commission, or in case of appeal, by the board of tax appeals. The following fund had original and final appropriations in excess of the amount certified as available by the budget commission:

Fund	Total Estimated Resources	Appropriations	Variance
Capital Improvements Fund	<u>\$262,348</u>	<u>\$461,365</u>	<u>\$(199,017)</u>

The lack of monitoring estimated resources and appropriations could allow expenditures to exceed the total of the available fund balances and current year revenue resulting in a deficit fund balance.

We recommend the City compare current year appropriations to total certified resources, in all funds which are legally required to be budgeted to ensure appropriations do not exceed available resources. This comparison should be performed prior to the time that appropriations are amended.

Official's Response:

Inadvertently, Ohio Revised Code 5705.39 was violated. All projects in the Capital Improvement Fund (Fund 401) were completed in FY2005 and 2006. Funds for various contracts were encumbered in 2005, leaving a net fund balance of \$199,017. In 2006, using the Current MTD/YTD Expense Report, Council approved an appropriation to clear the fund balance. This transaction appeared to be in order and was all that was required to clear and return the unused funds to the General Fund. What was not done was to pull a Combined MTD/YTD Expense Report in 2006. This Report showed the unused project appropriation and the appropriation approved by Council to transfer the remaining funds to the General Fund. The Combined Report showed the fund to be under-appropriated, because the unused project appropriation had not been cancelled.

CITY OF AVON
LORAIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Rev. Code Section 5705.10 – Deficit fund balances.	No.	Finding repeated as a Management Letter comment.

City of Avon, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2006

Prepared by:

Office of the Director of Finance

Robert F. Hamilton
Director of Finance

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City of Avon, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
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CITY OF AVON

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June 25, 2007

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

We are pleased to submit the sixteenth Comprehensive Annual Financial Report (CAFR) prepared by the Finance Office of the City of Avon.

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 fiscal year end. This report is submitted to satisfy that requirement for the fiscal year ended December 31, 2006.

Management assumes full responsibility for 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 the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mary Taylor, CPA, Auditor of State, has issued an unqualified ("clean") opinion on the City of Avon's financial statements for the year ended December 31, 2006. The Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

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

The City of Avon

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

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

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

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

The second Avon Municipal Building was built in 1958 at an approximate cost of \$100,000. At that time, the City's population was estimated to be 4,500. According to the 2000 census, the City's population was 11,466, although current projections have the population set closer to 15,000. In late 1997, the City purchased a new city hall building on Chester Road and turned the Avon Municipal Building into the police department facility.

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

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

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

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

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

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

Institutions of higher education within Lorain County include Lorain County Community College in Elyria, approximately five miles west of Avon; Southeastern Business College in Lorain, approximately twelve miles west of the City, and Oberlin College in Oberlin, approximately twenty miles south of Avon. Both Lorain County Community College and Southeastern Business College are junior colleges (two-year degree programs and/or certificate studies), and Oberlin College is a four-year institution with a fine arts discipline. Lorain County Community College is a public institution while Southeastern Business College and Oberlin College are proprietary schools. Lorain County Community College offers a University

Partnership Program where students can coordinate their educational program with a number of universities including: University of Akron, Ashland University, Cleveland State University, Kent State University, Ohio State University and Youngstown State University.

City Government

Avon was founded in 1814, incorporated as a village in 1917, and achieved city status in 1961. Avon is a Charter Municipal Corporation established and operated under the laws of the State of Ohio. A charter was first adopted by the electorate on May 2, 1961. The charter provides for a Mayor-Council form of government. The elected officials consist of a Mayor and seven council members.

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

Legislative authority is vested in a seven-member council with four members elected from wards and three elected at large. The member receiving the greatest number of votes becomes the president. Council enacts ordinances and resolutions relating to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes. Members of Council are elected to a two-year term.

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

Employee Relations

The City has 148 employees; 105 are full-time, and 37 are part-time and 6 are seasonal. Full-time employees may join one of the collective bargaining units for their group as determined by the State Employee Relations Board (SERB). The four unions in the City are:

<u>Name</u>	<u>Contract Expires</u>	<u>Membership</u>
AFSCME Local #277	December 31, 2009	30
Fraternal Order of Police, Dispatchers & Sergeants Ohio Police Benevolent Assn.	December 31, 2005 (pending)	15
Teamsters Local #52	December 31, 2008	18
International Assoc. of Fire Fighters, Local 4310	November 30, 2009	6
	December 31, 2007	21

Economic Conditions and Outlook

During 2006, the City experienced growth in residential, commercial and industrial development. The economic outlook appears to be very aggressive. Below are highlights regarding residential and commercial/industrial growth within the City of Avon.

Residential - The number of new single-family home permits for the year 2006 was 222 with a valuation of \$49,915,785 compared to 350 single-family home permits issued the previous year with a valuation of \$89,947,589.

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

Commercial/Industrial - Commercial permits were issued with a valuation of \$21,404,448. Contributing to the growth of commercial permits with continuing development was the Avon Commons, Hope Christian Church, Burger King, Bubba-Q's, Little Whistler's, Mighty Moose, Henry's at the Barn and the Carriage House Bakery. Continuing to develop or expand includes Chester Road Square with Phiner's Bistro, Juan Mexicali Restaurant, Simply Uniforms, Fujiyama Restaurant, Mootown Creamery and Hungry Howie's Pizza.

Assessed Valuation- The assessed valuation of the City of Avon has been growing steadily over the past ten years, as can be seen in the Statistical Section of this report. The assessed valuation grew from \$570,244,615 in 2005 to \$640,102,030 in 2006, primarily due to the expansion of industry and an increase in residential construction.

Major Initiatives

In 2006, the City of Avon addressed several major initiatives and planned for many others in 2007 and beyond. All departments met important goals in 2006. The following summarizes the departments' accomplishments.

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

The City's newly adopted full-time fire department is averaging over 100 calls per month (both fire and squad). With the new Elyria Memorial Hospital emergency facility in our City, it has cut down response time and keeps our units more available for back-to-back calls. The department continues to transport to other area hospitals upon request.

Many safety concerns are being addressed through the widening of streets, the addition of new turn lanes at major intersections and new street lights where needed. For further safety and better response time of the police and fire departments, the City has also passed an ordinance for "No Parking on Hydrant Side of Street". The City continued to address all safety concerns in 2006 and for the future.

Police Department— In 2006 the Police Department underwent dramatic changes. We transitioned to a platoon system for efficiency and effectiveness to better serve the needs of the community.

The police department is comprised of 35 employees consisting of 28 sworn officers and 6 civilian personnel. In 2006, 5 sworn officers and one civilian were added to the roster. Of the five sworn officers, 3 were replacements for officers that left the service.

The additional responsibilities of Homeland Security and Safe Schools Act have impacted the entire department. Additional training in both areas has changed the way we respond to and deal with calls of this nature.

A comprehensive yearly report is available on the website at www.avonpd.com. Everyone is urged to take a look at this information and get a better understanding of the operation of the Avon Police Department.

This past year the department invested many hours to the construction plans for a new police facility. The department has worked with RWL Architects and various contractors associated with the design of this facility. Construction of the Police Department is estimated to start in the spring of 2007.

Fire and Emergency Rescue Departments – The Avon Fire Department is a fulltime department operating 3 shifts consisting of 5 Firefighters/Paramedics, 1 Lieutenant and 1 Captain per shift. Daily operations consist of a Dispatcher/Secretary, Assistant Chief/Fire Marshall and the Chief. In 2006 the Fire Department responded to 466 fire runs and 1,341 ambulance runs. The Fire Department successfully completed the flushing of 1,716 hydrants from May through August.

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

American Test Center conducted their annual test of all ladders used at the Avon Fire Department with no problems found.

The 1972 FMC Pumper, 1990 FMC Pumper and 1999 U. S. Tanker Pumper had their yearly pump test at William Detroit Diesel and pumped at rated capacity. Fire Truck Specialities completed the yearly maintenance on the apparatus portion of the 1972 FMC Pumper, the 1990 FMC Pumper and 1999 U. S. Tanker Pumper. Avon Truck Service Center did the yearly maintenance and completed the Federal Department of Transportation inspections on the following vehicles: 1972 FMC Pumper, 1990 FMC Pumper, 1999 U. S. Tanker Pumper, 1990 International Heavy Rescue, 1992 Ford Squad, 2000 Ford Squad and 2004 Ford Squad. These reports are placed on file at the Avon Fire Department. A 2006 Ford Explorer was added to the fleet and is being used by the Assistant Fire Chief.

All businesses and industries yearly inspections were completed. The Fire Prevention Bureau's annual report indicated 454 inspections were performed throughout the City for the year 2006.

The following public and private schools were inspected: Avon Village, Avon East, Avon Heritage (North and South), Avon Middle, Avon High School, St. Mary's and Holy Trinity. During Fire Prevention Week, all members of the department participated with the Fire Safety House and Fire Hazard House at the various schools, Kindergarten through 3rd grades.

The Avon Fire Department has a number of non-emergency services for our citizens. The department is involved in the File of Life Program. Smoke detectors can be obtained for free at the department and a Lockbox Program has been established with the help of the Avon Senior Citizens Association. Members of the department provided training in CPR, the proper use of fire extinguishers and proper child car seat installation.

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

An additional weather alert siren was installed at Schwartz Road Park. The sirens at Veterans Park, Schwartz Road and Avon Fire Dept. will sound simultaneously.

The Avon Fire Department and the City Administration became NIMS (National Incident Management System) compliant. The fire department upgraded and completed ICS courses 100, 200, 700 and 800. Officers also completed ICS course 300. An ICS 700 Course was given at the fire department for the Avon City Administrative Staff.

Building Department – A total of 2,085 permits were issued for 2006 which include residential (new and remodeling), commercial, miscellaneous and zoning permits at an estimated construction cost of \$81,389,840. The Building Department issued permits for 222 new single-family dwellings with a valuation of \$49,915,785 not including infrastructure. The Commercial/Industrial permits issued were 183 with an approximate value of \$21,404,448.

The Building Department staff for 2006 consisted of a Chief Building Official, five Field Inspectors, one full-time Residential Plans Examiner/Inspector, one full-time Zoning Enforcement Officer, 2 full-time clerks and 1 part-time clerk. Inspection and residential building was down this year compared to previous years, but the building inspectors still managed to do just under 11,000 inspections for 2006.

The industrial area has had some significant expansions as well including Henkel, The Great Escape, Accel Color, Westlake Tool & Die, Get-Go Service Center, Automotive Specialties as well as numerous projects in the Lear Industrial Parkway area. The Avon schools have been keeping the building department busy with the Heritage North and South Connector project as well as the Avon Bus Garage project that is still under construction.

Demolition/Raze permits have increased to 13 for 2006. Pettiti's Garden Center (former site of Goodtimes) is under construction. Look for new retail shopping and new tenant spaces in the area of Avon Commons (formerly Piazza's Greenhouse) and Detroit Road (water tower area) as well as condo/apartment development on Chester Road just east of Get-Go Service Center.

Engineering - The City's Consulting Engineer, Bramhall Engineering and Surveying Company, Inc. provided engineering design services for the City of Avon infrastructure projects including:

- 2006 Road Program improvements on Doovy's Street, intermittent full depth repairs on S.R. 83 & Jaycox Road, Nagel Road reconstruction from Mills Road to Schwartz, Senior Center/Little League parking reconstruction, Parkview Drive, Timberview Drive
- Center Road Extension and Park-N-Ride Facilities final design, bidding, administration
- 2006 bridge inspections
- S. R. 83 sidewalks from Falcon Crest to Bentley Drive
- Property boundary survey former CEI site
- Jaycox Sanitary District Master Sewer Improvement Plans (final design and bidding)
- S.R. 254 Widening from S.R. 611 to S.R. 83 – right-of-way and LPA Consulting
- Police Station site plans

- Citywide Detention/Retention as built
- Waterline Improvements: Church Street, S.R. 83 and Eaton Drive
- City Wide ODOT Landscaping Grant
- Veterans Park Improvements: Softball field addition, soccer field drainage, ballfield lighting, 2” watermain extension

Bramhall Engineering also provided Planning Commission reports on 32 commercial sites, 10 lot splits, 2 sanitary sewer extensions and 3 subdivisions.

Construction inspections were provided for commercial, industrial and residential developments including 314 topographic site plan reviews and over 636 foundation and final grade inspections.

Storm water site inspections were performed for 34 residential subdivision lots, 14 commercial sites and 1 city project.

Other storm water related items included: Updated the Storm Water Ordinance to meet Ohio EPA Storm Water Permit, Assisted with Ohio EPA city wide audit of construction sites.

Bramhall Engineering continued with development of the City of Avon Geographic Information System (GIS) including updates of the digital mapping model of property parcels, zoning and infrastructure systems. Updates to the GIS included aerial photography, watersheds, septic system identification, storm system outfalls, soil surveys, 100-year flood zone, traffic data 1997-2006 roadway improvements, soil surveys voting wards and precincts, and parcel dimensions.

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

Water and Sewer Departments - The City of Avon does not operate its own water or sewer treatment facilities. Water is supplied by the City of Avon Lake Water Plant through Avon's distribution system. The system includes a 36-inch water main that serves the Rural Lorain County Water Authority in southern Lorain County. The City has approximately 106.5 miles of water mains and 84.5 miles of sanitary sewer mains.

With the recent improvements to the pump stations, the City of Avon has a pumping capacity of over eleven million gallons per day, which will meet the City's needs for potable water well into the future.

In 2006, the Utilities Department was involved in thirteen major projects, seven residential developments and six major commercial/industrial projects.

With the construction of new subdivision, both residential and commercial, the City of Avon's customer base has grown to 8,400 accounts. In addition to the above mentioned projects, the Utilities Department has performed many routine daily jobs such as inspections for all building site work, meter installations, fire hydrant repairs, billing, customer service, repair of water breaks, installation of water services and maintenance of all Utility Department facilities.

In 2006 the Utilities Department installed new water mains along three streets; Church Street – 600 feet of 6” water main replacing a 2” main; Eaton Drive – looping a 10” and 6” main; and Center Road – installed 800 feet of 10” main to parallel the existing 16” feeder main.

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

The Utilities Department also maintains the City's wastewater collection system. In 2006, the Utilities Department performed the annual jetting and cleaning of the more than 80 miles of sanitary sewer. During the annual maintenance of the system the Department repairs, raises and inspects all manholes and service laterals in an effort to provide uninterrupted service.

The Utilities Department is presently staffed with 11.5 employees; seven "outside crew" employees, three clerical employees, one part-time employee and the Superintendent. These employees handle all day to day operations of the Department including billing and accounting, meter reading, taps, breaks and normal operations associated with the department and its appurtenances.

Street Department -The Street Department employs ten full-time employees, who are under the direction of the Street Department Superintendent. The department is responsible for all phases of street repairs and maintenance, signage and pavement markings. The Street Department is also responsible for snow removal on all City streets and state routes within the City with the exception of Interstate 90, which is under the jurisdiction of the Ohio Department of Transportation.

In 2006, the City of Avon also continued the practice of rebuilding old roads to be able to withstand the current levels of use and future development. Nagel Road was totally stabilized and resurfaced from Schwartz Road south to Mills Road.

The long awaited SR 83 extension was completed and was a joint effort between the Ohio Public Works Commission and the City of Avon.

Pavement maintenance is also addressed every year with full depth asphalt repairs and extensive crack sealing programs in place to protect our investment in infrastructure and to insure safe, smooth pavement conditions for all the motoring public.

Senior Center – The Avon Senior Center provides programs and services for anyone 55 and over. The Center has numerous activities, programs, educational seminars and screenings to serve the approximately 5,000 older adults in Avon.

In 2006, the City completely renovated the lower level of the Senior Center to accommodate the growing number of seniors in Avon. Since the building used to be the Avon Fire Department, the lower level remained an empty garage that was useless to the Senior Center. This area was renovated into much needed space for expanded Senior Center activities. The lower level area now includes a multi-purpose room, a library, craft room, restrooms, kitchenette, volunteer desk area and the Coordinator's office which has been relocated to the lower level. The empty office space on the upper level will eventually be used for a computer lab for training and teaching basic computer skills, word processing and surfing the web.

The Center publishes a monthly newsletter that details the events, activities, trips, etc. planned at the Center for the upcoming months. Our current circulation for the newsletter consists of over 900 homes and organizations.

Parks and Recreation – The Parks Department takes great pride in keeping the City parks a place of beauty and recreation for the citizens of Avon. The Parks and Recreation offices are located at 35001 Schwartz Road and park/recreation information can also be accessed through the City website, (www.cityofavon.com). The staff at the Parks Department, which as of 2006, consists of a Director, 5 full-time employees, 3 part-time employees and 4 summer helpers, now maintain 6 parks located throughout various locations in Avon. The department maintains 135 acres of park land.

Northgate Community Park is located off Colorado Avenue on Eaton Drive in central Avon. This park features an outdoor walking and fitness track, playground, pavilion (which is available for rental) with grills and picnic tables, a fishing pond and open green space for general enjoyment. A sledding hill is on site for use during the winter months. A sand volleyball court and an outdoor skating rink are also located across the street at the Avon Community Center (which is also available for rental for all types of occasions).

Schwartz Community Park is located at the intersection of Schwartz and Jaycox Roads in east Avon. This park features a baseball field, playground, basketball courts, multiple soccer fields, horseshoe pits, sand volleyball, winter skating rink, restrooms and 2 pavilions with grills and picnic tables (which are available for rental). For the nature lover, there is a quiet walking/bike path that winds through the trees and creeks. The bridge entrance to the path is located at the southeast corner of the park.

Heritage Square at French Creek is located at the corner of Detroit and Stoney Ridge Road in central Avon. The park features a gazebo (which is available for rental - perfect for a wedding or for those wedding photos), park benches, picnic tables and a flower garden. During the winter holiday, Santa arrives on his horse drawn sleigh to start the Candlelight Christmas Season in Avon.

Veteran’s Memorial Park is located off of Detroit Road at the west end of Avon. This 78 acre park features our largest athletic complex which consists of multiple baseball and softball fields, 2 soccer fields, a concession stand, 2 pavilions with grills, picnic tables and restrooms. This site also services our flag football program and the Avon Duct Tape Festival which takes place annually on Father’s Day weekend.

French Creek Restoration Project is the City’s newest endeavor which is an ecology based project that will address the overflow of water from the French Creek, filtering it and creating wetland areas that will be a natural habitat for wildlife and wildflowers.

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

- | | |
|-----------------|---|
| Adult Programs: | Co-Ed Volleyball., Co-Ed Softball, Yoga, 30+ Men’s Open Gym Basketball and Health Screenings. |
| Youth Programs: | Safety Town, gymnastics, cheerleading, baton, pom pom, pony and horseback riding camp, Fun Science, flag football, wrestling, basketball, volleyball, Kidzart, Majic Camp, supervised playground activities, Tot T-Ball and basketball/ soccer skills clinics |

Long-Term Financial Planning

The City uses various resources to finance both short-term and long-term needs of the City. Revenue resources include intergovernmental borrowing, property tax levies, income taxes, short-term municipal notes, bond anticipation notes and bonds. In addition to the basic revenue sources, the City has added tax increments financing as a tool to pay for improvements for new economic developments. The City plans to take all the advantages offered in tax incremental financing to advance the development of the City. The City proposed and the electorate approved an income tax increase to support the safety forces of the City in 2001. The City is currently planning to present to the electorate for approval another ¼ percent increase in total income tax to finance a new recreational complex. The City is also exploring other sources of financing, such as port authorities and participation certificates. Long-term financing opportunities and choices are carefully studied and reviewed by the City and outside experts to select the best alternative or plan for the City and for those who invest in the City. To date, the City has not exercised either of the latter two opportunities.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes an easily readable and efficiently organized Comprehensive Annual Financial Report which conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City of Avon received this honor for its Comprehensive Annual financial report for the year ended December 31, 2005. A Certificate of Achievement is valid for a period of one year only. We believe our report continues to conform to the requirements and standards of the Certificate of Achievement Program, we are submitting the 2006 Comprehensive Annual Financial Report to the GFOA for consideration.

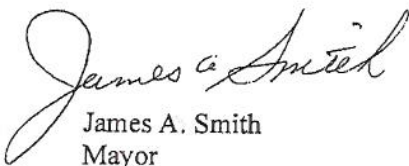
The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting. Its award represents a significant accomplishment by a government and its management.

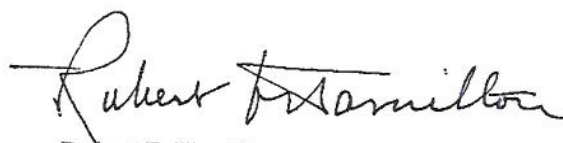
Acknowledgments

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

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

Respectfully submitted,


James A. Smith
Mayor


Robert F. Hamilton
Director of Finance

City of Avon, Ohio
Principal Officials
December 31, 2006

Elected Officials:

Mayor.....	James A. Smith
President of Council	Clinton Pelfrey
Councilman at Large.....	Kevin Flanigan
Councilman at Large.....	Craig Witherspoon
Councilman – Ward I.....	Bryan Jensen
Councilman – Ward II	Dennis McBride
Councilman – Ward III.....	Timothy E. Nickum
Councilman – Ward IV.....	Daniel Urban

Directors:

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

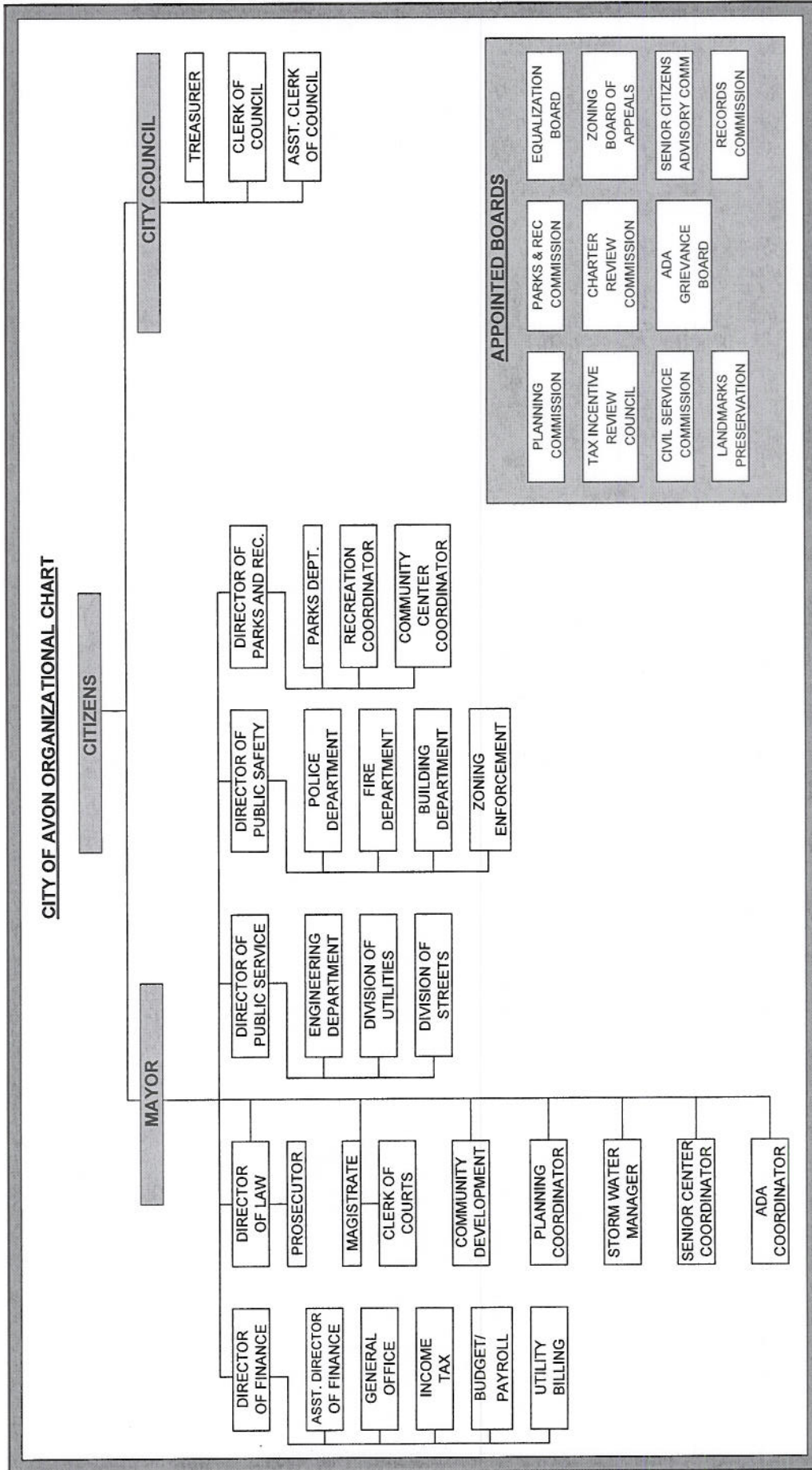
Chairmen, Boards and Commissions:

Board of Zoning and Building Appeals.....	Randy Fratianne
Planning Commission.....	Carolyn Witherspoon
Civil Service Commission	Jimmy Marsiglia
Park and Recreation Commission.....	Kevin Flanigan

Other Staff Members:

Treasurer.....	Barbara A. Kraus
City Consulting Engineer	Michael C. Bramhall
Superintendent of Utilities	David A. Conrad
Superintendent of Streets.....	William M. Biro
Secretary to the Mayor.....	Sandra K. Martin
Clerk of Council	Ellen R. Root
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 Y. Krugman
Prosecutor	Anthony L. Manning
City Magistrate	Daniel P. Stringer
Chief of Police	Paul T. Romond
Police Captain.....	Richard A. Bosley
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, 2005

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.



President

Executive Director



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon, Lorain County, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avon, Lorain County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General fund and Fire Department, Street Construction, Maintenance and Repair, and Police special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and the statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 25, 2007

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
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, 2006. 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 2006 are:

- Income Taxes totaled \$8,088,140 in governmental activities, an increase of \$605,490 or 8.09 percent over 2005.
- Total assets increased by \$4,548,247, a 4.15 percent increase over 2005.
- Total net assets increased \$4,120,502 or 4.69 percent over 2005.
- Total capital assets increased by \$2,194,716 or 2.71 percent from 2005.
- Total outstanding long term liabilities increased \$258,262 over 2005, an increase of 1.73 percent.

Using This Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of Avon as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2006?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. The changes in assets are important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 9. 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, special assessment bond retirement, 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.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The City of Avon as a Whole

The *Statement of Net Assets* looks at the City as a whole. Table I provides a summary of the City's net assets for 2006 compared to 2005.

Table I
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$23,636,673	\$21,732,092	\$7,523,438	\$7,074,488	\$31,160,111	\$28,806,580
Capital Assets, Net	56,155,239	54,196,349	26,917,550	26,681,724	83,072,789	80,878,073
<i>Total Assets</i>	<u>79,791,912</u>	<u>75,928,441</u>	<u>34,440,988</u>	<u>33,756,212</u>	<u>114,232,900</u>	<u>109,684,653</u>
Current and Other Liabilities	5,647,487	5,702,098	1,389,811	1,165,717	7,037,298	6,867,815
Long-Term Liabilities:						
Due Within One Year	661,589	600,313	260,902	255,688	922,491	856,001
Due In More Than One Year	12,416,727	11,966,687	1,804,705	2,062,973	14,221,432	14,029,660
<i>Total Liabilities</i>	<u>18,725,803</u>	<u>18,269,098</u>	<u>3,455,418</u>	<u>3,484,378</u>	<u>22,181,221</u>	<u>21,753,476</u>
Invested in Capital Assets, Net of Related Debt	46,746,166	44,972,235	24,570,995	23,504,509	71,317,161	68,476,744
Restricted:						
Capital Projects	2,213,629	3,231,787	0	0	2,213,629	3,231,787
Debt Service	1,551,389	1,444,688	0	0	1,551,389	1,444,688
Other Purposes	4,382,828	3,872,576	0	0	4,382,828	3,872,576
Unrestricted	6,172,097	4,138,057	6,414,575	6,767,325	12,586,672	10,905,382
<i>Total Net Assets</i>	<u>\$61,066,109</u>	<u>\$57,659,343</u>	<u>\$30,985,570</u>	<u>\$30,271,834</u>	<u>\$92,051,679</u>	<u>\$87,931,177</u>

Total assets increased by \$4,548,247 from 2005 to 2006. The increase was due to additions to current and other assets such as equity in pooled cash and cash equivalents, property tax receivables and income tax receivables.

Total liabilities increased by \$427,745. The City retired \$853,000 in governmental activities notes for Schneider Court roadway improvements and land acquisition. Accounts payable increased \$296,941 along with intergovernmental payables in the amount of \$126,098. Deferred revenue increased by \$292,633 and long term liabilities increased by \$258,262.

Total net assets increased \$4,120,502 with governmental net assets comprising of \$3,406,766 and business-type activities comprising of \$713,736 of that amount. The increase in governmental net assets was primarily due to an increase in cash and cash equivalents of \$1,249,079. Contributions from developers for street and drainage improvements also added to the increase. The increase in business-type activities net assets is primarily due to capital contributions from developers.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2 shows the changes in net assets for the year ended December 31, 2006. Total revenues decreased \$3,339,016 or 12.35 percent. Total expenses decreased \$88,843 or .45 percent.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues:						
Charges for Services	\$2,175,983	\$2,365,914	\$3,280,898	\$3,279,866	\$5,456,881	\$5,645,780
Operating Grants and Contributions	1,104,341	974,364	0	0	1,104,341	974,364
Capital Grants and Contributions	1,816,365	4,820,797	683,347	3,365,850	2,499,712	8,186,647
Total Program Revenues	5,096,689	8,161,075	3,964,245	6,645,716	9,060,934	14,806,791
General Revenues:						
Property Taxes	3,505,356	3,207,137	0	0	3,505,356	3,207,137
Municipal Income Taxes	8,088,140	7,482,650	0	0	8,088,140	7,482,650
Grants and Entitlements	1,257,304	404,963	0	0	1,257,304	404,963
Investment Earnings	1,001,612	541,233	423,066	109,830	1,424,678	651,063
Net Gain on the Loss of Impaired Asset	0	203,748	0	0	0	203,748
Miscellaneous	297,451	218,412	55,806	53,921	353,257	272,333
Total General Revenues	14,149,863	12,058,143	478,872	163,751	14,628,735	12,221,894
Total Revenues	19,246,552	20,219,218	4,443,117	6,809,467	23,689,669	27,028,685
Program Expenses						
General Government	2,739,914	1,919,159	0	0	2,739,914	1,919,159
Security of Person and Property	5,739,141	5,462,030	0	0	5,739,141	5,462,030
Transportation	3,824,122	5,285,670	0	0	3,824,122	5,285,670
Community Development	1,272,107	1,395,945	0	0	1,272,107	1,395,945
Basic Utility Services	419,887	379,953	0	0	419,887	379,953
Leisure Time Activities	1,173,141	811,918	0	0	1,173,141	811,918
Interest and Fiscal Charges	671,474	619,472	0	0	671,474	619,472
Water	0	0	2,224,019	2,235,003	2,224,019	2,235,003
Sewer	0	0	1,505,362	1,548,860	1,505,362	1,548,860
Total Expenses	15,839,786	15,874,147	3,729,381	3,783,863	19,569,167	19,658,010
Increase in Net Assets						
Before Transfers	3,406,766	4,345,071	713,736	3,025,604	4,120,502	7,370,675
Transfers	0	18,533	0	(18,533)	0	0
Increase in Net Assets	3,406,766	4,363,604	713,736	3,007,071	4,120,502	7,370,675
Net Assets, January 1	57,659,343	53,295,739	30,271,834	27,264,763	87,931,177	80,560,502
Net Assets, December 31	\$61,066,109	\$57,659,343	\$30,985,570	\$30,271,834	\$92,051,679	\$87,931,177

Revenues decreased primarily due to a drop in capital grants revenue of \$5,686,935. This decrease is the result of the City receiving less street and storm sewer improvements from developers as in previous years.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

These decreases were offset by increases in income taxes, grants and entitlements revenue, investment earnings and property taxes. Expenses increased in general government \$820,755 due to contractual wage adjustments and contractual services for special legal services. Business-type activities revenues increased primarily due to an increase in interest on investments.

The overall financial strength of the City improved in 2006. The City experienced a 8.09 percent increase in municipal income tax revenue that came as a result of new commercial development, new construction and residential growth. Grants and entitlements revenues continued to grow 210.47 percent from intergovernmental monies received from the County for local government revenue and from the State for homestead and rollback. Property and other local taxes increased 9.30 percent as residential and commercial development remained firm. Investment earnings continue on an upward path as interest rates continue to rise. With a good economy and excellent location in a geographical area, the growth of the City continues to increase.

General government expenses increased primarily due to contractual wage agreements and new additions to staff. Transportation expenses decreased by 27.65 percent as the City continued its major street maintenance and repair programs. The City opted to pay cash for upgrade, resurfacing and reconstruction expenses as opposed to incurring long term debt. Leisure time activities increased due to maintenance costs incurred in improving the City parks. The City has completed thirteen years of major road improvements.

GOVERNMENTAL ACTIVITIES

Several revenue sources fund the City's governmental activities with City income tax being the largest contribution. The income tax rate of 1 percent was established by City Ordinance No. 371-68, passed February 28, 1968. The Income Tax Ordinance was amended on November 2, 1993 requiring proposed tax rate changes be submitted to the electors of the City for approval or rejection. On November 6, 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 2006, the revenue from income taxes increased by \$605,490 from \$7,482,650 to \$8,088,140. This increase mainly reflects the increase in earned income from the general population of the City, and new and increased employment in both the commercial and manufacturing and new construction work. The City monitors its sources of revenue very closely for any changes or fluctuations.

Overall, the City has enjoyed a steady increase in income tax collections for the past ten years. In 2006, there was an increase in revenues due to the above mentioned upturn. This has been especially important to the City because the tax revenue has provided the City the funds to maintain streets, make infrastructure improvements and strengthen safety forces. The City of Avon continues to be very aggressive in collecting delinquent income tax. The City has a strong economic development program which supports the outstanding growth and increasing income tax revenues. The number of businesses, be they industrial or commercial, large or small, provide the City with an income tax base that can sustain the loss of any major tax paying entity and still be able to meet the financial needs of the City. City income tax revenues of \$8,088,140 were designated for the City's general fund and fire department. In November 2002, the electors approved a one half percent increase in the income tax rate with the proceeds to be used to build and operate a new fire station. The present fire department has converted from part-time to full-time staffing and is funded by the additional income tax.

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Total revenues for governmental activities for 2006 were \$19,246,552. Capital grants accounted for 9.44 percent of total revenues for governmental activities for the City. Income tax made up 42.02 percent, property taxes accounted for 18.21 percent, charges for services accounted for 11.31 percent, operating grants accounted for 5.74 percent; and the remaining 13.28 percent consists of grants and entitlements, investments and miscellaneous revenues. Charges for services represents receipts from the Mayor's Court, cable television, building permits, park development fees, recreation fees, emergency rescue fees, county health fees, contractor registration, New Community Baptist Church rental fees, community center fees, retention and rental fees.

Total governmental activities program expenses for 2006 were \$15,839,786. Security of persons and property expenses accounted for program expenses of \$5,739,141 which is 36.23 percent of the total governmental activity expenses for the City. Transportation expenses represent 24.14 percent, followed by general government expenses at 17.30 percent.

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

The Police Department is very efficient and continues to operate within its operating budget. The department has an equipment levy that is utilized to purchase two new vehicles per year. The money is also used to purchase equipment that will better serve our community and provide extra safety for the police officers. The Police Department is funded from revenues transferred from the general fund. A five-year operating levy generated \$461,994 for the Police Department. Complementing the Police operating levy was a five-year one-half mill equipment levy which provided revenues of \$161,883, reported in the equipment capital projects fund.

The Fire Department is funded with income tax revenues. In November 2002, the electors approved changes to the City's income tax laws to construct a new building and to operate the department. During 2006, the department received \$3,155,090 in income tax revenue to support the operations. The Fire Department also has an equipment levy that is used to purchase vehicles for both the Fire Department and the rescue squad. The department received \$238,265 from the equipment tax levy, reported in the equipment capital projects fund. The department continues to upgrade emergency fire and rescue equipment to better serve the community.

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

City of Avon, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
General Government	\$2,739,914	\$1,919,159	\$2,229,245	\$710,477
Security of Persons and Property	5,739,141	5,462,030	5,728,928	5,419,913
Transportation	3,824,122	5,285,670	1,016,610	416,500
Community Environment	1,272,107	1,395,945	(70,818)	428,724
Basic Utility Services	419,887	379,953	403,059	(225,313)
Leisure Time Activities	1,173,141	811,918	764,599	343,299
Interest and Fiscal Charges	671,474	619,472	671,474	619,472
Total Cost of Services	<u>\$15,839,786</u>	<u>\$15,874,147</u>	<u>\$10,743,097</u>	<u>\$7,713,072</u>

BUSINESS-TYPE ACTIVITIES

Utility services for water and sewer saw a .03 percent increase in charges for services along with a 6.78 percent increase in total expenses in 2006. These changes were primarily the result of the City's growth in both commercial and residential customer usage. Approximately two hundred and twenty five new homes were built and sold in 2006. Commercial development continued to expand in several of the City's industrial parks. Because of the growth, water and sewer updates and connections were accepted by the City adding to the capital assets of the City. The City closely monitors the growth in services and will adjust the water tap-in fee structure to pay for future development and related costs, as needed. The last major fee adjustment was in 2003.

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 \$17,098,498 and expenditures of \$16,546,018. The most significant fund is the general fund with a year-end fund balance of \$6,728,231, which included an unreserved fund balance of \$6,558,172 compared to annual expenditures of \$3,271,800. While revenues exceeded expenditures by \$6,425,457, most of the excess was transferred to other City funds. These transferred funds enabled the City to fund the Police Department, service long-term and short-term debt and fund capital improvements.

The Fire Department has completed its third year as a full-time department in its new building. Municipal income tax revenues in the Fire Department fund of \$3,128,887 exceeded expenditures of \$2,419,441 by \$713,117. The Street Construction Maintenance and Repair Fund had revenues of \$1,616,693 which exceeded expenditures of \$1,463,204 by \$153,489. The Street Department constructs, maintains and repairs the various streets of the City. The Police Fund had expenditures of \$2,771,621 which exceeded revenues of \$550,160 by \$2,221,461. The Police Department relies on transfers from the general fund to operate.

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 2006 the City amended its general fund budget thirty-one times for a total decrease in certified revenues in the amount of \$1,554,872. At the direction of Council, all capital projects

City of Avon, Ohio
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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, 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 major capital projects are funded with general fund dollars. By ordinance, these funds are transferred from the general fund to capital project funds where the revenue and expenditures for the capital improvement are tracked and monitored.

For the general fund, the original budgeted revenues were \$9,240,314, and the final budgeted amount was \$7,685,442. Of this \$1,554,872 difference, most was due to adjustments for income tax revenues received, licenses and permits cost adjustments and interest revenue increase due to more money available to invest. The actual revenues of \$9,424,415 received by the City were \$1,738,973 more than the final budgeted amount because the City received more revenue than anticipated in all revenue sources. Capital projects are approved by City Council during the year and are funded by the general fund.

Original appropriations of \$3,584,641 were increased during the year by \$253,773 to establish final appropriations of \$3,838,414 for the year. These increases were due primarily to contract negotiations and new hires. The actual expenditures of \$3,430,974 were \$407,440 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 expense. 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 unrestricted cash at year-end of 57.6 percent of total actual revenues received during the year.

Capital Assets and Debt Administration

Capital Assets

Total capital assets for the City of Avon as of December 31, 2006 were \$83,072,789. The most significant additions in governmental activities capital assets came in the area of infrastructure acceptance from developers of industrial and residential developments: \$1,275,289 for streets and \$707,719 for storm sewer lines. Business-type activities capital assets additions included infrastructure acceptance of \$297,600 in water lines and \$406,870 in sewer lines from developers.

In 2006, some City streets were improved by developers of the new residential and industrial developments as they were connected to new roadways within the developments, for a total cost of \$1,275,289. This is the thirteenth consecutive year the City has improved City streets either through City projects or by contributions from developers. In 2006, the City invested in major street repairs. The City is able to sustain an excellent street improvement program each year because of the economic growth and subsequent increase in income tax revenues.

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Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$2,328,092	\$2,328,092	\$7,580	\$7,580	\$2,335,672	\$2,335,672
Construction in Progress	2,658,283	820,895	178,120	68,000	2,836,403	888,895
Land Improvements	485,303	102,637	0	0	485,303	102,637
Buildings and Improvements	7,501,671	7,515,292	1,168,580	1,202,452	8,670,251	8,717,744
Machinery and Equipment	2,149,961	1,954,401	369,824	79,868	2,519,785	2,034,269
Infrastructure						
Park Improvements	1,007,581	1,046,204	0	0	1,007,581	1,046,204
Streets	25,185,445	25,895,749	0	0	25,185,445	25,895,749
Bridges and Culverts	418,103	436,672	0	0	418,103	436,672
Traffic Signals	791,605	779,517	0	0	791,605	779,517
Storm Sewer	13,629,195	13,316,890	0	0	13,629,195	13,316,890
Water Lines	0	0	10,902,579	10,964,321	10,902,579	10,964,321
Sewer Lines	0	0	14,290,867	14,359,503	14,290,867	14,359,503
<i>Total Capital Assets</i>	<i>\$56,155,239</i>	<i>\$54,196,349</i>	<i>\$26,917,550</i>	<i>\$26,681,724</i>	<i>\$83,072,789</i>	<i>\$80,878,073</i>

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

In 1995, the City purchased 62.25 acres of land for a City Park. City Council and the Administration are committed to park and recreational facilities improvements at the Veteran's Memorial Park location and other locations throughout the City for the benefit of its residents. Park improvements for 2006 included new soil for playing fields, split rail fences, pavilion, track, and exercise and playground equipment.

The Administration continues to seek grants for infrastructure projects as well as improving City facilities and services. In 2004, the City applied to the Ohio Department of Development for a grant totaling \$180,700 (Phase 4) for a major ditch enclosure along State Route 83 at Mills Road. In 2004 the project was dormant due to inadequate funding to finish the project. In 2005, the City applied for and received a second grant (Phase 5) from the Ohio Department of Development, combining the two grants for a total of \$368,019, to complete the ditch enclosure project. The total cost of the improvement for 2005 was \$566,184. The State grant comprises 76 percent of the project costs with the difference paid from the City's general fund. In 2006, the City applied for and received a grant for the Route 83 Extension North. The road improvement project was not finished in 2006.

See Note 9 of the Notes to the Basic Financial Statements for additional information on the City's capital assets.

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Debt

On December 31, 2006, the City of Avon had \$15,416,836 in bonds, loans, notes and intergovernmental payables outstanding, with \$852,881 due within one year. Table 5 summarizes bonds, loans, contractual commitments and notes outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$7,096,708	\$6,412,313	\$342,096	\$397,014	\$7,438,804	\$6,809,327
Special Assessment Bonds	3,073,713	3,263,227	0	0	3,073,713	3,263,227
OPWC Loans	13,500	22,500	0	0	13,500	22,500
OWDA Loans	0	0	767,198	872,356	767,198	872,356
Intergovernmental Payable	0	0	863,621	946,533	863,621	946,533
Notes Payable	2,110,000	2,893,000	1,150,000	972,000	3,260,000	3,865,000
Total	\$12,293,921	\$12,591,040	\$3,122,915	\$3,187,903	\$15,416,836	\$15,778,943

The general obligation bonds for governmental activities include Moore Road/Formanek improvements of \$2,306; Just Imagine Drive Paving of \$435,000; North Branch Sewer Avins Ditch \$197,834; Moore Road Improvement of \$83,717; Veteran's Park of \$1,425,000; Service Garage of \$2,330,000; and the \$69,600 in refunding bonds. During 2006, the City refunded the 1996 Detroit Road Park, Library Improvement, Northgate Sewer Improvement and the 1997 New City Hall Bonds in the amounts of \$163,000, \$600,000, \$271,000 and \$626,000, respectively. Refunding bonds were issued in the amount of \$1,660,000. Also in 2006, the City issued bonds for the Schneider Court Improvements in the amount of \$1,015,000. These bond obligations are paid from monies transferred from the general fund into the debt service funds. The service garage is currently paid from special revenue funds collected from property tax levy and gasoline taxes. The business-type activities general obligation bonds are \$365,400 in refunding bonds, payable from the water and sewer funds charges for services.

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

The Ohio Public Works Commission loans represent interest free loans obtained to finance portions of sanitary sewers for the Sanitary Sewer Rehabilitation and the State Route 83 sewer improvement. The Route 83 Channel is paid from the bond retirement fund. The State Route 83 sanitary sewer line loan is paid from collection of special assessments by the County Auditor; the sanitary rehabilitation loan is paid from monies transferred into the debt service funds from the sewer proprietary fund and from the general 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 proprietary fund.

The notes payable represent bond anticipation notes for the following improvement projects: (1) Land Purchase CEI/First Energy of \$410,000 - the note will be paid by transfers from the general fund, (2) the

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Municipal Waterworks System note of \$350,000 and \$800,000 for the North Branch Sanitary Sewer will be paid by bonds and special assessments on completion of the project, and (3) State Route 83 Extension North of \$1,500,000 will be paid from a grant and bonds.

The City retired \$3,865,000 in general obligation bond anticipation notes and issued \$3,260,000 in new notes with maturity dates of April 12, 2007 and September 27, 2007. The notes issued were for a land purchase off of Route 611 (\$410,000), North Branch Interceptor (\$800,000) and Municipal Waterworks (\$350,000), Municipal Purposes, (\$200,000) and State Route 83 Extension, (\$1,500,000). Business-type activities retired notes for Water Capital Improvements (\$550,000), and Sewer Capital Improvements (\$350,000).

The City's overall legal ten and one-half percent debt limitation (voted and unvoted) on December 31, 2006 was \$57,921,329. The aggregate outstanding debt subject to the ten and one-half percent limitation is \$9,289,384. The difference of \$48,631,945 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 10 and 11 of the Notes to the Basic Financial Statements for additional information on the City's outstanding debt obligations.

Current Financial Related Activities

Over the past ten years the City has enjoyed strong growth in revenues as a result of new commercial and industrial development. The City, with the support of the school system, has granted a tax abatement to nine companies. Although property taxes have been partially deferred as a result of the tax abatement, the deferral has been more than offset by the significant increase in income tax collections.

The City is ideally situated on Interstate 90, approximately twenty minutes from Cleveland, Ohio and Cleveland Hopkins International Airport. Interstate 90 divides the City providing a perfect separation for industrial development north of Interstate 90 and commercial and upscale residential development south of Interstate 90. With development of the industrial sites on the north side, the City's financial conditions have been significantly strengthened. The economic development of the City has lead to a strong healthy community that has seen its bond rating improve from A1 to AA2.

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

The City makes applications for and has been receiving grants on an annual basis. In 2006, the City received one grant from the Lorain County Solid Waste Management District. The grant of \$70,429 was for solid waste recycling. In 2005 the City applied for and received a grant of \$67,771 to use towards the conversion of the former fire station into a senior citizens center. Conversion of the building was completed in 2006. The Administration and Council work very hard to obtain grants for the benefit of Avon residents while keeping taxes at a minimum.

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In 2004, City Council approved the study for a new I-90 interchange. The cost of the study is \$149,000 and will be paid from pledges from local industry totaling \$111,200 and \$37,800 from the City. A new I-90 interchange will open up new industrial and commercial development in the City. It is expected the study will be completed in 2007.

City health care costs for employees skyrocketed at the beginning of 1996. In October, 1996, the City joined the Lorain County Health Care Program, a self-funded insurance program under the direction of the Lorain County Commissioners. The City's insurance premium costs dropped significantly as a result of the move to the County program. During the period of 1996 through 2003, health care insurance costs continued to escalate everywhere while the Lorain County's insurance costs remained at reasonable levels while providing the best possible insurance coverage for City employees. In late 2003, the County announced significant cost increases to the program. The City negotiated an 80/20 sharing of cost with all the bargaining units in the City. Health insurance costs continue to escalate with costs adjustments to all parties in 2004, 2005 and 2006.

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

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

Contacting the City's Finance Department

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

City of Avon, Ohio
Statement of Net Assets
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$12,724,555	\$5,626,243	\$18,350,798
Materials and Supplies Inventory	117,556	395,079	512,635
Accounts Receivable	110,168	368,519	478,687
Intergovernmental Receivable	1,130,858	0	1,130,858
Prepaid Items	47,059	6,500	53,559
Municipal Income Taxes Receivable	2,198,412	0	2,198,412
Property Taxes Receivable	3,971,195	0	3,971,195
Special Assessments Receivable	3,217,210	254,314	3,471,524
Deferred Charges	119,660	872,783	992,443
Capital Assets, Non-Depreciable	4,986,375	185,700	5,172,075
Capital Assets, Depreciable, Net	51,168,864	26,731,850	77,900,714
<i>Total Assets</i>	<u>79,791,912</u>	<u>34,440,988</u>	<u>114,232,900</u>
Liabilities			
Accounts Payable	336,728	74,076	410,804
Contracts Payable	275,946	0	275,946
Accrued Wages and Benefits	250,078	28,120	278,198
Intergovernmental Payable	482,296	100,534	582,830
Deferred Revenue	3,800,464	0	3,800,464
Accrued Interest Payable	91,975	37,081	129,056
Notes Payable	410,000	1,150,000	1,560,000
Long-Term Liabilities:			
Due Within One Year	661,589	260,902	922,491
Due In More Than One Year	12,416,727	1,804,705	14,221,432
<i>Total Liabilities</i>	<u>18,725,803</u>	<u>3,455,418</u>	<u>22,181,221</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	46,746,166	24,570,995	71,317,161
Restricted for:			
Capital Projects	2,213,629	0	2,213,629
Debt Service	1,551,389	0	1,551,389
Fire Department	2,613,979	0	2,613,979
Street Construction, Maintenance and Repair	734,079	0	734,079
Park Development	418,068	0	418,068
Other Purposes	616,702	0	616,702
Unrestricted	6,172,097	6,414,575	12,586,672
<i>Total Net Assets</i>	<u>\$61,066,109</u>	<u>\$30,985,570</u>	<u>\$92,051,679</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Activities
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$2,739,914	\$510,669	\$0	\$0
Security of Persons and Property	5,739,141	10,213	0	0
Transportation	3,824,122	50	991,097	1,816,365
Community Environment	1,272,107	1,272,496	70,429	0
Basic Utility Services	419,887	16,828	0	0
Leisure Time Activities	1,173,141	365,727	42,815	0
Interest and Fiscal Charges	671,474	0	0	0
<i>Total Governmental Activities</i>	<u>15,839,786</u>	<u>2,175,983</u>	<u>1,104,341</u>	<u>1,816,365</u>
Business-Type Activities				
Water	2,224,019	2,137,300	0	276,477
Sewer	1,505,362	1,143,598	0	406,870
<i>Total Business-Type Activities</i>	<u>3,729,381</u>	<u>3,280,898</u>	<u>0</u>	<u>683,347</u>
<i>Total</i>	<u>\$19,569,167</u>	<u>\$5,456,881</u>	<u>\$1,104,341</u>	<u>\$2,499,712</u>

General Revenues

Property Taxes Levied for:

General Purposes

Streets

Police

Police Pension

Park Operations

Library Bond Retirement

Equipment

Municipal Income Taxes Levied for

General Purposes

Fire Department

Grants and Entitlements not Restricted

to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated (Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activity	Total
(\$2,229,245)	\$0	(\$2,229,245)
(5,728,928)	0	(5,728,928)
(1,016,610)	0	(1,016,610)
70,818	0	70,818
(403,059)	0	(403,059)
(764,599)	0	(764,599)
(671,474)	0	(671,474)
(10,743,097)	0	(10,743,097)
0	189,758	189,758
0	45,106	45,106
0	234,864	234,864
(10,743,097)	234,864	(10,508,233)
1,333,155	0	1,333,155
788,160	0	788,160
461,994	0	461,994
173,609	0	173,609
244,487	0	244,487
98,426	0	98,426
405,525	0	405,525
4,933,050	0	4,933,050
3,155,090	0	3,155,090
1,257,304	0	1,257,304
1,001,612	423,066	1,424,678
297,451	55,806	353,257
14,149,863	478,872	14,628,735
3,406,766	713,736	4,120,502
57,659,343	30,271,834	87,931,177
\$61,066,109	\$30,985,570	\$92,051,679

City of Avon, Ohio

Balance Sheet

Governmental Funds

December 31, 2006

	<u>General</u>	<u>Fire Department</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Police</u>
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$5,735,970	\$2,362,173	\$458,287	\$170,650
Materials and Supplies Inventory	4,874	2,658	86,000	19,116
Accounts Receivable	110,168	0	0	0
Intergovernmental Receivable	604,559	0	372,455	28,888
Prepaid Items	11,000	12,500	0	23,559
Municipal Income Taxes Receivable	1,494,920	703,492	0	0
Property Taxes Receivable	1,622,039	0	850,893	488,003
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u><u>\$9,583,530</u></u>	<u><u>\$3,080,823</u></u>	<u><u>\$1,767,635</u></u>	<u><u>\$730,216</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$70,788	\$23,949	\$55,093	\$61,219
Contracts Payable	0	0	0	0
Accrued Wages and Benefits	57,462	63,121	23,241	94,922
Intergovernmental Payable	81,219	173,312	34,558	75,765
Deferred Revenue	2,645,830	321,027	1,107,927	516,891
Accrued Interest Payable	0	0	0	0
Notes Payable	0	0	0	0
<i>Total Liabilities</i>	<u><u>2,855,299</u></u>	<u><u>581,409</u></u>	<u><u>1,220,819</u></u>	<u><u>748,797</u></u>
Fund Balances				
Reserved for Encumbrances	170,059	8,970	215,373	56,797
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	6,558,172	0	0	0
Special Revenue Funds	0	2,490,444	331,443	(75,378)
Debt Service Funds	0	0	0	0
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u><u>6,728,231</u></u>	<u><u>2,499,414</u></u>	<u><u>546,816</u></u>	<u><u>(18,581)</u></u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$9,583,530</u></u>	<u><u>\$3,080,823</u></u>	<u><u>\$1,767,635</u></u>	<u><u>\$730,216</u></u>

See accompanying notes to the basic financial statements

Special Assessment Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$348,189	\$3,649,286	\$12,724,555
0	4,908	117,556
0	0	110,168
0	124,956	1,130,858
0	0	47,059
0	0	2,198,412
0	1,010,260	3,971,195
3,217,210	0	3,217,210
<u>\$3,565,399</u>	<u>\$4,789,410</u>	<u>\$23,517,013</u>
\$0	\$125,679	\$336,728
0	275,946	275,946
0	11,332	250,078
3,059	114,383	482,296
3,217,210	1,110,433	8,919,318
0	4,319	4,319
0	410,000	410,000
<u>3,220,269</u>	<u>2,052,092</u>	<u>10,678,685</u>
0	890,689	1,341,888
0	0	6,558,172
0	832,975	3,579,484
345,130	26,725	371,855
0	986,929	986,929
<u>345,130</u>	<u>2,737,318</u>	<u>12,838,328</u>
<u>\$3,565,399</u>	<u>\$4,789,410</u>	<u>\$23,517,013</u>

City of Avon, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2006*

Total Governmental Fund Balances	\$12,838,328
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	56,155,239
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Special Assessments	3,217,210
Delinquent Property Taxes	170,730
Intergovernmental	706,270
Municipal Income Taxes	1,024,644
Total	5,118,854
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(87,656)
Bond issuance costs are considered deferred charges and will be amortized over the life of the bonds on the statement of net assets.	119,660
Long-term liabilities, including bonds and compensated absences, are not due and payable in the current period therefore are not reported in the funds.	
General Obligation Bonds	(7,165,884)
Premium	(35,392)
Refunding	104,568
Special Assessment Bonds	(3,073,713)
OPWC Loans	(13,500)
Notes Payable	(1,700,000)
Compensated Absences	(1,194,395)
Total	(13,078,316)
<i>Net Assets of Governmental Activities</i>	\$61,066,109

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, 2006

	General	Fire Department	Street Construction, Maintenance and Repair	Police
Revenues				
Property and Other Taxes	\$1,311,910	\$0	\$776,160	\$455,047
Municipal Income Taxes	4,560,112	3,128,887	0	0
Charges for Services	564,768	0	0	0
Licenses and Permits	1,032,576	0	0	0
Fines and Forfeitures	172,993	0	0	0
Intergovernmental	1,088,078	0	792,570	85,100
Special Assessments	0	0	0	0
Interest	776,077	0	21,575	0
Miscellaneous	190,743	3,671	26,388	10,013
<i>Total Revenues</i>	<u>9,697,257</u>	<u>3,132,558</u>	<u>1,616,693</u>	<u>550,160</u>
Expenditures				
Current:				
General Government	2,225,261	0	0	0
Security of Persons and Property	0	2,419,441	0	2,771,621
Transportation	0	0	1,463,204	0
Community Environment	1,046,539	0	0	0
Basic Utility Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Bond Issuance Costs	0	0	0	0
Payment to Refunding Bond Escrow Agent	0	0	0	0
<i>Total Expenditures</i>	<u>3,271,800</u>	<u>2,419,441</u>	<u>1,463,204</u>	<u>2,771,621</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,425,457</u>	<u>713,117</u>	<u>153,489</u>	<u>(2,221,461)</u>
Other Financing Sources (Uses)				
Bonds Issued	0	0	0	0
Bond Premium	0	0	0	0
Notes Issued	0	0	0	0
Refunding Principal	0	0	0	0
Payment to Refunding Bond Escrow Agent	0	0	0	0
Transfers In	305,228	0	0	2,250,000
Transfers Out	(5,587,075)	0	(189,626)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(5,281,847)</u>	<u>0</u>	<u>(189,626)</u>	<u>2,250,000</u>
<i>Net Change in Fund Balances</i>	1,143,610	713,117	(36,137)	28,539
<i>Fund Balances (Deficit)</i>				
<i>Beginning of Year - Restated (Note 3)</i>	<u>5,584,621</u>	<u>1,786,297</u>	<u>582,953</u>	<u>(47,120)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$6,728,231</u>	<u>\$2,499,414</u>	<u>\$546,816</u>	<u>(\$18,581)</u>

(continued)

City of Avon, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds (continued)
For the Year Ended December 31, 2006

	Special Assessment Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Taxes	\$0	\$908,345	\$3,451,462
Municipal Income Taxes	0	0	7,688,999
Charges for Services	0	146,645	711,413
Licenses and Permits	0	235,910	1,268,486
Fines and Forfeitures	0	10,263	183,256
Intergovernmental	0	327,729	2,293,477
Special Assessments	202,342	0	202,342
Interest	191,631	12,329	1,001,612
Miscellaneous	5,674	60,962	297,451
<i>Total Revenues</i>	<u>399,647</u>	<u>1,702,183</u>	<u>17,098,498</u>
Expenditures			
Current:			
General Government	20,264	2,238	2,247,763
Security of Persons and Property	0	322,595	5,513,657
Transportation	0	186,303	1,649,507
Community Environment	0	228,665	1,275,204
Basic Utility Services	0	24,473	24,473
Leisure Time Activities	0	1,058,069	1,058,069
Capital Outlay	0	3,566,729	3,566,729
Debt Service:			
Principal Retirement	181,219	393,981	575,200
Interest and Fiscal Charges	198,965	376,721	575,686
Bond Issuance Costs	0	59,145	59,145
Payment to Refunding Bond Escrow Agent	0	585	585
<i>Total Expenditures</i>	<u>400,448</u>	<u>6,219,504</u>	<u>16,546,018</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(801)</u>	<u>(4,517,321)</u>	<u>552,480</u>
Other Financing Sources (Uses)			
Bonds Issued	0	2,675,000	2,675,000
Bond Premium	0	27,558	27,558
Notes Issued	0	1,700,000	1,700,000
Refunding Principal	0	(200,000)	(200,000)
Payment to Refunding Bond Escrow Agent	0	(1,647,760)	(1,647,760)
Transfers In	0	3,555,322	6,110,550
Transfers Out	0	(333,849)	(6,110,550)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>5,776,271</u>	<u>2,554,798</u>
<i>Net Change in Fund Balances</i>	(801)	1,258,950	3,107,278
<i>Fund Balances (Deficit)</i>			
<i>Beginning of Year - Restated (Note 3)</i>	<u>345,931</u>	<u>1,478,368</u>	<u>9,731,050</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$345,130</u>	<u>\$2,737,318</u>	<u>\$12,838,328</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, 2006*

Net Change in Fund Balances - Total Governmental Funds \$3,107,278

*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	4,957,320	
Current Year Depreciation	(2,998,430)	
Total	1,958,890	1,958,890

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

Delinquent Property Taxes	53,894	
Intergovernmental	68,168	
Special Assessments	(189,514)	
Municipal Income Taxes	399,141	
Total	331,689	331,689

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

Bonds Issued	(2,675,000)	
Notes Issued	(1,700,000)	
Premium on Bonds	(27,558)	
Total	(4,402,558)	(4,402,558)

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.

Bond and Note Principal	775,200	
Payment to the Refunded Bond Escrow Agent	1,648,345	
Total	2,423,545	2,423,545

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	(26,114)	
Amortization of Bond Issuance Costs	(62,806)	
Amortization of Gain on Refunding	(9,312)	
Amortization of Bond Premium	2,444	
Total	(95,788)	(95,788)

Bond issuance costs are recognized as deferred charges and will be amortized over the life of the bonds
on the statement of activities. 59,145

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. 24,565

Change in Net Assets of Governmental Activities \$3,406,766

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$1,227,804	\$1,143,237	\$1,311,910	168,673
Municipal Income Taxes	4,602,808	4,136,502	4,430,373	293,871
Charges for Services	558,523	433,245	621,851	188,606
Licenses and Permits	1,018,340	939,371	1,032,576	93,205
Fines and Forfeitures	170,608	168,362	172,993	4,631
Intergovernmental	736,484	574,666	916,621	341,955
Interest	737,044	240,494	747,348	506,854
Miscellaneous	188,703	49,565	190,743	141,178
<i>Total Revenues</i>	<u>9,240,314</u>	<u>7,685,442</u>	<u>9,424,415</u>	<u>1,738,973</u>
Expenditures				
Current:				
General Government	2,322,604	2,515,216	2,328,428	186,788
Community Environment	1,262,037	1,323,198	1,102,546	220,652
<i>Total Expenditures</i>	<u>3,584,641</u>	<u>3,838,414</u>	<u>3,430,974</u>	<u>407,440</u>
<i>Excess of Revenues Over Expenditures</i>	<u>5,655,673</u>	<u>3,847,028</u>	<u>5,993,441</u>	<u>2,146,413</u>
Other Financing Sources (Uses)				
Transfers In	2,834,939	5,468,052	305,228	(5,162,824)
Transfers Out	(8,351,403)	(11,336,982)	(5,587,075)	5,749,907
<i>Total Other Financing Sources (Uses)</i>	<u>(5,516,464)</u>	<u>(5,868,930)</u>	<u>(5,281,847)</u>	<u>587,083</u>
<i>Net Change in Fund Balance</i>	139,209	(2,021,902)	711,594	2,733,496
<i>Fund Balance Beginning of Year</i>	4,618,012	4,618,012	4,618,012	0
Prior Year Encumbrances Appropriated	101,157	101,157	101,157	0
<i>Fund Balance End of Year</i>	<u>\$4,858,378</u>	<u>\$2,697,267</u>	<u>\$5,430,763</u>	<u>\$2,733,496</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, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Municipal Income Taxes	\$2,749,787	\$3,172,615	\$3,367,515	\$194,900
Miscellaneous	313	361	3,671	3,310
<i>Total Revenues</i>	2,750,100	3,172,976	3,371,186	198,210
Expenditures				
Current:				
Security of Persons and Property	2,607,637	2,680,952	2,377,947	303,005
<i>Net Change in Fund Balance</i>	142,463	492,024	993,239	501,215
<i>Fund Balance Beginning of Year</i>	1,339,393	1,339,393	1,339,393	0
Prior Year Encumbrances Appropriated	12,467	12,467	12,467	0
<i>Fund Balance End of Year</i>	<u>\$1,494,323</u>	<u>\$1,843,884</u>	<u>\$2,345,099</u>	<u>\$501,215</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, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$669,520	\$774,702	\$776,160	\$1,458
Intergovernmental	704,300	814,946	792,514	(22,432)
Interest	16,752	19,384	20,941	1,557
Miscellaneous	22,805	26,388	26,388	0
<i>Total Revenues</i>	1,413,377	1,635,420	1,616,003	(19,417)
Expenditures				
Current:				
Transportation	1,825,480	1,831,421	1,702,831	128,590
<i>Excess of Revenues Under Expenditures</i>	(412,103)	(196,001)	(86,828)	109,173
Other Financing Sources (Uses)				
Transfers In	225,000	225,000	0	(225,000)
Transfers Out	(189,626)	(189,626)	(189,626)	0
<i>Total Other Financing Sources (Uses)</i>	35,374	35,374	(189,626)	(225,000)
<i>Net Change in Fund Balance</i>	(376,729)	(160,627)	(276,454)	(115,827)
<i>Fund Balance Beginning of Year</i>	248,978	248,978	248,978	0
Prior Year Encumbrances Appropriated	268,666	268,666	268,666	0
<i>Fund Balance End of Year</i>	<u>\$140,915</u>	<u>\$357,017</u>	<u>\$241,190</u>	<u>(\$115,827)</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$338,363	\$453,589	\$455,047	\$1,458
Intergovernmental	117,601	130,162	85,100	(45,062)
Miscellaneous	9,666	12,957	10,013	(2,944)
<i>Total Revenues</i>	465,630	596,708	550,160	(46,548)
Expenditures				
Current:				
Security of Persons and Property	2,980,576	3,012,585	2,751,217	261,368
<i>Excess of Revenues Under Expenditures</i>	(2,514,946)	(2,415,877)	(2,201,057)	214,820
Other Financing Sources				
Transfers In	2,484,470	2,484,470	2,250,000	(234,470)
<i>Net Change in Fund Balance</i>	(30,476)	68,593	48,943	(19,650)
<i>Fund Balance Beginning of Year</i>	27,487	27,487	27,487	0
Prior Year Encumbrances Appropriated	30,476	30,476	30,476	0
<i>Fund Balance End of Year</i>	<u>\$27,487</u>	<u>\$126,556</u>	<u>\$106,906</u>	<u>(\$19,650)</u>

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2006

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$1,983,704	\$3,642,539	\$5,626,243
Materials and Supplies Inventory	358,929	36,150	395,079
Accounts Receivable	199,915	168,604	368,519
Prepaid Items	3,250	3,250	6,500
Special Assessments Receivable	254,314	0	254,314
<i>Total Current Assets</i>	<u>2,800,112</u>	<u>3,850,543</u>	<u>6,650,655</u>
<i>Noncurrent Assets</i>			
Deferred Charges	868,202	4,581	872,783
Non-Depreciable Capital Assets	0	185,700	185,700
Depreciable Capital Assets, Net	12,175,240	14,556,610	26,731,850
<i>Total Noncurrent Assets</i>	<u>13,043,442</u>	<u>14,746,891</u>	<u>27,790,333</u>
<i>Total Assets</i>	<u>15,843,554</u>	<u>18,597,434</u>	<u>34,440,988</u>
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	25,941	48,135	74,076
Accrued Wages and Benefits	14,108	14,012	28,120
Intergovernmental Payable	162,956	25,106	188,062
Compensated Absences Payable	4,703	4,703	9,406
Accrued Interest Payable	1,274	35,807	37,081
Notes Payable	0	1,150,000	1,150,000
OWDA Loans - Current	0	109,368	109,368
Bonds Payable - Current	27,300	27,300	54,600
<i>Total Current Liabilities</i>	<u>236,282</u>	<u>1,414,431</u>	<u>1,650,713</u>
<i>Long-Term Liabilities</i>			
Compensated Absences Payable	41,643	41,643	83,286
Intergovernmental Payable	776,093	0	776,093
OWDA Loans	0	657,830	657,830
Bonds Payable	143,748	143,748	287,496
<i>Total Long-Term Liabilities</i>	<u>961,484</u>	<u>843,221</u>	<u>1,804,705</u>
<i>Total Liabilities</i>	<u>1,197,766</u>	<u>2,257,652</u>	<u>3,455,418</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	11,145,152	13,425,843	24,570,995
Unrestricted	3,500,636	2,913,939	6,414,575
<i>Total Net Assets</i>	<u>\$14,645,788</u>	<u>\$16,339,782</u>	<u>\$30,985,570</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, 2006*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$2,137,300	\$1,143,598	\$3,280,898
Other	50,990	4,816	55,806
<i>Total Operating Revenues</i>	<u>2,188,290</u>	<u>1,148,414</u>	<u>3,336,704</u>
Operating Expenses			
Personal Services	392,592	385,163	777,755
Materials and Supplies	989,452	180,628	1,170,080
Contractual Services	349,111	375,695	724,806
Other Operating Expenses	16,721	2,119	18,840
Depreciation	412,298	476,401	888,699
<i>Total Operating Expenses</i>	<u>2,160,174</u>	<u>1,420,006</u>	<u>3,580,180</u>
<i>Operating Income (Loss)</i>	<u>28,116</u>	<u>(271,592)</u>	<u>(243,476)</u>
Non Operating Revenues (Expenses)			
Interest	174,750	248,316	423,066
Interest and Fiscal Charges	(63,845)	(85,356)	(149,201)
<i>Total Non Operating Revenues (Expenses)</i>	<u>110,905</u>	<u>162,960</u>	<u>273,865</u>
<i>Loss Before Contributions</i>	139,021	(108,632)	30,389
Capital Contributions	276,477	406,870	683,347
<i>Change in Net Assets</i>	415,498	298,238	713,736
<i>Net Assets Beginning of Year</i>			
<i>Restated (Note 3)</i>	<u>14,230,290</u>	<u>16,041,544</u>	<u>30,271,834</u>
<i>Net Assets End of Year</i>	<u>\$14,645,788</u>	<u>\$16,339,782</u>	<u>\$30,985,570</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, 2006

	Business-Type Activities		
	Water	Sewer	Totals
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$2,135,934	\$1,183,133	\$3,319,067
Cash Payments to Suppliers for Materials and Supplies	(975,332)	(180,386)	(1,155,718)
Cash Payments for Employee Services and Benefits	(390,347)	(382,732)	(773,079)
Cash Payments for Contractual Services	(404,218)	(345,341)	(749,559)
Other Operating Revenues	50,990	4,816	55,806
Other Operating Expenses	(14,164)	(2,226)	(16,390)
<i>Net Cash Provided by Operating Activities</i>	<u>402,863</u>	<u>277,264</u>	<u>680,127</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(40,280)	(379,775)	(420,055)
Notes Issued	0	1,150,000	1,150,000
Special Assessments	46,175	0	46,175
Principal Paid on GO Bonds	(29,400)	(29,400)	(58,800)
Interest Paid on GO Bonds	(5,682)	(5,682)	(11,364)
Principal Paid on OWDA Loans	0	(105,158)	(105,158)
Interest Paid on OWDA Loans	0	(33,908)	(33,908)
Principal Paid on Notes	(622,000)	(350,000)	(972,000)
Interest Paid on Notes	(18,137)	(22,411)	(40,548)
Interest Paid to City of Avon Lake	(40,618)	0	(40,618)
Payments to City of Avon Lake	(61,789)	0	(61,789)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>(771,731)</u>	<u>223,666</u>	<u>(548,065)</u>
Cash Flows from Investing Activities			
Interest on Investments	174,750	248,316	423,066
Net Increase (Decrease) in Cash and Cash Equivalents	(194,118)	749,246	555,128
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,177,822</u>	<u>2,893,293</u>	<u>5,071,115</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,983,704</u></u>	<u><u>\$3,642,539</u></u>	<u><u>\$5,626,243</u></u>

(continued)

City of Avon, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2006

	Business-Type Activities		
	Water	Sewer	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$28,116	(\$271,592)	(\$243,476)
<i>Adjustments:</i>			
Depreciation	412,298	476,401	888,699
(Increase) Decrease in Assets:			
Accounts Receivable	(1,366)	39,535	38,169
Materials and Supplies Inventory	(29,950)	(7,100)	(37,050)
Prepaid Items	(251)	(251)	(502)
Increase (Decrease) in Liabilities:			
Accounts Payable	22,202	47,374	69,576
Contracts Payable	(36,094)	(8,659)	(44,753)
Accrued Wages	2,471	2,579	5,050
Compensated Absences Payable	(5,033)	(5,033)	(10,066)
Intergovernmental Payable	10,470	4,010	14,480
<i>Total Adjustments</i>	374,747	548,856	923,603
<i>Net Cash Provided by Operating Activities</i>	<u>\$402,863</u>	<u>\$277,264</u>	<u>\$680,127</u>

Noncash Capital Financing Activities

During 2006, the water and sewer enterprise funds received water and sewer lines from developers valued at \$297,600 and \$406,870 respectively.

See accompanying notes to the basic financial statements

City of Avon, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2006

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$4,322,115</u></u>
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Liabilities

Deposits Held and Due to Others	\$4,264,727
Intergovernmental Payable	<u>57,388</u>

<i>Total Liabilities</i>	<u><u>\$4,322,115</u></u>
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See accompanying notes to the basic financial statements

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Description of City and Reporting Entity

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

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

Legislative authority is vested in a seven member council with four members elected from wards and three elected at large, for staggered two year terms. The member receiving the greatest number of votes becomes the president. Council enacts ordinances and resolutions related to tax levies, appropriates and borrows money, and accepts bids for materials and services and other municipal purposes.

Reporting Entity

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

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

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

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

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

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

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

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

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

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

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

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

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

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,

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

subdivision deposits, Avon Lake sanitary sewer trunk fees, monies due to other organizations/entities and Mayor's Court.

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgetary Process

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

F. Cash and Cash Equivalents

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

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

During 2006, investments were limited to repurchase agreements and State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2006 amounted to \$776,077, which includes \$405,664 assigned from other City funds.

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

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

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

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

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

J. Interfund Balances

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

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

M. Fund Balance Reserves

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide statement of net assets reports \$8,147,846 of restricted net assets, none of which is restricted by enabling legislation.

Net assets restricted for other purposes include resources restricted for recycling, parking violations, highway maintenance, education, law enforcement, parks, Mayor's court computer, 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.

O. Contributions of Capital

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

P. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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.

Q. Operating Revenues and Expenses

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

R. Bond Premiums/Issuance Costs

Bond premiums and issuance costs for governmental and business-type activities are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges on the statement of net assets. On the governmental fund statements, bond premiums are received in the year the bonds are issued.

S. Extraordinary and Special Items

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

T. Estimates

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

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

For 2006, the City has implemented GASB Statement No. 47, “Accounting for Termination Benefits.” GASB Statement No. 47 established standards of accounting and financial reporting for termination benefits.

The implementation of GASB Statement No. 47 did not affect the presentation of the financial statements of the City.

During 2006, it was determined that a reclassification of notes payable to different funds was needed. This restatement, along with an adjustment of accrued interest payable had the following effect on fund balance at December 31, 2005:

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

	General Fund	Fire Department	Street Construction Maintenance and Repair	Police
Fund Balance				
December 31, 2005	\$5,584,621	\$1,786,297	\$582,953	(\$47,120)
Restatement:				
Notes Payable	0	0	0	0
Accrued Interest	0	0	0	0
Restated Fund Balance				
December 31, 2005	<u>\$5,584,621</u>	<u>\$1,786,297</u>	<u>\$582,953</u>	<u>(\$47,120)</u>

	Special Assessment Bond	NonMajor	Total
Fund Balance			
December 31, 2005	\$345,931	\$1,497,414	\$9,750,096
Restatement:			
Notes Payable	0	(19,350)	(19,350)
Accrued Interest	0	304	304
Restated Fund Balance			
December 31, 2005	<u>\$345,931</u>	<u>\$1,478,368</u>	<u>\$9,731,050</u>

	Governmental Activities	Water Fund	Sewer Fund	Total Business-Type Activities	Total
Net Assets					
December 31, 2005	\$57,196,549	\$13,919,543	\$16,146,077	\$30,065,620	\$87,262,169
Restatement:					
Notes Payable	(19,350)	19,350	0	19,350	0
Accrued Interest	304	0	0	0	304
Capital Assets	481,840	291,397	(104,533)	186,864	668,704
Restated Net Assets,					
December 31, 2005	<u>\$57,659,343</u>	<u>\$14,230,290</u>	<u>\$16,041,544</u>	<u>\$30,271,834</u>	<u>\$87,931,177</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 4 – Fund Deficits and Legal Compliance

A. Fund Deficits

Fund balances at December 31, 2006 included the following individual fund balance deficits:

	<u>Deficits</u>
Major Fund:	
Special Revenue Fund:	
Police	\$18,581
Nonmajor Funds:	
Special Revenue Fund:	
Police Pension	24,186
Capital Projects Fund:	
Land Purchase - CEI/First Energy	333,324

Fund deficits in the police and police pension funds are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, rather than when accruals occur. The fund deficit in the land purchase CEI/First Energy fund is due to note debt reported in the fund. Deficits will be addressed when bonds are issued or the note is repaid.

B. Legal Compliance

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

	Original Estimated Resources Plus Carryover Balances	Original Appropriations	Excess
Capital Project Funds			
Capital Improvements	\$262,348	\$461,365	\$199,017
Road Program	1,015,824	1,015,961	137

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

	Final Estimated Resources Plus Carryover Balances	Final Appropriations	Excess
Debt Service Fund			
General Obligation Bond Retirement	\$1,335,513	\$1,352,044	\$16,531
Capital Projects Funds			
Capital Improvements	\$262,348	\$461,365	\$199,017
Road Program	1,015,824	1,015,961	137
Land Purchase/Our Lady of Wayside	322,782	329,538	6,756
Senior Citizen Center	193,550	222,679	29,129

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Contrary to ORC section 5705.41 (B), the library bond retirement fund payment to refunded bond escrow agent object level had expenditures plus encumbrances in excess of final appropriations in the amount of \$627,170.

Although most of these budgetary violations were corrected by year-end, management has indicated that appropriations will be closely monitored to ensure no future violations.

Note 5 - Budgetary Basis of Accounting

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

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

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

Net Change in Fund Balance

	General	Fire Department	Street Construction, Maintenance and Repair	Police
GAAP Basis	\$1,143,610	\$713,117	(\$36,137)	\$28,539
Net Adjustment for Revenue Accruals	(350,474)	238,628	(1,991)	0
Unrecorded Cash	77,632	0	1,301	0
Net Adjustment for Expenditure Accruals	35,034	58,568	(23,831)	84,148
Encumbrances	(194,208)	(17,074)	(215,796)	(63,744)
Budget Basis	<u>\$711,594</u>	<u>\$993,239</u>	<u>(\$276,454)</u>	<u>\$48,943</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 6 - Deposits and Investments

State statutes classify monies held by the City into three categories.

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

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

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

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. 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;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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;

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

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 Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year-end, the carrying amount of the City's deposits was \$9,137,248 and the bank balance was \$9,208,667. Of the bank balance \$260,650 was covered by Federal depository insurance and \$8,948,017 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although the securities were held by the pledging institution's trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of the State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

All investments are in an internal investment pool. As of December 31, 2006, the City had \$6,665,000 in Federal Home Loan Bank Bonds, which serve as the underlying security for repurchase agreements, and a STAROhio investment with fair value of \$6,870,665 and an average maturity of 35 days.

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 STAROhio carries a rating of AAAM by Standard's and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal Home Loan Bank Bonds, which serve as the underlying security for the repurchase agreements, carry a rating of AAA by Standard and Poor's. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2006:

Investment	Percentage of Investments
Repurchase Agreement:	
Federal Home Loan Bank Bonds	49.24%
STAROhio	50.76%

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 7 - Receivables

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, special assessments, intergovernmental receivables arising from entitlements and shared revenues and accounts (billings for user charged services and court fines).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$3,009,742 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding at year-end is \$45,462.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006 on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility real and tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which become a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may be annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable September 20.

The full tax rate for all City operations for the year ended December 31, 2006 was \$9.47 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$592,789,170
Public Utility Property	10,162,370
Tangible Personal Property	<u>37,150,490</u>
Total Valuation	<u><u>\$640,102,030</u></u>

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Avon. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

B. Income Tax

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are received by the general fund and fire department special revenue fund.

The Regional Tax Agency administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of three percent.

C. Intergovernmental Receivables

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

	<u>Amount</u>
Grants	\$14,785
Homestead and Rollback	156,583
Inheritance Tax	236,672
Local Grants	672,466
Electric Deregulation	<u>57,952</u>
Total	<u><u>\$1,138,458</u></u>

Note 8 - Contingencies

A. Grants

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

B. Litigation

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

Note 9 – Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
Governmental Activities				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$2,328,092	\$0	\$0	\$2,328,092
Construction in Progress	820,895	2,004,031	(166,643)	2,658,283
<i>Total Capital Assets, Not Being Depreciated</i>	<u>3,148,987</u>	<u>2,004,031</u>	<u>(166,643)</u>	<u>4,986,375</u>
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	259,744	422,149	0	681,893
Buildings and Improvements	8,211,232	150,000	0	8,361,232
Machinery and Equipment	4,205,231	490,310	(20,240)	4,675,301
Infrastructure:				
Park Improvements	1,158,693	0	0	1,158,693
Streets	42,098,630	1,275,289	0	43,373,919
Bridges and Culverts	649,900	0	0	649,900
Traffic Signals	1,094,726	74,465	0	1,169,191
Storm Sewer	15,462,707	707,719	0	16,170,426
<i>Total Capital Assets, Being Depreciated</i>	<u>73,140,863</u>	<u>3,119,932</u>	<u>(20,240)</u>	<u>76,240,555</u>
Less Accumulated Depreciation:				
Land Improvements	(157,107)	(39,483)	0	(196,590)
Buildings and Improvements	(695,940)	(163,621)	0	(859,561)
Machinery and Equipment	(2,250,830)	(294,750)	20,240	(2,525,340)
Infrastructure:				
Park Improvements	(112,489)	(38,623)	0	(151,112)
Streets	(16,202,881)	(1,985,593)	0	(18,188,474)
Bridges and Culverts	(213,228)	(18,569)	0	(231,797)
Traffic Signals	(315,209)	(62,377)	0	(377,586)
Storm Sewer	(2,145,817)	(395,414)	0	(2,541,231)
<i>Total Accumulated Depreciation</i>	<u>(22,093,501)</u>	<u>(2,998,430) *</u>	<u>20,240</u>	<u>(25,071,691)</u>
Total Capital Assets, Being Depreciated, Net	<u>51,047,362</u>	<u>121,502</u>	<u>0</u>	<u>51,168,864</u>
Governmental Activities Capital Assets, Net	<u>\$54,196,349</u>	<u>\$2,125,533</u>	<u>(\$166,643)</u>	<u>\$56,155,239</u>

During 2006, the City received street improvements from developers valued at \$1,108,646 and storm sewer improvements from developers valued at \$707,719.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$7,580	\$0	\$0	\$7,580
Construction in Progress	68,000	110,120	0	178,120
<i>Total Capital Assets Not Being Depreciated</i>	<u>75,580</u>	<u>110,120</u>	<u>0</u>	<u>185,700</u>
Capital Assets, Being Depreciated:				
Land Improvements	93,196	0	0	93,196
Buildings and Improvements	1,693,594	0	0	1,693,594
Machinery and Equipment	163,343	309,935	0	473,278
Infrastructure:				
Water Lines	16,073,636	297,600	0	16,371,236
Sewer Lines	17,403,688	406,870	0	17,810,558
<i>Total Capital Assets, Being Depreciated</i>	<u>35,427,457</u>	<u>1,014,405</u>	<u>0</u>	<u>36,441,862</u>
Less Accumulated Depreciation:				
Land Improvements	(93,196)	0	0	(93,196)
Buildings and Improvements	(491,142)	(33,872)	0	(525,014)
Machinery and Equipment	(83,475)	(19,979)	0	(103,454)
Infrastructure:				
Water Lines	(5,109,315)	(359,342)	0	(5,468,657)
Sewer Lines	(3,044,185)	(475,506)	0	(3,519,691)
<i>Total Accumulated Depreciation</i>	<u>(8,821,313)</u>	<u>(888,699)</u>	<u>0</u>	<u>(9,710,012)</u>
Total Capital Assets, Being Depreciated, Net	<u>26,606,144</u>	<u>125,706</u>	<u>0</u>	<u>26,731,850</u>
Business-Type Activities Capital Assets, Net	<u>\$26,681,724</u>	<u>\$235,826</u>	<u>\$0</u>	<u>\$26,917,550</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$75,847
Security of Persons and Property	223,602
Transportation	2,185,555
Community Environment	2,732
Leisure Time Activities	115,280
Basic Utility Services	395,414
Total Depreciation Expense	<u>\$2,998,430</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 10 – Note Debt

A summary of note transactions for the year ended December 31, 2006 follows:

GOVERNMENTAL FUNDS	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
Land Purchase CEI/First Energy Fund				
2005, 3.20% Real Estate Acquisition	\$390,000	\$0	\$390,000	\$0
2006, 3.95% Real Estate Acquisition	0	410,000	0	410,000
Schneider Court Roadway Fund				
2005, 3.40% Schneider Court Improvements	853,000	0	853,000	0
Schneider Court Site Development Fund				
2005, 3.05% Schneider Court Development	750,000	0	750,000	0
French Creek Restoration Fund				
2005, 3.05% French Creek Restoration	600,000	0	600,000	0
Land Purchase Our Lady of Wayside Fund				
2005, 3.05% Municipal Purposes	100,000	0	100,000	0
Total Governmental Funds	<u>2,693,000</u>	<u>410,000</u>	<u>2,693,000</u>	<u>410,000</u>
BUSINESS-TYPE FUNDS				
Sewer Fund				
2005, 3.05% North Branch Interceptor Sewer	350,000	0	350,000	0
2006, 3.85% North Branch Interceptor Sewer	0	350,000	0	350,000
2006, 3.95% North Branch Interceptor Sewer	0	800,000	0	800,000
Total Sewer Fund	<u>350,000</u>	<u>1,150,000</u>	<u>350,000</u>	<u>1,150,000</u>
Water Fund				
2005, 3.05% Water Tower Reconditioning	550,000	0	550,000	0
2005, 3.40% Schneider Court Water/Sewer Extension	72,000	0	72,000	0
Total Water Fund	<u>622,000</u>	<u>0</u>	<u>622,000</u>	<u>0</u>
Total Business-Type Funds	<u>972,000</u>	<u>1,150,000</u>	<u>972,000</u>	<u>1,150,000</u>
Total All Funds	<u>\$3,665,000</u>	<u>\$1,560,000</u>	<u>\$3,665,000</u>	<u>\$1,560,000</u>

All the notes are backed by the full faith and credit of the City of Avon and mature within one year. The maturity date for all outstanding notes is September 29, 2007. The note liability is reflected in the funds which received the proceeds. All note proceeds, except those for the North Branch Interceptor Sewer, have been fully expended. The real estate acquisition note will be paid from transfers from the general fund. The sewer notes will be paid primarily from transfers from the general fund and the sewer enterprise fund as they are reissued and then from bonds upon the completion of the projects. The water fund notes will be paid by charges for services from the water fund.

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 11 – 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>			
Moore Road/Formanek - 1989	7.13 %	\$23,904	December 1, 2008
Detroit Road Park - 1996	5.20-5.90	250,000	December 1, 2016
Library Improvement - 1996	3.90-5.55	1,060,000	December 1, 2014
Northgate Sewer Improvement - 1996	5.00-5.70	400,000	December 1, 2016
New City Hall - 1997	3.90-5.50	895,800	December 1, 2017
Just Imagine Drive - 1997	3.90-5.35	655,000	December 1, 2017
North Branch Sewer Avins Ditch - 1998	4.60-5.20	88,467	December 1, 2018
Moore Road Improvement - 1999	4.40-5.40	110,870	December 1, 2019
Veteran's Park - 2003	1.50-4.70	1,590,000	December 1, 2023
Service Garage Serial - 2004	2.00-5.00	2,500,000	December 1, 2024
Refunding Bonds - 2004	2.00-3.25	91,200	December 1, 2012
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	3.45-4.25	1,015,000	December 1, 2026
<i>Special Assessment Bonds:</i>			
Moore Road/Formanek - 1989	7.13	391,096	December 1, 2008
Route 83 Sewer Improvement - 1995	4.20-6.50	520,000	December 1, 2015
Chester Road Sanitary Sewer - 1997	3.90-5.50	974,600	December 1, 2017
Moore/Chester Road Waterline - 1997	3.90-5.50	94,200	December 1, 2017
Chester Road Waterline East - 1997	3.90-5.50	152,200	December 1, 2017
Avon Road Waterline - 1997	3.90-5.50	324,200	December 1, 2017
Eaton Subdivision - 1997	3.90-4.85	39,000	December 1, 2007
North Branch Sewer Avins Ditch - 1998	4.60-5.20	281,533	December 1, 2018
Moore Road Improvement - 1999	4.40-5.40	869,130	December 1, 2019
Mills, Jaycox, Sandy Lane - 2000	4.50-5.75	585,000	December 1, 2020
Various Purpose - 2001	3.95-5.25	590,000	December 1, 2021
<i>Ohio Public Works Commission Loans:</i>			
Route 83 Channel Enclosure - 2003	0.00	45,000	December 1, 2013
<i>Long-term Notes</i>			
Municipal Purposes - 2005	1.35	200,000	April 15, 2006
State Route 83 Extension - 2006	4.05	1,500,000	April 14, 2007
<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 Revenue Bonds:</i>			
Water Construction Refunding Bonds - 2004	2.00-3.25	239,400	December 1, 2012
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, 2006

Changes in bonds and other long-term obligations of the City during 2006 were as follows:

	Principal Outstanding 12/31/05	Additions	Deletions	Principal Outstanding 12/31/06	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
Moore Road/Formanek	\$3,170	\$0	\$864	\$2,306	\$1,152
Detroit Road Park	160,000	0	160,000	0	0
Detroit Road Park Refunding	0	163,000	4,000	159,000	12,000
Unamortized Premium	0	176	10	166	0
Unamortized Loss on Refunding	0	(7,944)	(448)	(7,496)	0
Library Improvement	600,000	0	600,000	0	0
Library Improvement Refunding	0	600,000	70,000	530,000	65,000
Unamortized Premium	0	26,585	1,807	24,778	0
Unamortized Loss on Refunding	0	(27,170)	(1,848)	(25,322)	0
Northgate Sewer Improvement	270,000	0	270,000	0	0
Northgate Sewer Improvement Refunding	0	271,000	7,000	264,000	23,000
Unamortized Premium	0	271	14	257	0
Unamortized Loss on Refunding	0	(12,746)	(700)	(12,046)	0
New City Hall	646,111	0	603,684	42,427	42,427
New City Hall Refunding	0	626,000	14,000	612,000	5,000
Unamortized Premium	0	21	21	0	0
Unamortized Loss on Refunding	0	(35,485)	(1,954)	(33,531)	0
Schneider Court Improvements	0	1,015,000	0	1,015,000	25,000
Unamortized Premium	0	505	15	490	0
Just Imagine Drive	465,000	0	30,000	435,000	30,000
North Branch Sewer Avins Ditch	209,248	0	11,414	197,834	11,414
Moore Road Improvement	88,242	0	4,525	83,717	4,524
Veteran's Park	1,485,000	0	60,000	1,425,000	60,000
Service Garage Serial	2,425,000	0	95,000	2,330,000	95,000
Unamortized Premium	9,872	0	519	9,353	0
Refunding Bonds	80,800	0	11,200	69,600	10,400
Unamortized Premium	406	0	58	348	0
Unamortized Loss on Refunding	(30,536)	0	(4,363)	(26,173)	0
<i>Total General Obligation Bonds</i>	<u>\$6,412,313</u>	<u>\$2,619,213</u>	<u>\$1,934,818</u>	<u>\$7,096,708</u>	<u>\$384,917</u>

City of Avon, Ohio
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	Principal Outstanding 12/31/05	Additions	Deletions	Principal Outstanding 12/31/06	Due Within One Year
Governmental Activities (cont.)					
<i>Special Assessment Bonds:</i>					
Moore Road/Formanek	\$51,830	\$0	\$14,136	\$37,694	\$18,848
Route 83 Sewer Improvement	335,000	0	25,000	310,000	25,000
Chester Road Sanitary Sewer	702,946	0	42,087	660,859	44,000
Moore/Chester Road Waterline	67,945	0	4,068	63,877	4,253
Chester Road Waterline East	109,777	0	6,573	103,204	6,871
Avon Road Waterline	233,835	0	14,000	219,835	14,637
Eaton Subdivisions	9,385	0	4,588	4,797	4,797
North Branch Sewer Avins Ditch	65,751	0	3,586	62,165	3,586
Moore Road Improvement	691,758	0	35,476	656,282	35,476
Mills, Jaycox, Sandy Lane	485,000	0	20,000	465,000	25,000
Various Purpose	510,000	0	20,000	490,000	25,000
<i>Total Special Assessment Bonds</i>	<u>3,263,227</u>	<u>0</u>	<u>189,514</u>	<u>3,073,713</u>	<u>207,468</u>
<i>Ohio Public Works Commission Loans:</i>					
Route 83 Channel Enclosure	22,500	0	9,000	13,500	9,000
<i>Long-term Notes Payable:</i>					
Municipal Purposes	200,000	200,000	200,000	200,000	0
State Route 83 Extension	0	1,500,000	0	1,500,000	0
<i>Total Long-term Notes Payable</i>	<u>200,000</u>	<u>1,700,000</u>	<u>200,000</u>	<u>1,700,000</u>	<u>0</u>
Compensated Absences	1,218,960	533,309	557,874	1,194,395	60,204
<i>Total Governmental Activities</i>	<u>\$11,117,000</u>	<u>\$4,852,522</u>	<u>\$2,891,206</u>	<u>\$13,078,316</u>	<u>\$661,589</u>

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

	Principal Outstanding 12/31/05	Additions	Deletions	Principal Outstanding 12/31/06	Due Within One Year
Business-Type Activities					
<i>Ohio Water Development Loans:</i>					
Sanitary Sewer Addition	\$543,122	\$0	\$67,863	\$475,259	\$69,220
Sanitary Sewer Construction	329,234	0	37,295	291,939	40,148
<i>Total Ohio Water Development Loans</i>	<u>872,356</u>	<u>0</u>	<u>105,158</u>	<u>767,198</u>	<u>109,368</u>
<i>General Obligation Revenue Bonds:</i>					
Water Construction Refunding Bonds	212,100	0	29,400	182,700	27,300
Unamortized Premium	814	0	117	697	0
Unamortized Gain on Refunding	(14,407)	0	(2,058)	(12,349)	0
Sewer Construction Refunding Bonds	212,100	0	29,400	182,700	27,300
Unamortized Premium	814	0	117	697	0
Unamortized Gain on Refunding	(14,407)	0	(2,058)	(12,349)	0
<i>Total General Obligation Revenue Bonds</i>	<u>397,014</u>	<u>0</u>	<u>54,918</u>	<u>342,096</u>	<u>54,600</u>
Intergovernmental Payable	946,533	0	82,912	863,621	87,528
Compensated Absences	102,758	45,364	55,430	92,692	9,406
<i>Total Business-Type Activities</i>	<u>\$2,318,661</u>	<u>\$45,364</u>	<u>\$298,418</u>	<u>\$2,065,607</u>	<u>\$260,902</u>

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

Special assessment bonds and the Route 83 Sanitary Sewer Project Ohio Public Works Commission loan will be paid from the proceeds of special assessments levied against benefited property owners. The general obligation bond retirement fund also contributes a small portion towards the Mills, Jaycox, Sandy Lane special assessment bond payment. In the event that a property owner would fail to pay the assessment, payment would be made by the City.

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

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

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Refunded Bonds

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 follow:

	Governmental Activities				Total
	1996 Detroit Road Park	1996 Library Improvements	1996 Northgate Sewer	1997 New City Hall	
Outstanding at December 31,2005	\$160,000	\$600,000	\$270,000	\$646,111	\$1,676,111
Amount Refunded	(150,000)	(600,000)	(250,000)	(565,000)	(1,565,000)
Non-Refunded Portion	10,000	0	20,000	81,111	111,111
Principal Payment to Non-Refunding Portion	(10,000)	0	(20,000)	(38,684)	(68,684)
Outstanding at December 31,2006	\$0	\$0	\$0	\$42,427	\$42,427

The bonds were sold at a premium of \$27,558. Proceeds of \$1,648,345 (after underwriting fees and other insurance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 1992 water and sewer construction bonds. As a result, \$1,565,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the basic financial statements.

The refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$83,345. This difference, reported as a deduction from bonds payable, is being charged to interest through fiscal year 2024. The City completed the refunding to reduce its total debt service payments over the next 20 years by \$79,644 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$96,673.

On September 15, 2004, the City issued \$570,000 in general obligation refunding bonds and \$2,500,000 in service garage construction serial bonds at interest rates varying from 2.0 percent to 5.0 percent. Proceeds were used to refund \$600,000 of the outstanding 1992 water and sewer construction bonds. As 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. On December 31, 2005, \$495,000 of bonds outstanding are considered defeased.

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 serial 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.

Redemption Provisions

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

Mandatory Sinking Fund Redemption The serial 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:

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

<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.

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

Avon Lake Contractual Agreement

During 1994, the City of Avon entered into a contractual agreement with the City of Avon Lake for the construction and future maintenance of a water trunk line that runs through Avon and that Avon residents will be able to tap into. The project was financed mainly by general obligation bonds which were issued in 1994 by the City of Avon Lake. All proceeds were received by the City of Avon Lake and the City of Avon Lake is responsible for the debt retirement and maintenance. The line will be a capital asset of the City of Avon Lake. Cost overruns have increased Avon's share of the costs. The total amount owed to the City of Avon Lake as of December 31, 2006 is \$863,621. This amount has been recorded on Avon's books as a long-term liability in the water enterprise fund. The annual interest rate of this obligation ranges from 4.3 percent to 6.5 percent.

A corresponding amount has been recorded as deferred charges in the water enterprise fund. This amount will be amortized over the life of the debt to the City of Avon Lake. In 2006, a payment was made to the City of Avon Lake in the amount of \$82,912; \$21,123 from the special assessment debt service fund and \$61,789 from the enterprise water fund. The current year capital contribution related to this debt is \$21,123.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Of the amount owed to Avon Lake, \$242,126 will be repaid from special assessments levied against property owners. The remainder of the amount owed to the City of Avon Lake will be repaid with water fund revenues.

The City's overall legal debt margin was \$57,921,329 and an unvoted debt margin of \$25,916,228 at December 31, 2006. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2006 are as follows:

Years	General Obligation Bonds		Special Assessment Bonds		OPWC	Total	
	Principal	Interest	Principal	Interest	Loans	Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2007	\$384,917	\$296,026	\$207,467	\$169,054	\$9,000	\$601,384	\$465,080
2008	403,858	277,433	218,307	158,142	4,500	626,665	435,575
2009	421,508	264,744	203,821	145,915	0	625,329	410,659
2010	447,873	251,031	214,584	135,183	0	662,457	386,214
2011	447,873	235,745	227,750	123,452	0	675,623	359,197
2012-2016	2,323,667	912,331	1,299,541	411,207	0	3,623,208	1,323,538
2017-2021	1,661,188	496,456	702,243	87,290	0	2,363,431	583,746
2022-2026	1,075,000	145,931	0	0	0	1,075,000	145,931
Total	<u>\$7,165,884</u>	<u>\$2,879,697</u>	<u>\$3,073,713</u>	<u>\$1,230,243</u>	<u>\$13,500</u>	<u>\$10,253,097</u>	<u>\$4,109,940</u>

Years	OWDA Loans		Revenue Bonds		Avon Lake		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$109,367	\$31,839	\$54,600	\$10,188	\$87,528	\$51,504	\$251,495	\$93,531
2008	113,823	27,383	58,800	9,042	92,124	46,428	264,747	82,853
2009	118,543	22,665	58,800	7,631	98,268	40,992	275,611	71,288
2010	123,541	17,665	63,000	6,043	103,632	35,100	290,173	58,808
2011	128,842	12,365	63,000	4,153	109,788	28,884	301,630	45,402
2012-2016	173,082	7,486	67,200	2,184	372,281	45,468	612,563	55,138
Total	<u>\$767,198</u>	<u>\$119,403</u>	<u>\$365,400</u>	<u>\$39,241</u>	<u>\$863,621</u>	<u>\$248,376</u>	<u>\$1,996,219</u>	<u>\$407,020</u>

Note 12 – Compensated Absences

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

All full-time employees of the City, excluding full-time fire employees, earn sick leave at the rate of 10 hours per month. Full-time fire employees earn 13.25 hours of sick leave per month. Sick leave accumulation is unlimited. Upon retirement, payment is made for one-half of total sick leave accumulation for all employees except for the employees who are covered under the AFSCME bargaining agreement, Teamsters bargaining agreement, and appointed administrators. Sick leave payment upon retirement for those employees is limited to one-half of their total accumulated sick time, up to a 960 hour pay-out upon retirement.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

For all employees, accumulated sick leave in excess of 90 days may be converted to vacation leave at the rate of one sick leave day for one vacation day to a maximum of five days for a calendar year.

Note 13 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the City negotiated with Custis Insurance Company for commercial insurance coverage relating to general liability, property, fire, auto, employee bonds and public officials bonds.

The cost of the current coverage was \$107,313 for 2006. This coverage includes a \$2,000,000 comprehensive combined single limit general liability insurance policy with a \$7,500 deductible, a \$1,000,000 general law enforcement liability insurance policy with a \$5,000 deductible, a \$1,000,000 public officials liability policy with a \$7,500 deductible, a \$1,000,000 employment practices liability policy with a \$7,500 deductible, a \$16,272,594 blanket building and contents policy, an inland marine coverage of \$1,832,725, a crime coverage blanket bond of \$100,000, an automobile insurance liability policy of \$1,500,000 and a \$9,000,000 excess umbrella coverage policy.

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

B. Workers' Compensation

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

C. Employee Insurance Benefits

The City participates in the Lorain County Healthcare Program, a shared risk pool (Note 17) to provide insurance benefits for the employees of the City. The Program uses the SuperMed Classic Healthcare Plan with Medical Mutual of Ohio to provide insurance coverage which includes health (hospitalization and surgical), prescription drug, dental and vision benefits.

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

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 14 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System (OPERS)

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$431,268, \$274,438 and \$249,766, respectively; 89 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$1,941 made by the City and \$1,275 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$223,735 and \$229,046 for the year ended December 31, 2006, \$181,207 and \$192,647 for the year ended December 31, 2005 and \$162,533 and \$141,949 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 72.9 percent and 69.8 percent, respectively, have been contributed for 2006.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 15 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$210,946. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$147,570 for police and \$109,237 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

Note 16 - Jointly Governed Organizations

A. Lorain County General Health District

The City participates in the Lorain County General Health District, a jointly governed organization, which provides health services to the citizens within the Health District. The Health District is governed by the Board of Health which represents the area served by the Health District and oversees the operation of the Health District. The Board of Health members are appointed to staggered five year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the cities of Avon and Sheffield Lake and one member is appointed jointly by the cities of Amherst and Oberlin. The remaining five members are appointed by the various mayors of villages, chairmen of the township trustees and the County Commissioners. The City contributed \$85,424 during 2006 for the operation of the Health District. Financial information can be obtained by contacting the Lorain County General Health District, 9880 S. Murray Ridge Road, Elyria, Ohio, 44035.

B. Northeast Ohio Public Energy Council

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 112 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

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 2006. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, 175 South Main Street, Akron, Ohio 44308 or at the website www.nopecinfo.org.

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

Note 17 - Shared Risk Pool

The City participates in the Lorain County Healthcare Program, a shared risk pool (Note 13) under the direction of the Lorain County Commissioners, which provides the insurance coverage for all full-time employees who wish to participate in the plan. The Commissioners entered into an agreement with Medical Mutual for stop-loss coverage. The pool consists of twelve political subdivisions that pool risk for health (hospitalization and surgical), prescription drug, dental and vision coverage. Financial information can be obtained by contacting the Lorain County Commissioners, 226 Middle Avenue, Elyria, Ohio 44035.

Note 18 - Contractual Commitments

The City had the following contractual commitments outstanding at December 31, 2006:

<u>Project</u>	<u>Contract Amount</u>
Road Program	\$1,015,687
254 Road Widening Project	68,633
Remodeling Senior Center	164,421
RT 83 Ext. North	692,165
North Branch Sewer	482,530
	<u>\$2,423,436</u>

Note 19 - Interfund Transfers and Balances

A. Transfers

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

The storm water detention fund transferred money to the drainage fund as required by council resolution for storm water drainage costs.

Transfers are also made to cover the various debt obligations of the City from the general fund, street construction, maintenance and repair special revenue fund, and sewer enterprise 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, 2006 were as follows:

City of Avon, Ohio
Notes to Basic Financial Statements
For the Year Ended December 31, 2006

	Transfer From				
	<i>Governmental Activities</i>				
Transfer To	<i>Governmental Activities</i>	General	Street Construction Maintenance and Repair	Nonmajor	Totals
		General	\$0	\$0	\$305,228
Police Department	2,250,000	0	0	2,250,000	
Nonmajor Funds	3,337,075	189,626	28,621	3,555,322	
Total	\$5,587,075	\$189,626	\$333,849	\$6,110,550	

Note 20 - Subsequent Event

On April 11, 2007, the City retired \$550,000 in general obligation notes and issued \$340,000 in new notes with a maturity date of September 27, 2007 and an interest rate of 4.10 percent. The following table summarizes the activity.

<u>Note Issuance</u>	<u>Retired</u>	<u>Issued</u>
Municipal Purposes	\$200,000	\$0
North Branch Interceptor Sewer	350,000	340,000
<i>Total Notes</i>	<u>\$550,000</u>	<u>\$340,000</u>

On May 30, 2007, the City issued \$4,500,000 in general obligation notes for the purpose of constructing a new police facility. The notes have a maturity date of May 29, 2008 and an interest rate of 3.95 percent.

**Combining Statements
and Individual Fund Schedules**

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

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

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

Nonmajor Debt Service Funds

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

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

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

Nonmajor Capital Projects Funds

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

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

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

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

Police Station Project Fund – This fund accounts for monies that will be used to begin the engineering and architectural design work for the construction of a new police station facility.

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

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

Road Program Fund – This fund accounts for road improvements made during the year that include activities such as resurfacing and blacktop upgrades.

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

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds (continued)

2250 Center Road Land Fund – This fund accounts for transfers in for the purchase of land at 2250 Center Road.

Road Widening Fund - This fund accounts for the costs associated with widening various intersections.

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

Sidewalk Programs Fund – This fund accounts for costs associated with the construction and improvement of City sidewalks.

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

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

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

Long Road Land Fund – This fund accounts for the costs of a feasibility study to purchase land on Long Road.

Colorado Avenue Land Fund – This fund accounts for costs associated with the purchase of land on Colorado Avenue, to be used for a City park.

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

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

North Doovey Project Fund – This fund accounts for project costs the City had expected to pay related to the clearing or restructuring of a ditch that was clogged with debris and trees and was causing a flooding problem for some area residents. The City later decided the costs related to this would need to be paid by the property owners.

Curb Cuts Fund – This fund accounts for costs for curb cuts for Americans with Disabilities Act and pedestrian traffic to safely cross from the South side of Detroit Avenue to the Avon Commons Shopping Center.

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

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

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,111,582	\$26,725	\$2,510,979	\$3,649,286
Materials and Supplies Inventory	4,908	0	0	4,908
Intergovernmental Receivable	94,875	8,093	21,988	124,956
Property Taxes Receivable	478,526	92,931	438,803	1,010,260
<i>Total Assets</i>	<u>\$1,689,891</u>	<u>\$127,749</u>	<u>\$2,971,770</u>	<u>\$4,789,410</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$73,864	\$0	\$51,815	\$125,679
Contracts Payable	0	0	275,946	275,946
Accrued Wages and Benefits	11,332	0	0	11,332
Intergovernmental Payable	107,336	0	7,047	114,383
Deferred Revenue	548,618	101,024	460,791	1,110,433
Accrued Interest Payable	0	0	4,319	4,319
Notes Payable	0	0	410,000	410,000
<i>Total Liabilities</i>	<u>741,150</u>	<u>101,024</u>	<u>1,209,918</u>	<u>2,052,092</u>
Fund Balances				
Reserved for Encumbrances	115,766	0	774,923	890,689
Unreserved, Undesignated Reported in:				
Special Revenue Funds	832,975	0	0	832,975
Debt Service Funds	0	26,725	0	26,725
Capital Projects Funds	0	0	986,929	986,929
<i>Total Fund Balances</i>	<u>948,741</u>	<u>26,725</u>	<u>1,761,852</u>	<u>2,737,318</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,689,891</u>	<u>\$127,749</u>	<u>\$2,971,770</u>	<u>\$4,789,410</u>

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$411,969	\$96,967	\$399,409	\$908,345
Charges for Services	129,817	0	16,828	146,645
Licenses and Permits	235,910	0	0	235,910
Fines and Forfeitures	10,263	0	0	10,263
Intergovernmental	265,855	9,296	52,578	327,729
Interest	11,521	808	0	12,329
Miscellaneous	10,067	18,004	32,891	60,962
<i>Total Revenues</i>	<u>1,075,402</u>	<u>125,075</u>	<u>501,706</u>	<u>1,702,183</u>
Expenditures				
Current:				
General Government	0	2,238	0	2,238
Security of Persons and Property	322,595	0	0	322,595
Transportation	186,303	0	0	186,303
Community Environment	228,665	0	0	228,665
Basic Utility Services	24,473	0	0	24,473
Leisure Time Activities	1,058,069	0	0	1,058,069
Capital Outlay	0	0	3,566,729	3,566,729
Debt Service:				
Principal Retirement	74,000	319,981	0	393,981
Interest and Fiscal Charges	71,088	222,786	82,847	376,721
Bond Issuance Costs	5,232	44,809	9,104	59,145
Payments to Refunded Bond Escrow Agent	0	585	0	585
<i>Total Expenditures</i>	<u>1,970,425</u>	<u>590,399</u>	<u>3,658,680</u>	<u>6,219,504</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<u>(895,023)</u>	<u>(465,324)</u>	<u>(3,156,974)</u>	<u>(4,517,321)</u>
Other Financing Sources (Uses)				
Bonds Issued	163,000	1,497,000	1,015,000	2,675,000
Bond Premium	176	26,877	505	27,558
Notes Issued	0	0	1,700,000	1,700,000
Refunding Principal	0	0	(200,000)	(200,000)
Payments to Refunded Bond Escrow Agent	(157,944)	(1,489,816)	0	(1,647,760)
Transfers In	754,332	433,996	2,366,994	3,555,322
Transfers Out	0	0	(333,849)	(333,849)
<i>Total Other Financing Sources (Uses)</i>	<u>759,564</u>	<u>468,057</u>	<u>4,548,650</u>	<u>5,776,271</u>
<i>Net Change in Fund Balances</i>	(135,459)	2,733	1,391,676	1,258,950
<i>Fund Balances Beginning of Year</i>	<u>1,084,200</u>	<u>23,992</u>	<u>370,176</u>	<u>1,478,368</u>
<i>Fund Balances End of Year</i>	<u>\$948,741</u>	<u>\$26,725</u>	<u>\$1,761,852</u>	<u>\$2,737,318</u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	<u>Recycling</u>	<u>ADA Parking Violations</u>	<u>State Highway</u>	<u>Permissive Tax</u>
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$12,781	\$2,134	\$201,073	\$92,974
Materials and Supplies Inventory	0	0	0	0
Intergovernmental Receivable	0	0	26,239	45,978
Property Taxes Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$12,781</u>	<u>\$2,134</u>	<u>\$227,312</u>	<u>\$138,952</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$9,290	\$0	\$1,912	\$25,315
Accrued Wages and Benefits	216	0	0	0
Intergovernmental Payable	29	0	0	0
Deferred Revenue	0	0	16,882	30,652
<i>Total Liabilities</i>	<u>9,535</u>	<u>0</u>	<u>18,794</u>	<u>55,967</u>
Fund Balances				
Reserved for Encumbrances	2,008	0	11,677	3,659
Unreserved, Undesignated (Deficit)	1,238	2,134	196,841	79,326
<i>Total Fund Balances (Deficit)</i>	<u>3,246</u>	<u>2,134</u>	<u>208,518</u>	<u>82,985</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$12,781</u>	<u>\$2,134</u>	<u>\$227,312</u>	<u>\$138,952</u>

(continued)

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	Enforcement and Education	Law Enforcement	Police Pension	Mayor's Court Computer
Assets				
Equity in Pooled Cash and Cash Equivalents	\$5,090	\$29,847	\$76,387	\$64,784
Materials and Supplies Inventory	0	0	0	0
Intergovernmental Receivable	100	0	8,992	0
Property Taxes Receivable	0	0	211,572	0
<i>Total Assets</i>	<u>\$5,190</u>	<u>\$29,847</u>	<u>\$296,951</u>	<u>\$64,784</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$500	\$0	\$0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	100,573	0
Deferred Revenue	0	0	220,564	0
<i>Total Liabilities</i>	<u>0</u>	<u>500</u>	<u>321,137</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	137	0	0	0
Unreserved, Undesignated (Deficit)	5,053	29,347	(24,186)	64,784
<i>Total Fund Balances (Deficit)</i>	<u>5,190</u>	<u>29,347</u>	<u>(24,186)</u>	<u>64,784</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,190</u>	<u>\$29,847</u>	<u>\$296,951</u>	<u>\$64,784</u>

Avon Seniors	Recreation	Park Operating	Park Development	Community Center	Living Tree Memorial
\$58,510	\$61,107	\$70,883	\$416,189	\$7,532	\$154
572	265	0	3,850	221	0
0	0	13,566	0	0	0
0	0	266,954	0	0	0
<u>\$59,082</u>	<u>\$61,372</u>	<u>\$351,403</u>	<u>\$420,039</u>	<u>\$7,753</u>	<u>\$154</u>

\$6,530	\$18,325	\$10,226	\$1,766	\$0	\$0
1,929	656	8,154	0	377	0
1,001	415	4,895	205	218	0
0	0	280,520	0	0	0
<u>9,460</u>	<u>19,396</u>	<u>303,795</u>	<u>1,971</u>	<u>595</u>	<u>0</u>
9,953	0	44,830	39,337	680	45
39,669	41,976	2,778	378,731	6,478	109
<u>49,622</u>	<u>41,976</u>	<u>47,608</u>	<u>418,068</u>	<u>7,158</u>	<u>154</u>
<u>\$59,082</u>	<u>\$61,372</u>	<u>\$351,403</u>	<u>\$420,039</u>	<u>\$7,753</u>	<u>\$154</u>

(continued)

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2006

	<u>Drainage</u>	<u>Cemetery</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,304	\$4,833	\$1,111,582
Materials and Supplies Inventory	0	0	4,908
Intergovernmental Receivable	0	0	94,875
Property Taxes Receivable	0	0	478,526
<i>Total Assets</i>	<u>\$7,304</u>	<u>\$4,833</u>	<u>\$1,689,891</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$73,864
Accrued Wages and Benefits	0	0	11,332
Intergovernmental Payable	0	0	107,336
Deferred Revenue	0	0	548,618
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>741,150</u>
Fund Balances			
Reserved for Encumbrances	3,440	0	115,766
Unreserved, Undesignated (Deficit)	3,864	4,833	832,975
<i>Total Fund Balances (Deficit)</i>	<u>7,304</u>	<u>4,833</u>	<u>948,741</u>
 <i>Total Liabilities and Fund Balances</i>	 <u>\$7,304</u>	 <u>\$4,833</u>	 <u>\$1,689,891</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, 2006

	Recycling	ADA Parking Violations	State Highway	Permissive Tax
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	50	0	0
Intergovernmental	70,429	0	55,767	88,719
Interest	0	0	8,643	2,878
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>70,429</u>	<u>50</u>	<u>64,410</u>	<u>91,597</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Transportation	0	0	43,165	143,138
Community Environment	118,078	0	0	0
Basic Utility Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>118,078</u>	<u>0</u>	<u>43,165</u>	<u>143,138</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(47,649)</u>	<u>50</u>	<u>21,245</u>	<u>(51,541)</u>
Other Financing Sources (Uses)				
Bonds Issued	0	0	0	0
Bond Premium	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	36,000	0	0	80,000
<i>Total Other Financing Sources (Uses)</i>	<u>36,000</u>	<u>0</u>	<u>0</u>	<u>80,000</u>
<i>Net Change in Fund Balances</i>	(11,649)	50	21,245	28,459
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>14,895</u>	<u>2,084</u>	<u>187,273</u>	<u>54,526</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$3,246</u>	<u>\$2,134</u>	<u>\$208,518</u>	<u>\$82,985</u>

(continued)

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2006

	Enforcement and Education	Law Enforcement	Police Pension	Mayor's Court Computer
Revenues				
Property and Other Taxes	\$0	\$0	\$171,119	\$0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Fines and Forfeitures	2,683	145	0	7,385
Intergovernmental	0	0	21,061	0
Interest	0	0	0	0
Miscellaneous	2,472	1,162	0	0
<i>Total Revenues</i>	<u>5,155</u>	<u>1,307</u>	<u>192,180</u>	<u>7,385</u>
Expenditures				
Current:				
Security of Persons and Property	4,769	600	316,598	628
Transportation	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>4,769</u>	<u>600</u>	<u>316,598</u>	<u>628</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>386</u>	<u>707</u>	<u>(124,418)</u>	<u>6,757</u>
Other Financing Sources (Uses)				
Bonds Issued	0	0	0	0
Bond Premium	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	0	0	192,452	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>192,452</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	386	707	68,034	6,757
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>4,804</u>	<u>28,640</u>	<u>(92,220)</u>	<u>58,027</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$5,190</u></u>	<u><u>\$29,347</u></u>	<u><u>(\$24,186)</u></u>	<u><u>\$64,784</u></u>

Avon Seniors	Recreation	Park Operating	Park Development	Community Center	Living Tree Memorial
\$0	\$0	\$240,850	\$0	\$0	\$0
0	125,821	961	0	3,035	0
0	0	0	235,910	0	0
0	0	0	0	0	0
0	0	29,879	0	0	0
0	0	0	0	0	0
1,250	116	542	4,425	0	0
<u>1,250</u>	<u>125,937</u>	<u>272,232</u>	<u>240,335</u>	<u>3,035</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
110,587	0	0	0	0	0
0	0	0	0	0	0
0	166,556	488,298	382,384	20,831	0
0	0	0	74,000	0	0
0	0	0	71,088	0	0
0	0	0	5,232	0	0
<u>110,587</u>	<u>166,556</u>	<u>488,298</u>	<u>532,704</u>	<u>20,831</u>	<u>0</u>
<u>(109,337)</u>	<u>(40,619)</u>	<u>(216,066)</u>	<u>(292,369)</u>	<u>(17,796)</u>	<u>0</u>
0	0	0	163,000	0	0
0	0	0	176	0	0
0	0	0	(157,944)	0	0
125,000	50,050	230,000	0	15,830	0
<u>125,000</u>	<u>50,050</u>	<u>230,000</u>	<u>5,232</u>	<u>15,830</u>	<u>0</u>
15,663	9,431	13,934	(287,137)	(1,966)	0
<u>33,959</u>	<u>32,545</u>	<u>33,674</u>	<u>705,205</u>	<u>9,124</u>	<u>154</u>
<u>\$49,622</u>	<u>\$41,976</u>	<u>\$47,608</u>	<u>\$418,068</u>	<u>\$7,158</u>	<u>\$154</u>

(continued)

City of Avon, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2006

	Drainage	Cemetery	Total Nonmajor Special Revenue Funds
Revenues			
Property and Other Taxes	\$0	\$0	\$411,969
Charges for Services	0	0	129,817
Licenses and Permits	0	0	235,910
Fines and Forfeitures	0	0	10,263
Intergovernmental	0	0	265,855
Interest	0	0	11,521
Miscellaneous	0	100	10,067
<i>Total Revenues</i>	<u>0</u>	<u>100</u>	<u>1,075,402</u>
Expenditures			
Current:			
Security of Persons and Property	0	0	322,595
Transportation	0	0	186,303
Community Environment	0	0	228,665
Basic Utility Services	24,473	0	24,473
Leisure Time Activities	0	0	1,058,069
Debt Service:			
Principal Retirement	0	0	74,000
Interest and Fiscal Charges	0	0	71,088
Bond Issuance Costs	0	0	5,232
<i>Total Expenditures</i>	<u>24,473</u>	<u>0</u>	<u>1,970,425</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(24,473)</u>	<u>100</u>	<u>(895,023)</u>
Other Financing Sources (Uses)			
Bonds Issued	0	0	163,000
Bond Premium	0	0	176
Payment to Refunded Bond Escrow Agent	0	0	(157,944)
Transfers In	25,000	0	754,332
<i>Total Other Financing Sources (Uses)</i>	<u>25,000</u>	<u>0</u>	<u>759,564</u>
<i>Net Change in Fund Balances</i>	527	100	(135,459)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>6,777</u>	<u>4,733</u>	<u>1,084,200</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$7,304</u>	<u>\$4,833</u>	<u>\$948,741</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, 2006

	General Obligation Bond Retirement	Library Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Property and Other Taxes	\$0	\$96,967	\$96,967
Intergovernmental	0	9,296	9,296
Interest	0	808	808
Miscellaneous	18,004	0	18,004
<i>Total Revenues</i>	<u>18,004</u>	<u>107,071</u>	<u>125,075</u>
Expenditures			
Current:			
General Government	748	1,490	2,238
Debt Service:			
Principal Retirement	249,981	70,000	319,981
Interest and Fiscal Charges	205,148	17,638	222,786
Bond Issuance Costs	30,184	14,625	44,809
Payment to Refunded Bond Escrow Agent	0	585	585
<i>Total Expenditures</i>	<u>486,061</u>	<u>104,338</u>	<u>590,399</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(468,057)</u>	<u>2,733</u>	<u>(465,324)</u>
Other Financing Sources (Uses)			
Bonds Issued	897,000	600,000	1,497,000
Bond Premium	292	26,585	26,877
Payment to Refunded Bond Escrow Agent	(863,231)	(626,585)	(1,489,816)
Transfers In	433,996	0	433,996
<i>Total Other Financing Sources (Uses)</i>	<u>468,057</u>	<u>0</u>	<u>468,057</u>
<i>Net Change in Fund Balances</i>	0	2,733	2,733
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>23,992</u>	<u>23,992</u>
<i>Fund Balances End of Year</i>	<u>\$0</u>	<u>\$26,725</u>	<u>\$26,725</u>

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006

	<u>Equipment</u>	<u>Issue II</u>	<u>Storm Water Detention</u>
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$978,076	\$130,024	\$75,370
Intergovernmental Receivable	21,988	0	0
Property Taxes Receivable	438,803	0	0
<i>Total Assets</i>	<u>\$1,438,867</u>	<u>\$130,024</u>	<u>\$75,370</u>
 Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$9,429	\$0	\$2,800
Contracts Payable	0	0	0
Intergovernmental Payable	7,047	0	0
Deferred Revenue	460,791	0	0
Accrued Interest Payable	0	0	0
Notes Payable	0	0	0
<i>Total Liabilities</i>	<u>477,267</u>	<u>0</u>	<u>2,800</u>
 Fund Balances			
Reserved for Encumbrances	38,866	0	35,056
Unreserved, Undesignated (Deficit)	922,734	130,024	37,514
<i>Total Fund Balances (Deficit)</i>	<u>961,600</u>	<u>130,024</u>	<u>72,570</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,438,867</u>	<u>\$130,024</u>	<u>\$75,370</u>

<u>Police Station Project</u>	<u>Safety Town Construction</u>	<u>Skateboard Park</u>	<u>Road Widening</u>
\$73,440	\$3,005	\$7,602	\$131,123
0	0	0	0
0	0	0	0
<u>\$73,440</u>	<u>\$3,005</u>	<u>\$7,602</u>	<u>\$131,123</u>
\$19,000	\$0	\$1,675	\$3,550
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
<u>19,000</u>	<u>0</u>	<u>1,675</u>	<u>3,550</u>
56,777	2,417	7,602	54,940
(2,337)	588	(1,675)	72,633
<u>54,440</u>	<u>3,005</u>	<u>5,927</u>	<u>127,573</u>
<u>\$73,440</u>	<u>\$3,005</u>	<u>\$7,602</u>	<u>\$131,123</u>

(continued)

City of Avon, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds (continued)
December 31, 2006

	Sidewalk Programs	Route 83 Extension	Land Purchase - CEI/ First Energy
Assets			
Equity in Pooled Cash and Cash Equivalents	\$4,738	\$860,736	\$81,060
Intergovernmental Receivable	0	0	0
Property Taxes Receivable	0	0	0
<i>Total Assets</i>	<u>\$4,738</u>	<u>\$860,736</u>	<u>\$81,060</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$15,296	\$65
Contracts Payable	0	275,946	0
Intergovernmental Payable	0	0	0
Deferred Revenue	0	0	0
Accrued Interest Payable	0	0	4,319
Notes Payable	0	0	410,000
<i>Total Liabilities</i>	<u>0</u>	<u>291,242</u>	<u>414,384</u>
Fund Balances			
Reserved for Encumbrances	4,318	554,647	0
Unreserved, Undesignated (Deficit)	420	14,847	(333,324)
<i>Total Fund Balances (Deficit)</i>	<u>4,738</u>	<u>569,494</u>	<u>(333,324)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,738</u>	<u>\$860,736</u>	<u>\$81,060</u>

<u>Curb Cuts</u>	<u>Schneider Court Site Development</u>	<u>I-90 Interchange Study</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$6,000	\$159,650	\$155	\$2,510,979
0	0	0	21,988
0	0	0	438,803
<u>\$6,000</u>	<u>\$159,650</u>	<u>\$155</u>	<u>\$2,971,770</u>
\$0	\$0	\$0	\$51,815
0	0	0	275,946
0	0	0	7,047
0	0	0	460,791
0	0	0	4,319
0	0	0	410,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,209,918</u>
0	20,300	0	774,923
6,000	139,350	155	986,929
<u>6,000</u>	<u>159,650</u>	<u>155</u>	<u>1,761,852</u>
<u>\$6,000</u>	<u>\$159,650</u>	<u>\$155</u>	<u>\$2,971,770</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, 2006

	Equipment	Issue II	Storm Water Detention	Police Station Project	Capital Improvements
Revenues					
Property and Other Taxes	\$399,409	\$0	\$0	\$0	\$0
Charges for Services	0	0	16,828	0	0
Intergovernmental	52,578	0	0	0	0
Miscellaneous	17,701	0	0	0	0
<i>Total Revenues</i>	<u>469,688</u>	<u>0</u>	<u>16,828</u>	<u>0</u>	<u>0</u>
Expenditures					
Capital Outlay	317,890	0	26,523	228,720	3,038
Debt Service:					
Interest and Fiscal Charges	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0
<i>Total Expenditures</i>	<u>317,890</u>	<u>0</u>	<u>26,523</u>	<u>228,720</u>	<u>3,038</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>151,798</u>	<u>0</u>	<u>(9,695)</u>	<u>(228,720)</u>	<u>(3,038)</u>
Other Financing Sources (Uses)					
Bonds Issued	0	0	0	0	0
Bond Premium	0	0	0	0	0
Notes Issued	0	0	0	0	0
Refunding Principal	0	0	0	0	0
Transfers In	0	0	36,988	283,160	0
Transfers Out	0	0	(25,000)	0	(259,310)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>11,988</u>	<u>283,160</u>	<u>(259,310)</u>
<i>Net Change in Fund Balances</i>	151,798	0	2,293	54,440	(262,348)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>809,802</u>	<u>130,024</u>	<u>70,277</u>	<u>0</u>	<u>262,348</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$961,600</u>	<u>\$130,024</u>	<u>\$72,570</u>	<u>\$54,440</u>	<u>\$0</u>

Safety Town Construction	Road Program	Skateboard Park	2250 Center Road Land	Road Widening	French Creek Restoration
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	1,015,687	2,075	310,018	71,110	0
0	0	0	0	0	0
0	0	0	0	0	0
0	1,015,687	2,075	310,018	71,110	0
0	(1,015,687)	(2,075)	(310,018)	(71,110)	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	1,015,824	0	310,018	114,103	0
0	(137)	0	0	0	(3,621)
0	1,015,687	0	310,018	114,103	(3,621)
0	0	(2,075)	0	42,993	(3,621)
3,005	0	8,002	0	84,580	3,621
\$3,005	\$0	\$5,927	\$0	\$127,573	\$0

(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, 2006

	Sidewalk Programs	Land Purchase/ Our Lady of Wayside	Senior Citizen Center	Route 83 Extension	Long Road Land	Colorado Avenue Land
Revenues						
Property and Other Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures						
Capital Outlay	11,025	0	160,298	983,072	1,500	33,028
Debt Service:						
Interest and Fiscal Charges	0	9,142	0	6,551	0	0
Bond Issuance Costs	0	0	0	0	0	0
<i>Total Expenditures</i>	<u>11,025</u>	<u>9,142</u>	<u>160,298</u>	<u>989,623</u>	<u>1,500</u>	<u>33,028</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(11,025)</u>	<u>(9,142)</u>	<u>(160,298)</u>	<u>(989,623)</u>	<u>(1,500)</u>	<u>(33,028)</u>
Other Financing Sources (Uses)						
Bond Proceeds	0	0	0	0	0	0
Bond Premium	0	0	0	0	0	0
Notes Issued	0	200,000	0	1,500,000	0	0
Refunding Principal	0	(200,000)	0	0	0	0
Transfers In	0	117,000	78,709	0	1,500	33,028
Transfers Out	0	(10,539)	(29,129)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>106,461</u>	<u>49,580</u>	<u>1,500,000</u>	<u>1,500</u>	<u>33,028</u>
<i>Net Change in Fund Balances</i>	<u>(11,025)</u>	<u>97,319</u>	<u>(110,718)</u>	<u>510,377</u>	<u>0</u>	<u>0</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>15,763</u>	<u>(97,319)</u>	<u>110,718</u>	<u>59,117</u>	<u>0</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$4,738</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$569,494</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Land Purchase - CEI/ First Energy	Schneider Court Roadway	North Doovey Project	Curb Cuts	Schneider Court Site Development	I-90 Interchange Study	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$399,409
0	0	0	0	0	0	16,828
0	0	0	0	0	0	52,578
0	15,190	0	0	0	0	32,891
0	15,190	0	0	0	0	501,706
334,700	0	598	0	45,120	22,327	3,566,729
10,282	56,872	0	0	0	0	82,847
0	9,104	0	0	0	0	9,104
344,982	65,976	598	0	45,120	22,327	3,658,680
(344,982)	(50,786)	(598)	0	(45,120)	(22,327)	(3,156,974)
0	1,015,000	0	0	0	0	1,015,000
0	505	0	0	0	0	505
0	0	0	0	0	0	1,700,000
0	0	0	0	0	0	(200,000)
55,000	0	0	6,000	315,664	0	2,366,994
0	(6,113)	0	0	0	0	(333,849)
55,000	1,009,392	0	6,000	315,664	0	4,548,650
(289,982)	958,606	(598)	6,000	270,544	(22,327)	1,391,676
(43,342)	(958,606)	598	0	(110,894)	22,482	370,176
(\$333,324)	\$0	\$0	\$6,000	\$159,650	\$155	\$1,761,852

Combining Statements - Agency Funds

Fiduciary Funds

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

Agency Funds

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

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

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

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.

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

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

City of Avon, Ohio
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2006

	<u>Deposits</u>	<u>North Ridgeville Sewer</u>	<u>Avon Lake Sanitary Sewer Trunk Fees</u>	<u>Subdivisions</u>	<u>Total</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	<u>\$1,234,515</u>	<u>\$57,388</u>	<u>\$48,261</u>	<u>\$2,981,951</u>	<u>\$4,322,115</u>
Liabilities					
Deposits Held and Due to Others	\$1,234,515	\$0	\$48,261	\$2,981,951	\$4,264,727
Intergovernmental Payable	<u>0</u>	<u>57,388</u>	<u>0</u>	<u>0</u>	<u>57,388</u>
<i>Total Liabilities</i>	<u>\$1,234,515</u>	<u>\$57,388</u>	<u>\$48,261</u>	<u>\$2,981,951</u>	<u>\$4,322,115</u>

City of Avon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2006

	Beginning Balance 12/31/05	Additions	Deductions	Ending Balance 12/31/06
Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,312,322</u>	<u>\$601,920</u>	<u>\$679,727</u>	<u>\$1,234,515</u>
Liabilities				
Deposits Held and Due to Others	<u>\$1,312,322</u>	<u>\$601,920</u>	<u>\$679,727</u>	<u>\$1,234,515</u>
 Lorain Public Library				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$0</u>	<u>\$441,944</u>	<u>\$441,944</u>	<u>\$0</u>
Liabilities				
Intergovernmental Payable	<u>\$0</u>	<u>\$441,944</u>	<u>\$441,944</u>	<u>\$0</u>
 North Ridgeville Sewer				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$77,819</u>	<u>\$1,155,048</u>	<u>\$1,175,479</u>	<u>\$57,388</u>
Liabilities				
Intergovernmental Payable	<u>\$77,819</u>	<u>\$1,155,048</u>	<u>\$1,175,479</u>	<u>\$57,388</u>
 Avon Lake Sanitary Sewer Trunk Fees				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$6,119</u>	<u>\$47,874</u>	<u>\$5,732</u>	<u>\$48,261</u>
Liabilities				
Deposits Held and Due to Others	<u>\$6,119</u>	<u>\$47,874</u>	<u>\$5,732</u>	<u>\$48,261</u>

(continued)

City of Avon, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2006

	Beginning Balance 12/31/05	Additions	Deductions	Ending Balance 12/31/06
<i>Subdivisions</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,394,263	\$375,733	\$788,045	\$2,981,951
Liabilities				
Deposits Held and Due to Others	\$3,394,263	\$375,733	\$788,045	\$2,981,951
<i>Mayor's Court</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$0	\$161,673	\$161,673	\$0
Liabilities				
Deposits Held and Due to Others	\$0	\$161,673	\$161,673	\$0
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$4,790,523	\$2,622,519	\$3,090,927	\$4,322,115
Cash and Cash Equivalents in Segregated Accounts	0	161,673	161,673	0
<i>Total Assets</i>	\$4,790,523	\$2,784,192	\$3,252,600	\$4,322,115
Liabilities				
Deposits Held and Due to Others	\$4,712,704	\$1,187,200	\$1,635,177	\$4,264,727
Intergovernmental Payable	77,819	1,596,992	1,617,423	57,388
<i>Total Liabilities</i>	\$4,790,523	\$2,784,192	\$3,252,600	\$4,322,115

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

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$1,227,804	\$1,143,237	\$1,311,910	\$168,673
Municipal Income Taxes	4,602,808	4,136,502	4,430,373	293,871
Charges for Services	558,523	433,245	621,851	188,606
Licenses and Permits	1,018,340	939,371	1,032,576	93,205
Fines and Forfeitures	170,608	168,362	172,993	4,631
Intergovernmental	736,484	574,666	916,621	341,955
Interest	737,044	240,494	747,348	506,854
Miscellaneous	188,703	49,565	190,743	141,178
<i>Total Revenues</i>	<u>9,240,314</u>	<u>7,685,442</u>	<u>9,424,415</u>	<u>1,738,973</u>
Expenditures				
Current:				
General Government:				
Mayor:				
Personal Services	189,360	190,860	183,395	7,465
Materials and Supplies	0	3,700	2,709	991
Contractual Services	88,620	89,420	74,449	14,971
Total Mayor	<u>277,980</u>	<u>283,980</u>	<u>260,553</u>	<u>23,427</u>
Finance:				
Personal Services	232,480	259,580	252,839	6,741
Materials and Supplies	12,234	21,284	19,681	1,603
Contractual Services	96,458	60,308	57,704	2,604
Total Finance	<u>341,172</u>	<u>341,172</u>	<u>330,224</u>	<u>10,948</u>
Treasurer:				
Personal Services	17,985	18,350	18,232	118
Materials and Supplies	482	1,567	1,073	494
Contractual Services	1,800	9,350	9,200	150
Total Treasurer	<u>20,267</u>	<u>29,267</u>	<u>28,505</u>	<u>762</u>
Law Director:				
Personal Services	113,160	114,281	111,953	2,328
Materials and Supplies	0	929	829	100
Contractual Services	165,725	266,175	240,547	25,628
Total Law Director	<u>\$278,885</u>	<u>\$381,385</u>	<u>\$353,329</u>	<u>\$28,056</u>

(continued)

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Council:				
Personal Services	\$142,616	\$145,166	\$134,559	\$10,607
Materials and Supplies	5,313	23,190	13,099	10,091
Contractual Services	52,600	32,173	18,847	13,326
Capital Outlay	10,000	10,000	9,896	104
Total Council	210,529	210,529	176,401	34,128
City Hall:				
Personal Services	24,780	31,505	28,152	3,353
Materials and Supplies	578	50,860	36,009	14,851
Contractual Services	224,812	175,438	147,702	27,736
Capital Outlay	5,156	5,156	2,761	2,395
Other	100	100	70	30
Total City Hall	255,426	263,059	214,694	48,365
Civil Service:				
Personal Services	3,225	4,075	2,609	1,466
Materials and Supplies	0	150	60	90
Contractual Services	14,155	13,155	9,002	4,153
Other	100	100	0	100
Total Civil Service	17,480	17,480	11,671	5,809
Records:				
Personal Services	24,950	24,950	7,181	17,769
Materials and Supplies	0	1,500	0	1,500
Contractual Services	8,000	6,500	0	6,500
Total Records	32,950	32,950	7,181	25,769
Statutory Accounts:				
Personal Services	0	44,065	44,065	0
Contractual Services	446,795	457,812	457,812	0
Total Statutory Accounts	446,795	501,877	501,877	0
Legal				
Contractual Services	10,000	10,000	9,333	667
Engineer:				
Contractual Services	\$234,080	\$246,477	\$246,477	\$0

(continued)

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Grant Coordinator:				
Contractual Services	\$27,000	\$27,000	\$27,000	\$0
Income Tax Department:				
Personal Services	18,240	19,390	17,391	1,999
Contractual Services	151,800	150,650	143,792	6,858
Total Income Tax Department	170,040	170,040	161,183	8,857
Total General Government	2,322,604	2,515,216	2,328,428	186,788
Community Environment:				
Planning Commission:				
Personal Services	124,258	144,054	135,163	8,891
Materials and Supplies	753	6,449	3,623	2,826
Contractual Services	20,520	53,874	49,640	4,234
Capital Outlay	6,379	6,379	4,678	1,701
Other	1,000	1,000	995	5
Total Planning Commission	152,910	211,756	194,099	17,657
Building Inspector:				
Personal Services	728,554	739,470	645,275	94,195
Materials and Supplies	1,972	48,163	33,556	14,607
Contractual Services	269,092	214,300	126,655	87,645
Capital Outlay	51,329	51,329	47,096	4,233
Other	2,750	2,750	2,171	579
Total Building Inspector	1,053,697	1,056,012	854,753	201,259
Safety Director/Zoning Officer:				
Personal Services	53,930	54,330	53,594	736
Materials and Supplies	0	750	0	750
Contractual Services	1,500	350	100	250
Total Safety Director/Zoning Officer	55,430	55,430	53,694	1,736
Total Community Environment	1,262,037	1,323,198	1,102,546	220,652
<i>Total Expenditures</i>	<i>\$3,584,641</i>	<i>\$3,838,414</i>	<i>\$3,430,974</i>	<i>\$407,440</i>

(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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
<i>Excess of Revenues Over Expenditures</i>	\$5,655,673	\$3,847,028	\$5,993,441	\$2,146,413
Other Financing Sources (Uses)				
Transfers In	2,834,939	5,468,052	305,228	(5,162,824)
Transfers Out	(8,351,403)	(11,336,982)	(5,587,075)	5,749,907
<i>Total Other Financing Sources (Uses)</i>	(5,516,464)	(5,868,930)	(5,281,847)	587,083
<i>Net Change in Fund Balance</i>	139,209	(2,021,902)	711,594	2,733,496
<i>Fund Balance Beginning of Year</i>	4,618,012	4,618,012	4,618,012	0
Prior Year Encumbrances Appropriated	101,157	101,157	101,157	0
<i>Fund Balance End of Year</i>	\$4,858,378	\$2,697,267	\$5,430,763	\$2,733,496

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Municipal Income Taxes	\$2,749,787	\$3,172,615	\$3,367,515	\$194,900
Miscellaneous	313	361	3,671	3,310
<i>Total Revenues</i>	<u>2,750,100</u>	<u>3,172,976</u>	<u>3,371,186</u>	<u>198,210</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Personal Services	2,216,812	2,254,851	1,992,926	261,925
Materials and Supplies	5,603	85,516	79,436	6,080
Contractual Services	383,772	339,135	304,435	34,700
Capital Outlay	1,150	1,150	1,150	0
Other	300	300	0	300
<i>Total Expenditures</i>	<u>2,607,637</u>	<u>2,680,952</u>	<u>2,377,947</u>	<u>303,005</u>
<i>Net Change in Fund Balance</i>	142,463	492,024	993,239	501,215
<i>Fund Balance Beginning of Year</i>	1,339,393	1,339,393	1,339,393	0
Prior Year Encumbrances Appropriated	<u>12,467</u>	<u>12,467</u>	<u>12,467</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,494,323</u></u>	<u><u>\$1,843,884</u></u>	<u><u>\$2,345,099</u></u>	<u><u>\$501,215</u></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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$669,520	\$774,702	\$776,160	\$1,458
Intergovernmental	704,300	814,946	792,514	(22,432)
Interest	16,752	19,384	20,941	1,557
Miscellaneous	22,805	26,388	26,388	0
<i>Total Revenues</i>	<u>1,413,377</u>	<u>1,635,420</u>	<u>1,616,003</u>	<u>(19,417)</u>
Expenditures				
Current:				
Transportation:				
Street Department:				
Personal Services	804,319	811,458	770,046	41,412
Materials and Supplies	40,211	466,223	435,431	30,792
Contractual Services	707,066	279,856	229,060	50,796
Capital Outlay	273,384	273,384	268,294	5,090
Other	500	500	0	500
<i>Total Expenditures</i>	<u>1,825,480</u>	<u>1,831,421</u>	<u>1,702,831</u>	<u>128,590</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(412,103)</u>	<u>(196,001)</u>	<u>(86,828)</u>	<u>109,173</u>
Other Financing Sources (Uses)				
Transfers In	225,000	225,000	0	(225,000)
Transfers Out	(189,626)	(189,626)	(189,626)	0
<i>Total Other Financing Sources (Uses)</i>	<u>35,374</u>	<u>35,374</u>	<u>(189,626)</u>	<u>(225,000)</u>
<i>Net Change in Fund Balance</i>	(376,729)	(160,627)	(276,454)	(115,827)
<i>Fund Balance Beginning of Year</i>	248,978	248,978	248,978	0
Prior Year Encumbrances Appropriated	268,666	268,666	268,666	0
<i>Fund Balance End of Year</i>	<u>\$140,915</u>	<u>\$357,017</u>	<u>\$241,190</u>	<u>(\$115,827)</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Property and Other Taxes	\$338,363	\$453,589	\$455,047	\$1,458
Intergovernmental	117,601	130,162	85,100	(45,062)
Miscellaneous	9,666	12,957	10,013	(2,944)
<i>Total Revenues</i>	<u>465,630</u>	<u>596,708</u>	<u>550,160</u>	<u>(46,548)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	2,488,092	2,548,602	2,326,008	222,594
Materials and Supplies	19,910	144,755	135,466	9,289
Contractual Services	472,574	319,228	289,743	29,485
<i>Total Expenditures</i>	<u>2,980,576</u>	<u>3,012,585</u>	<u>2,751,217</u>	<u>261,368</u>
<i>Excess of Revenues Under Expenditures</i>	(2,514,946)	(2,415,877)	(2,201,057)	214,820
Other Financing Sources				
Transfers In	2,484,470	2,484,470	2,250,000	(234,470)
<i>Net Change in Fund Balance</i>	(30,476)	68,593	48,943	(19,650)
<i>Fund Balance Beginning of Year</i>	27,487	27,487	27,487	0
Prior Year Encumbrances Appropriated	30,476	30,476	30,476	0
<i>Fund Balance End of Year</i>	<u>\$27,487</u>	<u>\$126,556</u>	<u>\$106,906</u>	<u>(\$19,650)</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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Special Assessments	\$202,868	\$207,728	\$202,342	(\$5,386)
Interest	228,368	228,368	228,368	0
Other	40,222	40,675	5,674	(35,001)
<i>Total Revenues</i>	<u>471,458</u>	<u>476,771</u>	<u>436,384</u>	<u>(40,387)</u>
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement:				
Contractual Services	32,500	32,500	17,205	15,295
Debt Service:				
Principal Retirement	214,035	214,035	202,343	11,692
Interest and Fiscal Charges	222,061	222,061	214,578	7,483
Total Debt Service	<u>436,096</u>	<u>436,096</u>	<u>416,921</u>	<u>19,175</u>
<i>Total Expenditures</i>	<u>468,596</u>	<u>468,596</u>	<u>434,126</u>	<u>34,470</u>
<i>Excess of Revenues Over Expenditures</i>	2,862	8,175	2,258	(5,917)
Other Financing Sources				
Transfers In	32,138	32,500	0	(32,500)
<i>Net Change in Fund Balance</i>	35,000	40,675	2,258	(38,417)
<i>Fund Balance Beginning of Year</i>	<u>345,931</u>	<u>345,931</u>	<u>345,931</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$380,931</u></u>	<u><u>\$386,606</u></u>	<u><u>\$348,189</u></u>	<u><u>(\$38,417)</u></u>

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$2,112,382	\$2,430,839	\$2,182,109	(\$248,730)
Interest	128,663	148,060	164,539	16,479
Miscellaneous	189,355	126,533	50,990	(75,543)
<i>Total Revenues</i>	2,430,400	2,705,432	2,397,638	(307,794)
Expenses				
Personal Services	430,585	436,923	391,832	45,091
Materials and Supplies	22,036	1,194,371	1,029,516	164,855
Contractual Services	1,391,425	16,000	9,081	6,919
Other	12,500	15,664	14,164	1,500
Capital Outlay	269,575	686,501	533,159	153,342
Debt Service:				
Principal Retirement	705,989	713,189	713,189	0
Interest and Fiscal Charges	84,700	77,500	64,437	13,063
<i>Total Expenses</i>	2,916,810	3,140,148	2,755,378	384,770
<i>Net Change in Fund Balance</i>	(486,410)	(434,716)	(357,740)	76,976
<i>Fund Balance Beginning of Year</i>	2,087,410	2,087,410	2,087,410	0
Prior Year Encumbrances Appropriated	83,686	83,686	83,686	0
<i>Fund Balance End of Year</i>	\$1,684,686	\$1,736,380	\$1,813,356	\$76,976

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$671,766	\$1,347,165	\$1,183,133	(\$164,032)
Interest	59,773	119,869	233,774	113,905
Miscellaneous	1,072	2,149	4,816	2,667
Notes Issued	573,449	1,150,000	1,150,000	0
<i>Total Revenues</i>	1,306,060	2,619,183	2,571,723	(47,460)
Expenses				
Personal Services	430,585	436,173	382,732	53,441
Materials and Supplies	4,311	211,662	184,697	26,965
Contractual Services	430,861	347,906	347,742	164
Other	5,000	5,000	2,226	2,774
Capital Outlay	175,678	588,746	421,953	166,793
Debt Service:				
Principal Retirement	484,558	484,558	484,558	0
Interest and Fiscal Charges	62,001	62,001	62,001	0
<i>Total Expenses</i>	1,592,994	2,136,046	1,885,909	250,137
<i>Net Change in Fund Balance</i>	(286,934)	483,137	685,814	202,677
<i>Fund Balance Beginning of Year</i>	2,509,356	2,509,356	2,509,356	0
Prior Year Encumbrances Appropriated	374,906	374,906	374,906	0
<i>Fund Balance End of Year</i>	\$2,597,328	\$3,367,399	\$3,570,076	\$202,677

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Intergovernmental	\$66,771	\$66,770	\$70,429	\$3,659
Expenditures				
Current:				
Community Environment:				
Recycling:				
Personal Services	6,000	6,000	5,991	9
Contractual Services	114,502	115,502	115,472	30
<i>Total Expenditures</i>	120,502	121,502	121,463	39
<i>Excess of Revenues Under Expenditures</i>	(53,731)	(54,732)	(51,034)	3,698
Other Financing Sources				
Transfers In	55,109	55,109	36,000	(19,109)
<i>Net Change in Fund Balance</i>	1,378	377	(15,034)	(15,411)
<i>Fund Balance Beginning of Year</i>	24,305	24,305	24,305	0
Prior Year Encumbrances Appropriated	1,502	1,502	1,502	0
<i>Fund Balance End of Year</i>	\$27,185	\$26,184	\$10,773	(\$15,411)

City of Avon, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
ADA Parking Violations Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeitures	\$750	\$750	\$50	(\$700)
Expenditures				
Current:				
Transportation:				
ADA Parking Violations:				
Contractual Services	1,324	1,324	0	1,324
<i>Net Change in Fund Balance</i>	(574)	(574)	50	624
<i>Fund Balance Beginning of Year</i>	1,510	1,510	1,510	0
Prior Year Encumbrances Appropriated	574	574	574	0
<i>Fund Balance End of Year</i>	<u>\$1,510</u>	<u>\$1,510</u>	<u>\$2,134</u>	<u>\$624</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Intergovernmental	\$47,904	\$52,553	\$55,763	\$3,210
Interest	1,596	7,670	8,279	609
<i>Total Revenues</i>	<u>49,500</u>	<u>60,223</u>	<u>64,042</u>	<u>3,819</u>
Expenditures				
Current:				
Transportation:				
State Highway:				
Contractual Services	25,000	10,000	0	10,000
Capital Outlay	0	28,500	15,870	12,630
Other	0	55,000	37,060	17,940
<i>Total Expenditures</i>	<u>25,000</u>	<u>93,500</u>	<u>52,930</u>	<u>40,570</u>
<i>Net Change in Fund Balance</i>	24,500	(33,277)	11,112	44,389
<i>Fund Balance Beginning of Year</i>	<u>177,698</u>	<u>177,698</u>	<u>177,698</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$202,198</u></u>	<u><u>\$144,421</u></u>	<u><u>\$188,810</u></u>	<u><u>\$44,389</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Intergovernmental	\$82,628	\$88,093	\$88,094	\$1
Interest	1,372	2,430	2,701	271
<i>Total Revenues</i>	<u>84,000</u>	<u>90,523</u>	<u>90,795</u>	<u>272</u>
Expenditures				
Current:				
Transportation:				
Permissive Tax:				
Contractual Services	142,000	140,038	140,038	0
Materials and Supplies	1,824	3,786	1,824	1,962
Capital Outlay	3,435	3,435	3,435	0
<i>Total Expenditures</i>	<u>147,259</u>	<u>147,259</u>	<u>145,297</u>	<u>1,962</u>
<i>Excess of Revenues Under Expenditures</i>	(63,259)	(56,736)	(54,502)	2,234
Other Financing Sources				
Transfers In	80,000	80,000	80,000	0
<i>Net Change in Fund Balance</i>	16,741	23,264	25,498	2,234
<i>Fund Balance Beginning of Year</i>	58,298	58,298	58,298	0
Prior Year Encumbrances Appropriated	5,259	5,259	5,259	0
<i>Fund Balance End of Year</i>	<u>\$80,298</u>	<u>\$86,821</u>	<u>\$89,055</u>	<u>\$2,234</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeitures	\$1,746	\$2,709	\$2,734	\$25
Miscellaneous	554	2,337	2,472	135
<i>Total Revenues</i>	2,300	5,046	5,206	160
Expenditures				
Current:				
Security of Persons and Property:				
Enforcement and Education:				
Contractual Services	5,000	5,000	4,906	94
<i>Net Change in Fund Balance</i>	(2,700)	46	300	254
<i>Fund Balance Beginning of Year</i>	4,653	4,653	4,653	0
<i>Fund Balance End of Year</i>	<u>\$1,953</u>	<u>\$4,699</u>	<u>\$4,953</u>	<u>\$254</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeitures	\$145	\$145	\$145	\$0
Miscellaneous	1,163	1,163	1,162	(1)
<i>Total Revenues</i>	1,308	1,308	1,307	(1)
Expenditures				
Current:				
Security of Persons and Property:				
Law Enforcement:				
Materials and Supplies	100	3,600	100	3,500
Contractual Services	4,000	500	0	500
<i>Total Expenditures</i>	4,100	4,100	100	4,000
<i>Net Change in Fund Balance</i>	(2,792)	(2,792)	1,207	3,999
<i>Fund Balance Beginning of Year</i>	28,540	28,540	28,540	0
Prior Year Encumbrances Appropriated	100	100	100	0
<i>Fund Balance End of Year</i>	<u>\$25,848</u>	<u>\$25,848</u>	<u>\$29,847</u>	<u>\$3,999</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Property and Other Taxes	\$141,444	\$170,900	\$162,387	(\$8,513)
Intergovernmental	24,658	29,792	29,793	1
<i>Total Revenues</i>	<u>166,102</u>	<u>200,692</u>	<u>192,180</u>	<u>(8,512)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Pension:				
Personal Services	0	351,000	305,569	45,431
Contractual Services	348,000	3,000	2,676	324
<i>Total Expenditures</i>	<u>348,000</u>	<u>354,000</u>	<u>308,245</u>	<u>45,755</u>
<i>Excess of Revenues Under Expenditures</i>	(181,898)	(153,308)	(116,065)	37,243
Other Financing Sources				
Transfers In	192,452	192,452	192,452	0
<i>Net Change in Fund Balance</i>	10,554	39,144	76,387	37,243
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,554</u></u>	<u><u>\$39,144</u></u>	<u><u>\$76,387</u></u>	<u><u>\$37,243</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Computer Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Fines and Forfeitures	\$5,000	\$6,960	\$7,385	\$425
Expenditures				
Current:				
Security of Persons and Property:				
Mayor's Court Computer:				
Capital Outlay	3,500	3,500	628	2,872
<i>Net Change in Fund Balance</i>	1,500	3,460	6,757	3,297
<i>Fund Balance Beginning of Year</i>	58,027	58,027	58,027	0
<i>Fund Balance End of Year</i>	<u>\$59,527</u>	<u>\$61,487</u>	<u>\$64,784</u>	<u>\$3,297</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Avon Seniors Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Miscellaneous	\$5,000	\$4,999	\$1,250	(\$3,749)
Expenditures				
Current:				
Community Environment:				
Avon Seniors:				
Personal Services	58,475	60,275	58,694	1,581
Materials and Supplies	98	13,598	7,445	6,153
Contractual Services	65,233	49,932	29,388	20,544
Capital Outlay	30,372	30,373	23,109	7,264
Other	0	1,000	0	1,000
<i>Total Expenditures</i>	<u>154,178</u>	<u>155,178</u>	<u>118,636</u>	<u>36,542</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(149,178)	(150,179)	(117,386)	32,793
Other Financing Sources				
Transfers In	151,375	151,375	125,000	(26,375)
<i>Net Change in Fund Balance</i>	2,197	1,196	7,614	6,418
<i>Fund Balance Beginning of Year</i>	36,131	36,131	36,131	0
Prior Year Encumbrances Appropriated	2,803	2,803	2,803	0
<i>Fund Balance End of Year</i>	<u>\$41,131</u>	<u>\$40,130</u>	<u>\$46,548</u>	<u>\$6,418</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$100,399	\$109,203	\$125,821	\$16,618
Miscellaneous	0	0	116	116
<i>Total Revenues</i>	<u>100,399</u>	<u>109,203</u>	<u>125,937</u>	<u>16,734</u>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation Department:				
Personal Services	27,000	29,620	29,486	134
Materials and Supplies	419	3,274	2,575	699
Contractual Services	16,250	13,880	12,528	1,352
Other	106,150	750	710	40
Total Recreation Department	149,819	47,524	45,299	2,225
Adult Volleyball:				
Materials and Supplies	109	2,109	1,688	421
Men's Basketball:				
Materials and Supplies	13	2,498	2,498	0
Pony Camp:				
Materials and Supplies	0	0	0	0
Little Eagles:				
Materials and Supplies	0	2,740	2,740	0
Tennis Camp				
Materials and Supplies	0	2,196	2,196	0
Gymnastics:				
Materials and Supplies	85	60,246	60,157	89
Baton:				
Materials and Supplies	21	19,281	19,260	21
Little Scientist:				
Materials and Supplies	\$0	\$1,530	\$1,530	\$0

(continued)

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund (continued)
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Youth Baseball:				
Materials and Supplies	\$0	\$5,514	\$5,509	\$5
Flag Football:				
Materials and Supplies	1,845	7,463	7,463	0
Safety Town:				
Materials and Supplies	252	3,583	3,415	168
Fishing:				
Materials and Supplies	0	1,000	1,000	0
Youth Wrestling:				
Materials and Supplies	218	1,218	1,186	32
<i>Total Expenditures</i>	<u>152,362</u>	<u>156,902</u>	<u>153,941</u>	<u>2,961</u>
<i>Excess of Revenues Under Expenditures</i>	(51,963)	(47,699)	(28,004)	19,695
Other Financing Sources				
Transfers In	<u>55,051</u>	<u>55,051</u>	<u>50,050</u>	<u>(5,001)</u>
<i>Net Change in Fund Balance</i>	3,088	7,352	22,046	14,694
<i>Fund Balance Beginning of Year</i>	35,116	35,116	35,116	0
Prior Year Encumbrances Appropriated	<u>2,962</u>	<u>2,962</u>	<u>2,962</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$41,166</u></u>	<u><u>\$45,430</u></u>	<u><u>\$60,124</u></u>	<u><u>\$14,694</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$164,335	\$240,487	\$240,850	\$363
Charges for Services	356	521	961	440
Intergovernmental	43,558	43,720	29,879	(13,841)
Miscellaneous	183	268	542	274
<i>Total Revenues</i>	<u>208,432</u>	<u>284,996</u>	<u>272,232</u>	<u>(12,764)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Park Operating:				
Personal Services	364,763	368,771	321,873	46,898
Materials and Supplies	1,940	43,288	41,967	1,321
Contractual Services	140,146	3,950	3,792	158
Capital Outlay	66,022	179,742	160,009	19,733
<i>Total Expenditures</i>	<u>572,871</u>	<u>595,751</u>	<u>527,641</u>	<u>68,110</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	(364,439)	(310,755)	(255,409)	55,346
Other Financing Sources				
Transfers In	352,983	352,983	230,000	(122,983)
<i>Net Change in Fund Balance</i>	(11,456)	42,228	(25,409)	(67,637)
<i>Fund Balance Beginning of Year</i>	38,161	38,161	38,161	0
Prior Year Encumbrances Appropriated	11,456	11,456	11,456	0
<i>Fund Balance End of Year</i>	<u>\$38,161</u>	<u>\$91,845</u>	<u>\$24,208</u>	<u>(\$67,637)</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Licenses and Permits	\$250,000	\$250,000	\$235,910	(\$14,090)
Interest	250,000	250,000	0	(250,000)
Miscellaneous	0	0	4,425	4,425
<i>Total Revenues</i>	<u>500,000</u>	<u>500,000</u>	<u>240,335</u>	<u>(259,665)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Park Development:				
Contractual Services	19,495	14,424	5,402	9,022
Capital Outlay	772,151	930,318	416,860	513,458
Total Leisure Time Activities	<u>791,646</u>	<u>944,742</u>	<u>422,262</u>	<u>522,480</u>
Debt Service:				
Principal Retirement	70,000	74,000	74,000	0
Interest and Fiscal Charges	141,700	71,088	71,088	
Bond Issuance Costs	0	5,232	5,232	0
Total Debt Service	<u>211,700</u>	<u>150,320</u>	<u>150,320</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,003,346</u>	<u>1,095,062</u>	<u>572,582</u>	<u>522,480</u>
<i>Excess of Revenues</i> <i>Under Expenditures</i>	<u>(503,346)</u>	<u>(595,062)</u>	<u>(332,247)</u>	<u>262,815</u>
Other Financing Sources (Uses)				
Bond Issued	0	163,000	163,000	0
Bond Premium	0	176	176	0
Payment to Refunded Bond Escrow Agent	0	(157,944)	(157,944)	0
Transfers In	9,760	9,760	0	(9,760)
<i>Total Other Financing Sources (Uses)</i>	<u>9,760</u>	<u>14,992</u>	<u>5,232</u>	<u>(9,760)</u>
<i>Net Change in Fund Balance</i>	(493,586)	(580,070)	(327,015)	253,055
<i>Fund Balance Beginning of Year</i>	620,955	620,955	620,955	0
Prior Year Encumbrances Appropriated	<u>81,146</u>	<u>81,146</u>	<u>81,146</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$208,515</u>	<u>\$122,031</u>	<u>\$375,086</u>	<u>\$253,055</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Center Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Charges for Services	\$2,500	\$3,034	\$3,035	\$1
Expenditures				
Current:				
Leisure Time Activities:				
Community Center:				
Personal Services	11,060	13,757	13,498	259
Materials and Supplies	54	301	301	0
Contractual Services	10,244	8,808	8,555	253
Other	1,123	1,038	1,038	0
<i>Total Expenditures</i>	<u>22,481</u>	<u>23,904</u>	<u>23,392</u>	<u>512</u>
<i>Excess of Revenues Under Expenditures</i>	(19,981)	(20,870)	(20,357)	513
Other Financing Sources				
Transfers In	15,830	15,830	15,830	0
<i>Net Change in Fund Balance</i>	(4,151)	(5,040)	(4,527)	513
<i>Fund Balance Beginning of Year</i>	7,228	7,228	7,228	0
Prior Year Encumbrances Appropriated	4,151	4,151	4,151	0
<i>Fund Balance End of Year</i>	<u>\$7,228</u>	<u>\$6,339</u>	<u>\$6,852</u>	<u>\$513</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Living Tree Memorial Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Contributions and Donations	\$500	\$500	\$0	(\$500)
Expenditures				
Current:				
Leisure Time Activities:				
Living Tree Memorial:				
Materials and Supplies	0	200	0	200
Contractual Services	545	345	45	300
<i>Total Expenditures</i>	545	545	45	500
<i>Net Change in Fund Balance</i>	(45)	(45)	(45)	0
<i>Fund Balance Beginning of Year</i>	109	109	109	0
Prior Year Encumbrances Appropriated	45	45	45	0
<i>Fund Balance End of Year</i>	\$109	\$109	\$109	\$0

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Drainage Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Miscellaneous	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Basic Utility Services:				
Drainage:				
Materials and Supplies	<u>27,973</u>	<u>27,973</u>	<u>27,913</u>	<u>60</u>
<i>Excess of Revenues</i>				
<i> Under Expenditures</i>	(27,973)	(27,973)	(27,913)	60
Other Financing Sources				
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,973)	(2,973)	(2,913)	60
<i>Fund Balance Beginning of Year</i>	3,804	3,804	3,804	0
Prior Year Encumbrances Appropriated	<u>2,973</u>	<u>2,973</u>	<u>2,973</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,804</u></u>	<u><u>\$3,804</u></u>	<u><u>\$3,864</u></u>	<u><u>\$60</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Charges for Services	\$600	\$600	\$0	(\$600)
Miscellaneous	0	0	100	100
<i>Total Revenues</i>	600	600	100	(500)
Expenditures				
Current:				
General Government:				
Cemetery:				
Materials and Supplies	0	150	0	150
Contractual Services	500	350	0	350
<i>Total Expenditures</i>	500	500	0	500
<i>Net Change in Fund Balance</i>	100	100	100	0
<i>Fund Balance Beginning of Year</i>	4,733	4,733	4,733	0
<i>Fund Balance End of Year</i>	<u>\$4,833</u>	<u>\$4,833</u>	<u>\$4,833</u>	<u>\$0</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Miscellaneous	\$0	\$18,004	\$18,004	\$0
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Contractual Services	0	3,500	748	2,752
Debt Service:				
Principal Retirement	262,607	249,981	249,981	0
Interest and Fiscal Charges	157,610	205,148	205,148	0
Bond Issuance Costs	0	30,184	30,184	0
Total Debt Service	420,217	485,313	485,313	0
<i>Total Expenditures</i>	420,217	488,813	486,061	2,752
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(420,217)	(470,809)	(468,057)	2,752
Other Financing Sources (Uses)				
Bonds Issued	0	897,000	897,000	0
Bond Premium	0	292	292	0
Payment to Refunded Bond Escrow Agent	0	(863,231)	(863,231)	0
Transfers In	420,217	420,217	433,996	13,779
<i>Total Other Financing Sources (Uses)</i>	420,217	454,278	468,057	13,779
<i>Net Change in Fund Balance</i>	0	(16,531)	0	16,531
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	\$0	(\$16,531)	\$0	\$16,531

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Property and Other Taxes	\$14,063	\$96,844	\$96,967	\$123
Intergovernmental	2,068	14,243	9,296	(4,947)
Interest	117	808	808	0
<i>Total Revenues</i>	<u>16,248</u>	<u>111,895</u>	<u>107,071</u>	<u>(4,824)</u>
Expenditures				
Current:				
General Government:				
Contractual Services	310	2,500	1,490	1,010
Debt Service:				
Principal Retirement	8,676	70,000	70,000	0
Interest and Fiscal Charges	2,268	18,300	17,638	662
Bond Issuance Costs	79,546	14,625	14,625	0
Total Debt Service	<u>90,490</u>	<u>102,925</u>	<u>102,263</u>	<u>662</u>
<i>Total Expenditures</i>	<u>90,800</u>	<u>105,425</u>	<u>103,753</u>	<u>1,672</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(74,552)</u>	<u>6,470</u>	<u>3,318</u>	<u>(3,152)</u>
Other Financing Sources (Uses)				
Bonds Issued	80,693	600,000	600,000	0
Bond Premium	0	26,585	26,585	0
Payment to Refunded Bond Escrow Agent	0	0	(627,170)	(627,170)
<i>Total Other Financing Sources (Uses)</i>	<u>80,693</u>	<u>626,585</u>	<u>(585)</u>	<u>(627,170)</u>
<i>Net Change in Fund Balance</i>	6,141	633,055	2,733	(630,322)
<i>Fund Balance Beginning of Year</i>	<u>23,992</u>	<u>23,992</u>	<u>23,992</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$30,133</u></u>	<u><u>\$657,047</u></u>	<u><u>\$26,725</u></u>	<u><u>(\$630,322)</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Equipment Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Property and Other Taxes	\$330,119	\$398,680	\$399,409	\$729
Intergovernmental	69,559	84,006	52,578	(31,428)
Miscellaneous	14,657	17,701	17,701	0
<i>Total Revenues</i>	<u>414,335</u>	<u>500,387</u>	<u>469,688</u>	<u>(30,699)</u>
Expenditures				
Capital Outlay:				
Equipment:				
Contractual Services	6,700	6,700	6,360	340
Capital Outlay	239,989	340,995	340,366	629
<i>Total Expenditures</i>	<u>246,689</u>	<u>347,695</u>	<u>346,726</u>	<u>969</u>
<i>Net Change in Fund Balance</i>	167,646	152,692	122,962	(29,730)
<i>Fund Balance Beginning of Year</i>	694,059	694,059	694,059	0
Prior Year Encumbrances Appropriated	122,189	122,189	122,189	0
<i>Fund Balance End of Year</i>	<u>\$983,894</u>	<u>\$968,940</u>	<u>\$939,210</u>	<u>(\$29,730)</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2006

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

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Storm Water Detention Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Charges for Services	\$46,379	\$46,379	\$16,828	(\$29,551)
Expenditures				
Capital Outlay:				
Storm Water Detention:				
Contractual Services	26,599	52,699	25,508	27,191
Other	33,271	33,271	33,271	0
<i>Total Expenditures</i>	<u>59,870</u>	<u>85,970</u>	<u>58,779</u>	<u>27,191</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<u>(13,491)</u>	<u>(39,591)</u>	<u>(41,951)</u>	<u>(2,360)</u>
Other Financing Sources (Uses)				
Transfers In	3,621	3,621	3,621	0
Transfers Out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(21,379)</u>	<u>(21,379)</u>	<u>(21,379)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(34,870)	(60,970)	(63,330)	(2,360)
<i>Fund Balance Beginning of Year</i>	43,774	43,774	43,774	0
Prior Year Encumbrances Appropriated	<u>59,870</u>	<u>59,870</u>	<u>59,870</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$68,774</u></u>	<u><u>\$42,674</u></u>	<u><u>\$40,314</u></u>	<u><u>(\$2,360)</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Station Project Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Schneider Court Roadway:				
Capital Outlay	<u>263,160</u>	<u>283,160</u>	<u>266,497</u>	<u>16,663</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(263,160)	(283,160)	(266,497)	16,663
Other Financing Sources				
Transfers In	<u>263,160</u>	<u>283,160</u>	<u>283,160</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	16,663	16,663
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$16,663</u></u>	<u><u>\$16,663</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvements Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Charges for Services	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Improvements:				
Capital Outlay	<u>202,055</u>	<u>202,055</u>	<u>3,038</u>	<u>199,017</u>
<i>Excess of Revenues</i>				
<i> Under Expenditures</i>	(202,055)	(202,055)	(3,038)	199,017
Other Financing Uses				
Transfers Out	<u>(259,310)</u>	<u>(259,310)</u>	<u>(259,310)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(461,365)	(461,365)	(262,348)	199,017
<i>Fund Balance Beginning of Year</i>	60,293	60,293	60,293	0
Prior Year Encumbrances Appropriated	<u>202,055</u>	<u>202,055</u>	<u>202,055</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$199,017)</u>	<u>(\$199,017)</u>	<u>\$0</u>	<u>\$199,017</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Safety Town Construction Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Contributions and Donations	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Safety Town Building:				
Capital Outlay	<u>2,417</u>	<u>2,417</u>	<u>2,417</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(2,417)	(2,417)	(2,417)	0
<i>Fund Balance Beginning of Year</i>	588	588	588	0
Prior Year Encumbrances Appropriated	<u>2,417</u>	<u>2,417</u>	<u>2,417</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$588</u></u>	<u><u>\$588</u></u>	<u><u>\$588</u></u>	<u><u>\$0</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Program Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Road Analysis Program:				
Capital Outlay	1,015,824	1,015,824	1,015,687	137
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(1,015,824)	(1,015,824)	(1,015,687)	137
Other Financing Sources (Uses)				
Transfers In	1,015,824	1,015,824	1,015,824	0
Transfers Out	(137)	(137)	(137)	0
<i>Total Other Financing Sources (Uses)</i>	1,015,687	1,015,687	1,015,687	0
<i>Net Change in Fund Balance</i>	(137)	(137)	0	137
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance (Deficit) End of Year</i>	(\$137)	(\$137)	\$0	\$137

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Skateboard Park Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Miscellaneous	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Skateboard Park:				
Capital Outlay	8,002	8,002	8,002	0
<i>Net Change in Fund Balance</i>	(8,002)	(8,002)	(8,002)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	8,002	8,002	8,002	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
2250 Center Road Land Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Schneider Court Roadway:				
Capital Outlay	310,018	310,018	310,018	0
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(310,018)	(310,018)	(310,018)	0
Other Financing Sources				
Transfers In	310,018	310,018	310,018	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Widening Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Other	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Detroit Road Culvert:				
Capital Outlay	<u>82,970</u>	<u>199,756</u>	<u>123,573</u>	<u>76,183</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(82,970)	(199,756)	(123,573)	76,183
Other Financing Sources				
Transfers In	<u>0</u>	<u>114,103</u>	<u>114,103</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(82,970)	(85,653)	(9,470)	76,183
<i>Fund Balance Beginning of Year</i>	82,970	82,970	82,970	0
Prior Year Encumbrances Appropriated	<u>2,683</u>	<u>2,683</u>	<u>2,683</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,683</u></u>	<u><u>\$0</u></u>	<u><u>\$76,183</u></u>	<u><u>\$76,183</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
French Creek Restoration Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
French Creek:				
Capital Outlay	84,154	84,154	0	84,154
Debt Service:				
Principal Retirement	600,000	600,000	600,000	0
Interest and Fiscal Charges	18,500	18,500	18,301	199
Total Debt Service	618,500	618,500	618,301	199
<i>Total Expenditures</i>	702,654	702,654	618,301	84,353
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(702,654)	(702,654)	(618,301)	84,353
Other Financing Sources (Uses)				
Bonds Issued	700,000	700,000	0	(700,000)
Transfers In	42,000	42,000	0	(42,000)
Transfers Out	0	(3,621)	(3,621)	0
<i>Total Other Financing Sources (Uses)</i>	742,000	738,379	(3,621)	(742,000)
<i>Net Change in Fund Balance</i>	39,346	35,725	(621,922)	(657,647)
<i>Fund Balance Beginning of Year</i>	537,768	537,768	537,768	0
Prior Year Encumbrances Appropriated	84,154	84,154	84,154	0
<i>Fund Balance End of Year</i>	\$661,268	\$657,647	\$0	(\$657,647)

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues				
Other	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Improvements:				
Capital Outlay	<u>15,342</u>	<u>15,342</u>	<u>15,342</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(15,342)	(15,342)	(15,342)	0
<i>Fund Balance Beginning of Year</i>	421	421	421	0
Prior Year Encumbrances Appropriated	<u>15,342</u>	<u>15,342</u>	<u>15,342</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$421</u></u>	<u><u>\$421</u></u>	<u><u>\$421</u></u>	<u><u>\$0</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Purchase/Our Lady of Wayside Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Other	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Land Purchase:				
Capital Outlay	2,499	2,499	0	2,499
Debt Service:				
Principal Retirement	100,000	100,000	100,000	0
Interest and Fiscal Charges	16,500	16,500	12,243	4,257
Total Debt Service	116,500	116,500	112,243	4,257
<i>Total Expenditures</i>	118,999	118,999	112,243	6,756
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(118,999)	(118,999)	(112,243)	6,756
Other Financing Sources (Uses)				
Notes Issued	200,000	200,000	200,000	0
Refunding Principal	(200,000)	(200,000)	(200,000)	0
Transfers In	117,000	117,000	117,000	0
Transfers Out	0	(10,539)	(10,539)	0
<i>Total Other Financing Sources (Uses)</i>	117,000	106,461	106,461	0
<i>Net Change in Fund Balance</i>	(1,999)	(12,538)	(5,782)	6,756
<i>Fund Balance Beginning of Year</i>	3,283	3,283	3,283	0
Prior Year Encumbrances Appropriated	2,499	2,499	2,499	0
<i>Fund Balance End of Year</i>	\$3,783	(\$6,756)	\$0	\$6,756

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Senior Citizen Center Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Senior Citizen Center:				
Capital Outlay	91,417	193,550	164,421	29,129
<i>Excess of Revenues</i>				
<i> Under Expenditures</i>	(91,417)	(193,550)	(164,421)	29,129
Other Financing Sources (Uses)				
Transfers In	41,659	78,709	78,709	0
Transfers Out	0	(29,129)	(29,129)	0
<i>Total Other Financing Sources (Uses)</i>	41,659	49,580	49,580	0
<i>Net Change in Fund Balance</i>	(49,758)	(143,970)	(114,841)	29,129
<i>Fund Balance Beginning of Year</i>	108,341	108,341	108,341	0
Prior Year Encumbrances Appropriated	6,500	6,500	6,500	0
<i>Fund Balance (Deficit) End of Year</i>	\$65,083	(\$29,129)	\$0	\$29,129

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Route 83 Extension Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Route 83 Extension:				
Capital Outlay	1,553,044	1,553,044	1,262,108	290,936
Debt Service:				
Principal Retirement	1,500,000	1,500,000	0	1,500,000
Interest and Fiscal Charges	15,000	75,581	6,551	69,030
Total Debt Service	1,515,000	1,575,581	6,551	1,569,030
<i>Total Expenditures</i>	3,068,044	3,128,625	1,268,659	1,859,966
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(3,068,044)	(3,128,625)	(1,268,659)	1,859,966
Other Financing Sources				
Notes Issued	1,500,000	1,500,000	1,500,000	0
Bonds Issued	1,515,000	1,625,582	0	(1,625,582)
<i>Total Other Financing Sources</i>	3,015,000	3,125,582	1,500,000	(1,625,582)
<i>Net Change in Fund Balance</i>	(53,044)	(3,043)	231,341	234,384
<i>Fund Balance Beginning of Year</i>	6,408	6,408	6,408	0
Prior Year Encumbrances Appropriated	53,044	53,044	53,044	0
<i>Fund Balance End of Year</i>	\$6,408	\$56,409	\$290,793	\$234,384

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Long Road Land Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Schneider Court Roadway:				
Capital Outlay	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(1,500)	(1,500)	(1,500)	0
Other Financing Sources				
Transfers In	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Colorado Avenue Land Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Schneider Court Roadway:				
Capital Outlay	33,000	33,028	33,028	0
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(33,000)	(33,028)	(33,028)	0
Other Financing Sources				
Transfers In	33,028	33,028	33,028	0
<i>Net Change in Fund Balance</i>	28	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$28	\$0	\$0	\$0

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Land Purchase - CEI/First Energy Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Capital Outlay:				
Land Purchase:				
Capital Outlay	<u>300,644</u>	<u>350,644</u>	<u>334,635</u>	<u>16,009</u>
Debt Service:				
Principal Retirement	<u>0</u>	<u>390,000</u>	<u>390,000</u>	<u>0</u>
Interest and Fiscal Charges	<u>0</u>	<u>19,980</u>	<u>18,651</u>	<u>1,329</u>
Total Debt Service	<u>0</u>	<u>409,980</u>	<u>408,651</u>	<u>1,329</u>
<i>Total Expenditures</i>	<u>300,644</u>	<u>760,624</u>	<u>743,286</u>	<u>17,338</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	<u>(300,644)</u>	<u>(760,624)</u>	<u>(743,286)</u>	<u>17,338</u>
Other Financing Sources				
Notes Issued	<u>410,000</u>	<u>410,000</u>	<u>410,000</u>	<u>0</u>
Transfers In	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>465,000</u>	<u>465,000</u>	<u>465,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>164,356</u>	<u>(295,624)</u>	<u>(278,286)</u>	<u>17,338</u>
<i>Fund Balance Beginning of Year</i>	<u>359,346</u>	<u>359,346</u>	<u>359,346</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$523,702</u></u>	<u><u>\$63,722</u></u>	<u><u>\$81,060</u></u>	<u><u>\$17,338</u></u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Schneider Court Roadway Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Miscellaneous	16,635	16,635	15,190	(\$1,445)
Expenditures				
Capital Outlay:				
Schneider Court Roadway:				
Capital Outlay	4,968	5,000	0	5,000
Debt Service:				
Principal Retirement	847,603	853,000	853,000	0
Interest and Fiscal Charges	101,355	102,000	72,461	29,539
Bond Issuance Costs	9,104	9,104	9,104	0
Total Debt Service	958,062	964,104	934,565	29,539
<i>Total Expenditures</i>	963,030	969,104	934,565	34,539
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(946,395)	(952,469)	(919,375)	33,094
Other Financing Sources (Uses)				
Bonds Issued	1,016,237	1,016,237	1,015,000	(1,237)
Bond Premium	505	505	505	0
Transfers In	280,000	280,000	0	(280,000)
Transfers Out	(6,074)	(6,113)	(6,113)	0
<i>Total Other Financing Sources (Uses)</i>	1,290,668	1,290,629	1,009,392	(281,237)
<i>Net Change in Fund Balance</i>	344,273	338,160	90,017	(248,143)
<i>Fund Balance (Deficit) Beginning of Year</i>	(90,017)	(90,017)	(90,017)	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	\$254,256	\$248,143	\$0	(\$248,143)

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
North Doovey Project Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
North Doovey:				
Other	598	598	598	0
<i>Net Change in Fund Balance</i>	(598)	(598)	(598)	0
<i>Fund Balance Beginning of Year</i>	598	598	598	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Curb Cuts Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Schneider Court Roadway:				
Capital Outlay	6,000	6,000	0	6,000
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(6,000)	(6,000)	0	6,000
Other Financing Sources				
Transfers In	6,000	6,000	6,000	0
<i>Net Change in Fund Balance</i>	0	0	6,000	6,000
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$6,000	\$6,000

City of Avon, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Schneider Court Site Development Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Capital Improvements:				
Capital Outlay	0	240,563	83,425	157,138
Debt Service:				
Principal Retirement	750,000	750,000	750,000	0
Interest and Fiscal Charges	30,000	30,000	22,875	7,125
Total Debt Service	780,000	780,000	772,875	7,125
<i>Total Expenditures</i>	780,000	1,020,563	856,300	164,263
<i>Excess of Revenues</i>				
<i> Under Expenditures</i>	(780,000)	(1,020,563)	(856,300)	164,263
Other Financing Sources				
Bonds Issued	520,500	520,500	0	(520,500)
Transfers In	280,000	315,664	315,664	0
<i>Total Other Financing Sources</i>	800,500	836,164	315,664	(520,500)
<i>Net Change in Fund Balance</i>	20,500	(184,399)	(540,636)	(356,237)
<i>Fund Balance Beginning of Year</i>	540,525	540,525	540,525	0
Prior Year Encumbrances Appropriated	139,460	139,460	139,460	0
<i>Fund Balance End of Year</i>	<u>\$700,485</u>	<u>\$495,586</u>	<u>\$139,349</u>	<u>(\$356,237)</u>

City of Avon, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
I-90 Interchange Study Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
Revenues				
Contributions and Donations	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
I-90 Interchange:				
Capital Outlay	22,327	22,327	22,327	0
<i>Net Change in Fund Balance</i>	(22,327)	(22,327)	(22,327)	0
<i>Fund Balance Beginning of Year</i>	155	155	155	0
Prior Year Encumbrances Appropriated	22,327	22,327	22,327	0
<i>Fund Balance End of Year</i>	\$155	\$155	\$155	\$0

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-S9
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax, and the municipal income	S10-S20
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.	S21-S24
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.	S25-S27
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.	S28-S35

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 Six Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003	2002	2001
Governmental Activities						
Invested in Capital Assets	\$46,746,166	\$44,972,235	\$39,667,395	\$36,408,687	\$30,075,143	\$28,762,982
Restricted:						
Capital Projects	2,213,629	3,231,787	5,411,319	2,124,737	1,659,080	1,409,760
Debt Service	1,551,389	1,444,688	2,339,940	2,156,992	2,461,360	2,213,739
Fire Department	2,613,979	1,884,793	815,856	2,275,314	0	0
Street Construction, Maintenance and Repair	734,079	752,640	906,927	1,051,272	0	0
Park Development	418,068	705,205	536,980	630,113	0	0
Other Purposes	616,702	529,938	451,805	124,131	3,169,282	1,548,768
Unrestricted	6,172,097	4,138,057	3,184,867	3,988,510	2,471,842	3,649,404
<i>Total Governmental Activities Net Assets</i>	<u>\$61,066,109</u>	<u>\$57,659,343</u>	<u>\$53,315,089</u>	<u>\$48,759,756</u>	<u>\$39,836,707</u>	<u>\$37,584,653</u>
Business Type - Activities						
Invested in Capital Assets, Net of Related Debt	\$24,570,995	\$23,504,509	\$20,753,823	\$17,442,509	\$16,625,219	\$15,317,633
Unrestricted	6,414,575	6,767,325	6,200,193	7,082,882	4,855,375	3,177,746
<i>Total Business-Type Activities Net Assets</i>	<u>\$30,985,570</u>	<u>\$30,271,834</u>	<u>\$26,954,016</u>	<u>\$24,525,391</u>	<u>\$21,480,594</u>	<u>\$18,495,379</u>
Primary Government						
Invested in Capital Assets, Net of Related Debt	\$71,317,161	\$68,476,744	\$60,421,218	\$53,851,196	\$46,700,362	\$44,080,615
Restricted	8,147,846	8,549,051	10,462,827	8,362,559	7,289,722	5,172,267
Unrestricted	12,586,672	10,905,382	9,385,060	11,071,392	7,327,217	6,827,150
<i>Total Primary Government Net Assets</i>	<u>\$92,051,679</u>	<u>\$87,931,177</u>	<u>\$80,269,105</u>	<u>\$73,285,147</u>	<u>\$61,317,301</u>	<u>\$56,080,032</u>

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

	2006	2005	2004	2003	2002	2001
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government	\$510,669	\$1,186,202	\$1,343,467	\$1,068,732	\$849,259	\$758,999
Security of Persons and Property	10,213	10,036	9,223	37,214	350,848	331,987
Transportation	50	750	530	20	2,190	0
Community Environment	1,272,496	681,953	839,327	558,460	482,531	556,469
Basic Utility Services	16,828	32,247	34,000	52,556	278,824	116,410
Leisure Time Activities	365,727	454,726	461,048	365,797	317,280	444,769
Subtotal - Charges for Services	<u>2,175,983</u>	<u>2,365,914</u>	<u>2,687,595</u>	<u>2,082,779</u>	<u>2,280,932</u>	<u>2,208,634</u>
Operating Grants and Contributions:						
General Government	0	0	0	0	4,498	119,890
Security of Persons and Property	0	32,081	30,565	17,148	75,756	80,319
Transportation	991,097	860,389	763,940	561,904	494,385	605,767
Community Environment	70,429	68,001	100,527	113,505	111,480	146,375
Basic Utility Services	0	0	0	0	0	30,000
Leisure Time Activities	42,815	13,893	17,982	2,784	6,000	11,069
Subtotal - Operating Grants and Contributions	<u>1,104,341</u>	<u>974,364</u>	<u>913,014</u>	<u>695,341</u>	<u>692,119</u>	<u>993,420</u>
Capital Grants and Contributions:						
General Government	0	22,480	0	0	0	0
Security of Persons and Property	0	0	22,078	60,000	0	0
Transportation	1,816,365	3,988,681	5,163,299	6,709,012	1,302,781	2,466,085
Community Environment	0	217,267	0	0	0	0
Basic Utility Services	0	573,019	0	209,514	1,599,316	750,874
Leisure Time Activities	0	0	0	80,000	94,526	0
Subtotal - Capital Grants and Contributions	<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>3,216,959</u>
<i>Total Governmental Activities Program Revenues</i>	<u>5,096,689</u>	<u>8,141,725</u>	<u>8,785,986</u>	<u>9,836,646</u>	<u>5,969,674</u>	<u>6,419,013</u>
Business-Type Activities:						
Charges for Services:						
Water	2,137,300	2,258,379	2,046,470	1,962,762	1,213,560	1,075,991
Sewer	1,143,598	1,021,487	826,192	769,285	844,518	749,367
Subtotal - Charges for Services	<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>	<u>1,825,358</u>
Capital Grants and Contributions						
Water	276,477	1,540,005	1,290,440	612,910	1,157,408	1,474,796
Sewer	406,870	2,012,709	2,243,380	2,712,519	2,747,851	1,235,838
Subtotal - Capital Grants and Contributions	<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>2,710,634</u>
<i>Total Business-Type Activities Program Revenues</i>	<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>4,535,992</u>
<i>Total Primary Government Program Revenues</i>	<u>\$9,060,934</u>	<u>\$14,974,305</u>	<u>\$15,192,468</u>	<u>\$15,894,122</u>	<u>\$11,933,011</u>	<u>\$10,955,005</u>

(continued)

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

	2006	2005	2004	2003	2002	2001
Expenses						
Governmental Activities:						
General Government	\$2,739,914	\$1,919,159	\$1,935,275	\$1,695,377	\$1,510,968	\$1,191,523
Security of Persons and Property	5,739,141	5,462,030	4,532,738	3,932,378	4,299,769	2,471,684
Transportation	3,824,122	5,285,670	4,470,599	3,288,035	3,533,913	3,245,758
Community Environment	1,272,107	1,395,945	1,222,720	1,091,550	940,434	1,427,607
Basic Utility Services	419,887	379,953	395,185	22,007	461,515	916,029
Leisure Time Activities	1,173,141	811,918	1,052,267	1,131,505	805,698	222,207
Interest and Fiscal Charges	671,474	619,472	522,343	479,473	511,821	506,281
<i>Total Governmental Activities Expenses</i>	<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>	<u>9,981,089</u>
Business-Type Activities						
Water	2,224,019	2,235,003	2,630,729	1,852,642	1,643,370	1,378,699
Sewer	1,505,362	1,548,860	1,442,009	1,228,483	1,002,289	1,035,805
<i>Total Business-Type Activities Expenses</i>	<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>2,414,504</u>
<i>Total Primary Government Program Expenses</i>	<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>	<u>12,395,593</u>
Net (Expense)/Revenue						
Governmental Activities	(10,743,097)	(7,732,422)	(5,345,141)	(1,803,679)	(6,094,444)	(3,562,076)
Business-Type Activities	234,864	3,048,717	2,333,744	2,976,351	3,317,678	2,121,488
<i>Total Primary Government Net Expense</i>	<u>(\$10,508,233)</u>	<u>(\$4,683,705)</u>	<u>(\$3,011,397)</u>	<u>\$1,172,672</u>	<u>(\$2,776,766)</u>	<u>(\$1,440,588)</u>

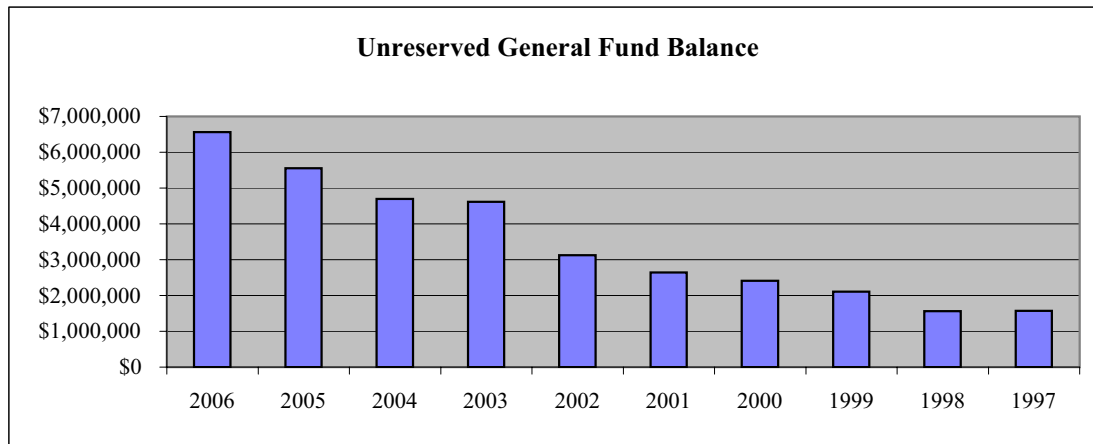
(continued)

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

	2006	2005	2004	2003	2002	2001
General Revenues and Other Changes in Net Assets						
Governmental Activities						
Taxes:						
Property and Other Local Taxes Levied For:						
General Purposes	\$1,333,155	\$1,217,503	\$1,037,165	\$870,500	\$698,768	\$614,100
Streets	788,160	725,131	654,620	693,349	0	0
Police	461,994	431,013	391,964	0	0	0
Police Pension	173,609	153,362	0	0	0	0
Park Operations	244,487	222,397	0	0	0	0
Library Bond Retirement	98,426	85,628	0	0	0	0
Equipment	405,525	372,103	0	0	0	0
Other Purposes	0	0	343,569	660,143	1,133,835	991,071
Debt Service	0	0	79,395	83,291	84,537	90,642
Capital Projects	0	0	336,020	356,914	244,153	222,803
Municipal Income Taxes levied for:						
General Purposes	4,933,050	4,278,546	3,643,042	4,019,591	2,909,788	3,246,032
Fire Department	3,155,090	3,204,104	2,223,953	2,727,351	2,008,383	0
Grants and Entitlements not Restricted to						
Specific Programs	1,257,304	404,963	507,009	275,722	237,174	115,580
Investment Earnings	1,001,612	541,233	525,863	291,920	533,541	821,670
Gain on Sale of Capital Assets	0	0	0	647,650	0	0
Net Gain on the Loss of Impaired Asset	0	203,748	0	0	0	0
Miscellaneous	297,451	218,412	178,207	96,670	125,650	88,801
<i>Total Governmental Activities</i>	<u>14,149,863</u>	<u>12,058,143</u>	<u>9,920,807</u>	<u>10,723,101</u>	<u>7,975,829</u>	<u>6,190,699</u>
Business-Type Activities						
Investment Earnings	423,066	109,830	44,133	27,272	25,825	49,777
Miscellaneous	55,806	53,921	30,415	44,801	12,381	58,525
<i>Total Business-Type Activities</i>	<u>478,872</u>	<u>163,751</u>	<u>74,548</u>	<u>72,073</u>	<u>38,206</u>	<u>108,302</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>14,628,735</u>	<u>12,221,894</u>	<u>9,995,355</u>	<u>10,795,174</u>	<u>8,014,035</u>	<u>6,299,001</u>
Transfers						
Governmental Activities	0	18,533	(20,333)	3,627	370,669	369,202
Business-Type Activities	0	(18,533)	20,333	(3,627)	(370,669)	(369,202)
Change in Net Assets						
Governmental Activities	3,406,766	4,344,254	4,555,333	8,923,049	2,252,054	2,997,825
Business-Type Activities	713,736	3,193,935	2,428,625	3,044,797	2,985,215	1,860,588
<i>Total Primary Government Change in Net Assets</i>	<u>\$4,120,502</u>	<u>\$7,538,189</u>	<u>\$6,983,958</u>	<u>\$11,967,846</u>	<u>\$5,237,269</u>	<u>\$4,858,413</u>

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

	2006	2005	2004	2003
General Fund				
Reserved	\$170,059	\$27,802	\$47,714	\$31,677
Unreserved	6,558,172	5,556,819	4,692,475	4,618,368
Total General Fund	6,728,231	5,584,621	4,740,189	4,650,045
All Other Governmental Funds				
Reserved	1,171,829	1,001,146	3,468,055	2,721,875
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue funds	3,579,484	3,096,126	2,266,290	3,259,084
Debt Service funds	371,855	369,923	1,239,564	304,992
Capital Projects funds	986,929	(320,766)	411,653	914,847
Total All Other Governmental Funds	6,110,097	4,146,429	7,385,562	7,200,798
Total Governmental Funds	\$12,838,328	\$9,731,050	\$12,125,751	\$11,850,843



2002	2001	2000	1999	1998	1997
\$67,424	\$34,075	\$48,742	\$43,104	\$26,915	\$12,989
3,123,883	2,643,086	2,754,442	2,105,548	1,565,954	1,569,326
3,191,307	2,677,161	2,803,184	2,148,652	1,592,869	1,582,315
2,379,265	491,796	209,986	101,246	278,291	142,398
961,578	(79,303)	1,055,992	1,000,126	560,374	369,317
325,470	136,764	(17,236)	(4,243)	198,719	134,944
40,741	1,658,345	1,387,231	762,703	643,039	437,303
3,707,054	2,207,602	2,635,973	1,859,832	1,680,423	1,083,962
\$6,898,361	\$4,884,763	\$5,439,157	\$4,008,484	\$3,273,292	\$2,666,277

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

	2006	2005	2004	2003
Revenues				
Property and Other Taxes	\$3,451,462	\$3,214,250	\$2,778,596	\$2,671,095
Municipal Income Taxes	7,688,999	7,437,862	6,434,671	6,181,819
Charges for Services	711,413	383,550	437,346	516,302
Licenses and Permits	1,268,486	1,640,246	1,913,733	1,282,688
Fines and Forfeitures	183,256	335,448	329,848	277,121
Intergovernmental	2,293,477	2,117,906	1,350,819	1,270,445
Special Assessments	202,342	196,332	188,089	184,848
Interest	1,001,612	541,233	525,863	291,920
Contributions and Donations	0	230	1,762	85,775
Miscellaneous	297,451	218,412	178,207	96,670
<i>Total Revenues</i>	<u>17,098,498</u>	<u>16,085,469</u>	<u>14,138,934</u>	<u>12,858,683</u>
Expenditures				
Current:				
General Government	2,247,763	1,830,143	1,632,580	1,740,913
Security of Persons and Property	5,513,657	5,197,175	4,257,571	3,468,294
Transportation	1,649,507	1,650,577	1,463,490	1,101,163
Community Environment	1,275,204	1,321,262	1,125,113	920,261
Basic Utility Services	24,473	19,997	26,022	22,007
Leisure Time Activities	1,058,069	609,671	783,976	705,439
Capital Outlay	3,566,729	4,853,222	4,799,799	3,827,534
Debt Service:				
Principal Retirement	575,200	524,442	404,039	361,333
Interest and Fiscal Charges	575,686	645,962	574,113	495,534
Bond Issuance Costs	59,145	0	0	0
Payment to Refunding Bond Escrow Agent	585	0	0	0
<i>Total Expenditures</i>	<u>16,546,018</u>	<u>16,652,451</u>	<u>15,066,703</u>	<u>12,642,478</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>552,480</u>	<u>(566,982)</u>	<u>(927,769)</u>	<u>216,205</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	0	1,097,650
Bonds Issued	2,675,000	0	0	0
Insurance Recovery	0	203,748	0	0
Refunding Notes Issued	0	200,000	0	0
Payment to Refund Notes	0	(2,250,000)	(3,870,000)	(1,870,000)
General Obligation Bonds Issued	0	0	2,614,000	1,590,000
Refunding Principal	(200,000)	0	0	0
Special Assessment Bonds Issued	0	0	0	0
Notes Issued	1,700,000	0	2,600,000	3,870,000
Loans Received	0	0	0	45,000
Payment to Refunded Bond Escrow Agent	(1,647,760)	0	(131,990)	0
Bond Premium	27,558	0	11,000	0
Inception of Capital Lease	0	0	0	0
Transfers In	6,110,550	6,125,523	7,088,602	5,604,836
Transfers Out	(6,110,550)	(6,106,990)	(7,108,935)	(5,601,209)
<i>Total Other Financing Sources (Uses)</i>	<u>2,554,798</u>	<u>(1,827,719)</u>	<u>1,202,677</u>	<u>4,736,277</u>
<i>Net Change in Fund Balances</i>	<u>\$3,107,278</u>	<u>(\$2,394,701)</u>	<u>\$274,908</u>	<u>\$4,952,482</u>
Debt Service as a Percentage of Noncapital Expenditures	9.9%	11.9%	13.6%	30.5%

2002	2001	2000	1999	1998	1997
\$2,161,319	\$1,884,810	\$1,671,106	\$1,598,049	\$1,210,030	\$1,114,457
5,148,048	2,639,125	2,321,334	1,931,461	1,802,915	1,452,289
660,046	440,916	384,792	259,262	243,356	214,312
1,301,949	1,450,399	1,159,788	1,305,564	745,385	592,380
318,937	317,319	173,153	225,127	188,972	186,569
1,130,957	1,396,646	1,657,023	1,174,431	1,264,970	1,180,320
174,939	124,577	423,358	179,288	354,190	70,222
533,541	821,670	504,273	241,127	233,579	244,381
131,651	36,000	0	0	0	0
125,650	88,801	118,904	134,587	114,000	77,599
<u>11,687,037</u>	<u>9,200,263</u>	<u>8,413,731</u>	<u>7,048,896</u>	<u>6,157,397</u>	<u>5,132,529</u>
1,463,958	1,280,668	1,052,166	990,821	998,637	834,400
2,661,078	2,267,977	1,939,213	1,665,211	1,613,884	1,409,250
947,671	1,032,355	923,213	882,931	718,903	665,352
910,906	884,742	731,479	577,816	477,229	367,821
33,541	25,722	54,984	21,836	20,860	26,372
775,672	1,631,866	322,900	270,963	414,757	417,208
4,259,083	2,712,234	1,978,321	1,271,920	956,665	1,991,327
351,428	357,418	338,382	308,898	251,000	150,770
510,771	520,877	525,031	345,771	373,251	226,912
0	0	0	0	0	0
0	0	0	0	0	0
<u>11,914,108</u>	<u>10,713,859</u>	<u>7,865,689</u>	<u>6,336,167</u>	<u>5,825,186</u>	<u>6,089,412</u>
<u>(227,071)</u>	<u>(1,513,596)</u>	<u>548,042</u>	<u>712,729</u>	<u>332,211</u>	<u>(956,883)</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	585,000	0	0	1,550,800
0	0	0	0	0	0
0	590,000	0	0	0	0
1,870,000	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	142,130	0
4,748,230	4,357,479	3,168,850	2,073,540	2,333,797	1,480,132
<u>(4,377,561)</u>	<u>(3,988,277)</u>	<u>(2,871,219)</u>	<u>(2,051,077)</u>	<u>(2,201,123)</u>	<u>(1,566,852)</u>
<u>2,240,669</u>	<u>959,202</u>	<u>882,631</u>	<u>22,463</u>	<u>274,804</u>	<u>1,464,080</u>
<u>\$2,013,598</u>	<u>(\$554,394)</u>	<u>\$1,430,673</u>	<u>\$735,192</u>	<u>\$607,015</u>	<u>\$507,197</u>
12.4%	11.0%	14.7%	12.9%	12.8%	9.2%

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
2006	\$453,889,000	\$138,900,170	\$1,693,683,343	\$10,162,370	\$54,199,307
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
2001	246,146,260	50,871,290	848,621,571	15,157,750	17,224,716
2000	206,489,480	36,940,130	695,513,171	18,578,450	21,111,875
1999	189,544,780	29,746,730	626,547,171	18,567,900	21,099,886
1998	165,816,340	33,477,260	569,410,286	18,503,330	21,026,511
1997	121,617,000	23,932,620	415,856,057	18,143,460	20,617,568

Property is assessed every year. The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. 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 is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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 percent, 2 1/2 percent and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent 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>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio</u>	<u>Total Direct Tax Rate</u>	<u>Weighted Average</u>
\$37,150,490	\$198,135,947	\$640,102,030	\$1,946,018,595	32.89 %	\$9.47	\$6.28
34,856,395	151,549,543	570,244,615	1,662,792,538	34.29	9.47	6.85
30,871,010	134,221,783	510,089,580	1,484,556,460	33.20	9.48	6.97
25,843,840	107,682,667	417,641,340	1,208,781,479	34.55	10.48	5.04
20,953,670	87,306,958	366,211,330	1,054,380,684	34.73	10.40	4.93
16,337,140	65,348,560	328,512,440	931,194,847	35.28	10.45	4.44
14,965,300	59,861,200	276,973,360	776,486,246	35.67	10.45	3.79
14,944,821	59,779,284	252,804,231	707,426,342	35.74	10.50	3.48
15,240,470	60,961,880	233,037,400	651,398,677	35.77	10.17	3.22
10,155,660	40,622,640	173,848,740	477,096,265	36.44	10.52	2.44

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

	2006	2005	2004	2003
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	0.1700	0.1700	0.1800	0.2000
2002 Fire				
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Residential/Agricultural Real	0.4103	0.4217	0.4349	0.4876
Commercial/Industrial and Public Utility Real	0.3769	0.3985	0.4133	0.4724
1996 Library				
General Business and Public Utility Personal	1.2000	1.2000	1.2000	1.2000
Residential/Agricultural Real	0.6119	0.6289	0.6486	0.7273
Commercial/Industrial and Public Utility Real	0.7186	0.7599	0.7879	0.9007
2003 Park				
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.3500
Residential/Agricultural Real	0.4207	0.4324	0.4459	0.2785
Commercial/Industrial and Public Utility Real	0.3989	0.4218	0.4374	0.2627
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
1984 Police				
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Residential/Agricultural Real	0.6028	0.6195	0.6389	0.7164
Commercial/Industrial and Public Utility Real	0.9768	1.0329	1.0711	1.2244
1997 Police				
General Business and Public Utility Personal	0.5000	0.5000	0.5000	0.5000
Residential/Agricultural Real	0.2630	0.2704	0.2788	0.3126
Commercial/Industrial and Public Utility Real	0.2994	0.3166	0.3283	0.3753
1998 Street Improvement				
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000
Residential/Agricultural Real	1.3388	1.3760	1.4191	1.5912
Commercial/Industrial and Public Utility Real	1.1976	1.2664	1.3132	1.5012
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

2002	2001	2000	1999	1998	1997
\$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
0.2500	0.3000	0.2100	0.3500	0.3700	0.3500
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
1.2000	1.2000	1.2000	1.2000	1.2000	1.2000
0.7458	0.7697	0.8521	0.8764	0.9141	0.8764
0.9533	0.9201	1.1531	1.2000	1.0927	1.2000
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
0.3500	0.3500	0.3500	0.3500	0.0000	0.0000
0.2855	0.2947	0.3263	0.3355	0.0000	0.0000
0.2780	0.2684	0.3363	0.3500	0.0000	0.0000
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
0.7346	0.7582	0.8394	0.8633	0.9004	0.8633
1.2959	1.2508	1.5676	1.6313	1.3378	1.6313
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.3206	0.3309	0.3663	0.3767	0.3930	0.3767
0.3972	0.3834	0.4805	0.5000	0.4578	0.5000
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
1.6316	1.6840	1.8643	1.9174	1.2357	1.9174
1.5888	1.5335	1.9219	2.0000	1.6856	2.0000
0.5000	0.5000	0.5000	0.5000	0.5000	0.5000
0.3206	0.3309	0.3663	0.3767	0.3930	0.3767
\$0.3972	\$0.3834	\$0.4805	\$0.5000	\$0.4578	\$0.5000

(continued)

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

	2006	2005	2004	2003
<i>Total Voted Millage by Type of Property</i>				
General Business and Public Utility Personal	\$6.87000	\$6.87000	\$6.88000	\$6.75000
Residential/Agricultural Real	3.81750	3.91890	4.04620	4.31360
Commercial/Industrial and Public Utility Real	4.13820	4.36610	4.53120	4.93670
<i>Total Millage by Type of Property</i>				
General Business and Public Utility Personal	9.47000	9.47000	9.48000	9.35000
Residential/Agricultural Real	6.41750	6.51890	6.64620	6.91360
Commercial/Industrial and Public Utility Real	6.73820	6.96610	7.13120	7.53670

Overlapping Rates by Taxing District

<i>Avon Local School District</i>				
General Business and Public Utility Personal	43.7000	42.1000	37.2200	38.0100
Residential/Agricultural Real	26.5292	24.9620	20.1200	20.9100
Commercial/Industrial and Public Utility Real	26.4900	24.9555	20.1200	20.9100
<i>Lorain County Voted Millage</i>				
General Business and Public Utility Personal	13.4900	13.1900	12.8900	12.8900
Residential/Agricultural Real	12.1746	10.7597	10.1212	10.5495
Commercial/Industrial and Public Utility Real	12.7798	12.0306	11.6676	11.9922
<i>Special Taxing Districts (1)</i>				
General Business and Public Utility Personal	3.4500	3.4500	3.4500	3.4500
Residential/Agricultural Real	2.6080	2.6148	2.6222	2.6927
Commercial/Industrial and Public Utility Real	2.7675	2.7831	2.7967	2.8769

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 of the overlapping taxing districts 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

2002	2001	2000	1999	1998	1997
\$6.80000	\$6.85000	\$6.76000	\$6.90000	\$6.57000	\$6.55000
4.28870	4.46840	4.82470	5.09600	4.20620	4.76050
5.16040	5.03960	6.14990	6.53130	5.40170	6.18130
9.40000	9.45000	9.36000	9.50000	9.17000	9.15000
6.88870	7.06840	7.42470	7.69600	6.80620	7.36050
7.76040	7.63960	8.74990	9.13130	8.00170	8.78130
37.0500	37.7500	38.0500	37.4500	37.4500	37.4500
19.9501	20.6500	20.9500	20.3501	20.3500	20.3500
20.4623	20.6501	23.3885	23.4648	20.3500	20.3500
12.8900	10.7900	10.7900	10.7900	10.7900	10.7900
10.6199	8.1030	9.0116	9.0604	8.4461	9.0604
12.0564	9.6901	10.1729	10.1461	9.7814	10.1461
3.4500	3.4500	3.4500	3.4500	3.4500	3.4500
2.6990	2.7047	2.8154	2.8225	2.8297	2.8225
2.9046	2.8944	3.0935	3.1259	3.0801	3.1259

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

<u>Collection Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Delinquent Tax Collections</u>
2006	\$3,550,966	\$3,495,653	98.44%	\$65,689
2005	3,216,199	3,127,969	97.26	49,128
2004	2,995,687	2,877,724	96.06	60,579
2003	2,486,377	2,431,912	97.81	56,519
2002	2,209,111	2,160,415	97.80	68,527
2001	2,015,612	1,954,837	96.98	54,316
2000	1,785,912	1,742,455	97.57	52,846
1999	1,679,130	1,618,904	96.41	38,080
1998	1,299,724	1,259,756	96.92	23,636
1997	1,162,180	1,124,799	96.78	17,473

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>
\$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
2,009,153	99.68	74,869	3.71
1,795,301	100.53	60,392	3.38
1,656,984	98.68	69,858	4.16
1,283,392	98.74	45,374	3.49
1,142,272	98.29	39,913	3.43

City of Avon, Ohio
Principal Real Property Taxpayers
 2006 and 1997

<i>2006</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
First Interstate Avon, LTD.	\$21,970,530	3.71 %
Franciscan Communities	7,195,020	1.21
AERC Avon LLC	7,123,310	1.20
Henkel Consumer	7,086,080	1.20
Avon CSD	6,695,160	1.13
Timberlake Apartments	6,599,710	1.11
Wal Mart Real Estate	4,768,000	0.80
Comprehensive Healthcare	4,701,630	0.79
Chester Properties Ltd	4,533,400	0.76
BJ Avon Portfolio	3,413,110	0.58
Total	\$74,085,950	12.50 %
Total Assessed Valuation	\$592,789,170	

<i>1997</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating Company	\$11,260,860	7.74 %
Central Telephone	3,491,300	2.40
Columbia Gas	2,926,800	2.01
Manco Incorporated	2,803,430	1.93
A J Rose Manufacturing	1,674,680	1.15
David Kirschenbaum (Good Samaritan)	1,194,380	0.82
Avon Oaks Country Club	1,172,380	0.81
French Creek	960,750	0.66
Avon Bearings Corporation	612,300	0.42
Parker Hannifin Corporation	586,260	0.40
Total	\$26,683,140	18.33 %
Total Assessed Valuation	\$145,549,620	

Source: Lorain County, Ohio; County Auditor

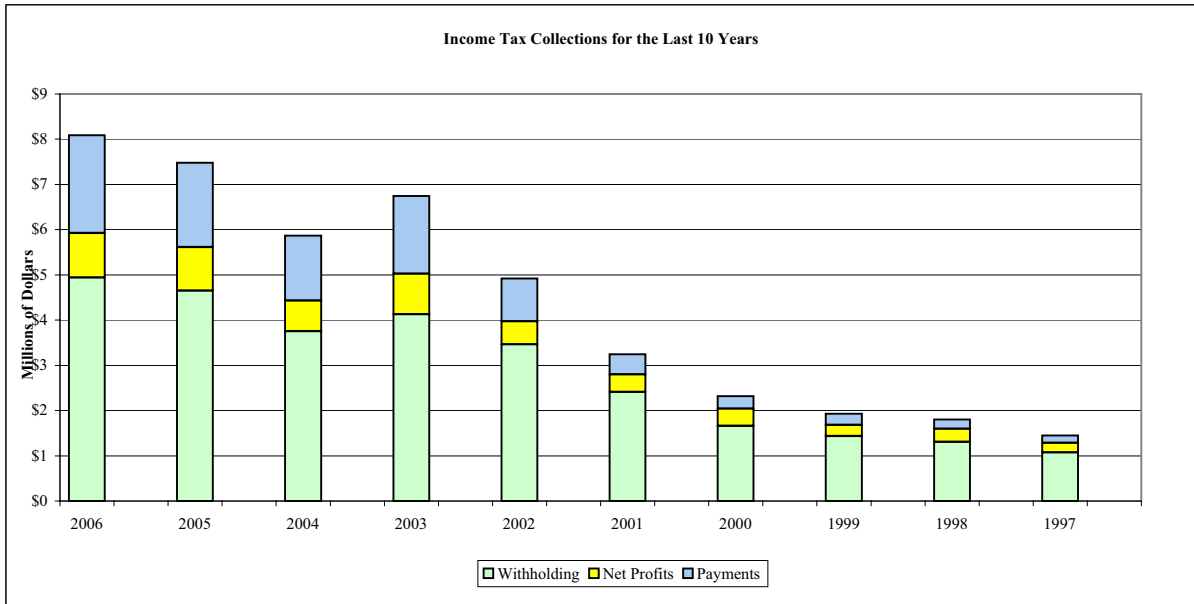
(1) The amounts presented represent the assessed values upon which 2006 and 1997 collections were based.

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
2006	1.50%	\$8,088,140	\$4,941,816	61.10%	\$979,961	12.12%	\$2,166,363	26.78%
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
2001	1.00	3,246,032	2,411,802	74.30	385,304	11.87	448,926	13.83
2000	1.00	2,321,334	1,662,539	71.62	378,377	16.30	280,417	12.08
1999	1.00	1,931,461	1,437,586	74.43	245,875	12.73	248,000	12.84
1998	1.00	1,802,915	1,310,899	72.71	290,269	16.10	201,746	11.19
1997	1.00	1,452,289	1,076,146	74.10	212,470	14.63	163,673	11.27

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) 2001 through 2006 are on an Accrual Basis and 1997 through 2000 are on a Modified Accrual Basis.
- (2) Effective January 1, 2002 City of Avon Electors voted to increase the City income tax by .5%



City of Avon, Ohio

Income Tax Statistics

Last Five Years

<u>Tax Year</u>	<u>Income Range</u>	<u>Number of Filers</u>	<u>Percent of Filers</u>	<u>Taxable Income</u>	<u>Percent of Taxable Income</u>
2005	\$0 - 24,999	1,666	28.43 %	\$15,728,218	3.35 %
2005	25,000 - 49,999	909	15.51	33,990,464	7.23
2005	50,000 - 74,999	882	15.05	55,326,557	11.78
2005	75,000 - 99,999	827	14.11	72,287,420	15.39
2005	Over 100,000	<u>1,577</u>	26.91	<u>292,492,967</u>	62.26
	Total	<u><u>5,861</u></u>		<u><u>\$469,825,626</u></u>	
2004	\$0 - 24,999	1,636	29.15 %	\$14,815,608	3.91 %
2004	25,000 - 49,999	900	16.03	31,741,150	8.38
2004	50,000 - 74,999	857	15.27	51,278,424	13.53
2004	75,000 - 99,999	795	14.16	66,822,259	17.63
2004	Over 100,000	<u>1,425</u>	25.39	<u>214,276,863</u>	56.55
	Total	<u><u>5,613</u></u>		<u><u>\$378,934,304</u></u>	
2003	\$0 - 24,999	1,535	29.96 %	\$14,383,257	4.33 %
2003	25,000 - 49,999	845	16.49	30,316,444	9.12
2003	50,000 - 74,999	831	16.22	49,714,424	14.95
2003	75,000 - 99,999	741	14.46	62,547,823	18.81
2003	Over 100,000	<u>1,172</u>	22.87	<u>175,541,667</u>	52.79
	Total	<u><u>5,124</u></u>		<u><u>\$332,503,615</u></u>	
2002	\$0 - 24,999	1,394	29.30 %	\$12,651,259	4.27 %
2002	25,000 - 49,999	866	18.20	30,643,037	10.35
2002	50,000 - 74,999	810	17.02	48,550,536	16.39
2002	75,000 - 99,999	677	14.23	57,253,860	19.33
2002	Over 100,000	<u>1,011</u>	21.25	<u>147,086,590</u>	49.66
	Total	<u><u>4,758</u></u>		<u><u>\$296,185,282</u></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	<u>912</u>	20.23	<u>130,255,254</u>	47.27
	Total	<u><u>4,509</u></u>		<u><u>\$275,541,788</u></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, 2006, year 2006 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	Capital Leases	Bond Anticipation Notes
2006	\$7,096,708		0.36 %	\$618.93	\$3,073,713	\$13,500	\$0	\$2,110,000
2005	6,412,213		1.12	\$559.24	3,263,227	22,500	0	2,893,000
2004	6,565,767		1.29	\$572.63	3,596,389	56,540	0	3,805,000
2003	4,283,189		1.03	\$377.27	3,777,810	90,580	0	3,870,000
2002	2,842,209		0.78	\$250.35	3,955,990	79,713	0	1,870,000
2001	2,984,471		0.91	\$262.88	4,130,929	113,940	0	N/A
2000	3,123,320		1.13	\$275.11	3,683,479	148,167	41,792	N/A
1999	3,251,539		1.29	\$443.17	3,226,660	182,394	89,547	N/A
1998	3,177,290		1.36	\$433.05	2,550,309	216,621	134,817	N/A
1997	3,292,426		1.89	\$448.74	2,273,774	250,847	860	N/A
	Business-Type Activities							
Year	Mortgage Revenue Bonds	Avon Lake Debt	OWDA Loans	Bond Anticipation Notes	Total Debt (3)	Percentage of Personal Income (2)	Per Capita (2)	
2006	\$342,096	\$863,621	\$767,198	\$1,150,000	\$15,416,836	4.75 %	\$1,344.57	
2005	397,014	946,533	872,356	972,000	15,778,843	4.86	1,376.14	
2004	447,732	1,024,120	973,532	1,470,000	7,329,193	2.26	639.21	
2003	504,000	1,099,312	1,071,526	1,400,000	7,531,419	2.34	663.39	
2002	541,800	1,169,941	1,165,371	1,600,000	5,885,026	1.83	518.37	
2001	579,600	1,236,731	1,255,837	801,000	3,407,509	1.06	300.14	
2000	613,200	1,305,504	1,343,099	2,151,000	4,989,563	1.55	439.49	
1999	646,800	1,391,967	1,427,323	1,390,000	4,481,232	N/A	610.77	
1998	680,400	1,448,777	1,508,077	1,040,000	4,348,293	N/A	592.65	
1997	709,800	1,501,048	1,586,676	0	3,339,433	N/A	455.15	

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

(1) See S10-11 for taxable property value data.

(2) See S26 for population and personal income data.

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

City of Avon, Ohio

Legal Debt Margin

Last Ten Years

	2006	2005	2004	2003
Total Assessed Property Value	\$640,102,030	\$570,244,615	\$510,089,580	\$417,641,340
General Bonded Debt Outstanding:				
General Obligation Notes/Bonds	\$7,165,884	\$6,286,816	\$6,565,767	\$4,283,189
General Obligation Revenue Notes/Bonds	365,400	424,200	456,000	504,000
Special Assessment Bonds	3,073,713	3,263,227	3,596,389	3,777,810
Bond Anticipation Notes	2,110,000	2,873,650	3,805,000	3,870,000
Bond Anticipation Notes Enterprise	1,150,000	991,350	1,470,000	1,400,000
OPWC Loans	13,500	22,500	56,540	90,580
OWDA Loans	767,198	872,356	974,117	1,071,526
Contractual Debt Obligation	863,621	946,533	1,024,845	1,099,312
Total Gross Indebtedness	15,509,316	15,680,632	17,948,658	16,096,417
Less:				
General Obligation Revenue Notes/Bonds	(365,400)	(424,200)	(456,000)	(504,000)
Special Assessment Bonds	(3,073,713)	(3,406,724)	(3,596,389)	(3,777,810)
Bond Anticipation Notes Enterprise	(1,150,000)	(991,350)	(1,470,000)	(1,400,000)
OWDA Loans	(767,198)	(872,356)	(974,117)	(1,071,526)
OPWC Loans	0	0	0	0
Contractual Debt Obligation	(863,621)	(946,533)	(1,024,120)	(1,099,312)
General Obligation Bond Retirement Fund Balance	0	0	(95,356)	0
Total Net Debt Applicable to Debt Limit	9,289,384	9,039,469	10,332,676	8,243,769
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	67,210,713	59,875,685	53,559,406	43,852,341
Legal Debt Margin Within 10 ½ % Limitations	\$57,921,329	\$50,836,216	\$43,226,730	\$35,608,572
Legal Debt Margin as a Percentage of the Debt Limit	86.18%	84.90%	80.71%	81.20%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	\$35,205,612	\$31,363,454	\$28,054,927	\$22,970,274
Total Gross Indebtedness	15,509,316	15,680,632	17,948,658	16,096,417
Less:				
General Obligation Revenue Notes/Bonds	(365,400)	(424,200)	(456,000)	(504,000)
Special Assessment Bonds	(3,073,713)	(3,406,724)	(3,596,389)	(3,777,810)
Bond Anticipation Notes Enterprise	(1,150,000)	(991,350)	(1,470,000)	(1,400,000)
OWDA Loans	(767,198)	(872,356)	(974,117)	(1,071,526)
OPWC Loans	0	0	0	0
Contractual Debt Obligation	(863,621)	(946,533)	(1,024,845)	(1,099,312)
General Obligation Bond Retirement Fund Balance	0	0	(95,356)	0
Net Debt Within 5 ½ % Limitations	9,289,384	9,039,469	10,331,951	8,243,769
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$25,916,228	\$22,323,985	\$17,722,976	\$14,726,505
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	73.61%	71.18%	63.17%	64.11%

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

* These numbers are based on the Net Debt. This reflects only debt that is supported through real estate value.

2002	2001	2000	1999	1998	1997
<u>\$366,211,330</u>	<u>\$328,512,440</u>	<u>\$276,973,360</u>	<u>\$252,804,231</u>	<u>\$233,037,400</u>	<u>\$173,848,740</u>
\$2,842,209	\$2,984,471	\$3,123,320	\$3,251,539	\$3,177,290	\$3,292,426
541,800	579,600	613,200	646,800	680,400	709,800
3,955,990	4,130,929	3,683,479	3,226,660	2,550,309	2,273,774
5,300,000	2,301,000	2,151,000	1,480,000	0	1,688,200
0	0	0	0	1,040,000	0
79,713	113,940	148,167	182,394	216,621	250,847
1,165,371	1,255,837	1,343,099	1,427,323	1,508,077	1,586,676
1,169,941	1,236,731	1,305,504	1,391,967	1,448,777	1,501,048
15,055,024	12,602,508	12,367,769	11,606,683	10,621,474	11,302,771
(541,800)	(579,600)	(613,200)	(646,800)	(680,400)	(709,800)
(3,955,990)	(4,130,929)	(3,683,479)	(3,226,660)	(2,550,309)	(2,273,774)
0	0	0	(1,390,000)	(1,040,000)	(1,388,200)
(1,165,371)	(1,255,837)	(1,343,099)	(1,427,323)	(1,508,077)	(1,586,676)
0	0	0	0	0	0
(1,169,941)	(1,236,731)	(1,305,504)	(1,391,967)	(1,448,777)	(1,501,048)
(8,543)	(22,379)	(17,855)	(35,467)	(168,479)	(39,366)
8,213,379	5,377,032	5,404,632	3,488,466	3,225,432	3,803,907
38,452,190	34,493,806	29,082,203	26,544,444	24,468,927	18,254,118
<u>\$30,238,811</u>	<u>\$29,116,774</u>	<u>\$23,677,571</u>	<u>\$23,055,978</u>	<u>\$21,243,495</u>	<u>\$14,450,211</u>
78.64%	84.41%	81.42%	86.86%	86.82%	79.16%
\$20,141,623	\$18,068,184	\$15,233,535	\$13,904,233	\$12,817,057	\$9,561,681
15,055,024	12,602,508	12,367,769	11,606,683	10,621,474	11,302,771
(541,800)	(579,600)	(613,200)	(646,800)	(680,400)	(709,800)
(3,955,990)	(4,130,929)	(3,683,479)	(3,226,660)	(2,550,309)	(2,273,774)
0	0	0	(1,390,000)	(1,040,000)	(1,388,200)
(1,165,371)	(1,255,837)	(1,343,099)	(1,427,323)	(1,508,077)	(1,586,676)
0	0	0	0	0	0
(1,169,941)	(1,236,731)	(1,305,504)	(1,391,967)	(1,448,777)	(1,501,048)
(8,543)	(22,379)	(17,855)	(35,467)	(168,479)	(39,366)
8,213,379	5,377,032	5,404,632	3,488,466	3,225,432	3,803,907
<u>\$11,928,244</u>	<u>\$12,691,152</u>	<u>\$9,828,903</u>	<u>\$10,415,767</u>	<u>\$9,591,625</u>	<u>\$5,757,774</u>
59.22%	70.24%	64.52%	74.91%	74.83%	60.22%

City of Avon, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2006

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to the City of Avon
Direct - City of Avon			
General Obligation Bonds	\$7,096,708	100.00%	\$7,096,708
Special Assessment Bonds	3,073,713	100.00%	3,073,713
OPWC Loans	13,500	100.00%	13,500
<i>Total Direct Debt</i>	<u>10,183,921</u>		<u>10,183,921</u>
Overlapping			
Avon Local School District			
General Obligation Bonds	<u>27,725,000</u>	5.80%	<u>1,608,050</u>
<i>Total Overlapping Debt</i>	<u>27,725,000</u>		<u>1,608,050</u>
Total	<u><u>\$37,908,921</u></u>		<u><u>\$11,791,971</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.

City of Avon, Ohio
Principal Employers
 2006 and 1997

2006		
Employer	Employees	Percentage of Total City Employment
Henkel	487	3.70%
Our Lady of the Wayside	313	2.38
Avon Local Schools	318	2.42
Willoway Nurseries	243	1.85
A.J. Rose Manufacturing Company	299	2.27
Walmart	200	1.52
Good Samaritan Nursing Home	160	1.22
Target	170	1.29
Avon Oaks Nursing Home	153	1.16
City of Avon	154	1.16
Total	2,497	17.98%
Total Employment within the City	<u>13,153</u>	

1997	
Employer	Employees
Manco Tape Incorporated	300
Good Samaritan Nursing Home	260
Our Lady of the Wayside Nursing Home	170
Willoway Nurseries	140
Avon Local School District	140
Avon Oaks Nursing Home	130
A.J. Rose Manufacturing Company	130
Avon Bearings	120
Parker Hannifin Corporation	115
Xerxes Corporation	109
Total	1,614
Total Employment within the City	<u>n/a</u>

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

n/a - Information 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>
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
2001	11,353	321,675,902	28,334	66,747	38
2000	11,353	321,675,902	28,334	66,747	38
1999	7,337	N/A	N/A	N/A	N/A
1998	7,337	N/A	N/A	N/A	N/A
1997	7,337	N/A	N/A	N/A	N/A

(1) Source: U. S. Census

(a) Years 2000 through 2006 - 2000 Federal Census

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

(3) Ohio Department of Job and Family Services

(4) Source: Lorain County Auditor

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

n/a - Information not available

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%	2,787	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
32.3	1,921	5.8	N/A	328,512,440
32.3	1,747	5.4	N/A	276,973,360
N/A	1,598	5.0	N/A	252,804,231
N/A	1,519	N/A	N/A	233,037,400
N/A	1,382	N/A	N/A	173,848,740

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

Function/Program	2006	2005	2004	2003
General Government				
Council	4.00	4.00	4.00	4.00
Finance	4.00	4.00	4.00	3.50
Finance Director	1.00	1.00	1.00	1.00
Law	0.50	0.50	0.50	0.50
Administration	2.00	2.00	2.00	2.00
Planning	4.50	4.50	4.00	3.50
Civil Service	1.50	0.00	1.50	1.50
Court	0.50	0.50	0.50	0.50
Zoning	3.50	3.50	3.50	3.50
Security of Persons and Property				
Police	28.00	26.00	24.00	22.00
Police - Dispatchers/Office/Other	6.00	6.00	6.00	5.00
Safety Director	0.50	0.50	0.50	0.50
Fire	25.50	24.50	22.00	22.00
Fire - Dispatchers/Office/Other	1.00	1.00	1.00	1.00
Leisure Time Activities				
Recreation and Parks	7.50	7.50	6.50	5.00
Community Development				
Building	10.00	10.00	10.50	10.00
Transportation				
Service/Street M&R	12.00	12.00	12.00	12.00
Basic Utility Services				
Water and Sewer	11.50	11.50	11.50	11.00
Totals:	<u>123.50</u>	<u>119.00</u>	<u>115.00</u>	<u>108.50</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 employee on staff as of December 31st.

Some employees work in two different departments.

Seasonal employees are not included.

(1) Data prior to 2003 is not available.

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

Function/Program	2006	2005	2004
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	151	175	197
Number of Resolutions Passed	31	23	39
<i>Planning Commission/Zoning Board of Appeals</i>			
Number of Planning Commission docket items	105	183	204
Zoning Board of Appeals docket items	37	41	60
<i>Finance Department</i>			
Amount of checks written	\$37,732,774	\$28,632,549	\$27,249,268
Interest earnings for fiscal year (cash basis)	\$1,177,582	\$428,468	\$214,154
Number of Receipts issued	4,090	6,543	6,665
Number of Budget Adjustments issued	31	35	41
Agency Ratings - Moody's Financial Services	Aa2	Aa2	Aa2
General Fund Receipts (cash basis in thousands)	\$7,800	\$9,400	\$6,600
General Fund Expenditures (cash basis in thousands)	\$8,600	\$8,100	\$7,400
General Fund Cash Balances including Income Tax (in thousands)	\$5,450	\$4,600	\$3,700
<i>Income Tax Department</i>			
Number of Annual withholding forms processed	10,357	9,727	8,931
Number of Business net profit forms processed	1,272	1,405	1,072
Number of Individual forms processed	7,346	7,186	6,698
Amount of Penalties and Interest Collected	\$60,813	\$41,506	\$43,662
Annual number of balance due/estimated payment forms processed	9,048	8,742	8,212
Annual number of reconciliations of withholdings processed	1,529	1,315	1,532
<i>Engineer Contracted Services</i>			
Dollar amount of Construction overseen by Engineer	\$3,997,969	\$8,139,674	\$8,754,750
<i>Mayor's Court</i>			
Number of Traffic cases	1,508	1,617	1,572
Number of Criminal cases	77	92	182
<i>Civil Service</i>			
Number of police entry tests administered	1	0	1
Number of fire entry tests administered	1	0	1
Number of police promotional tests administered	2	2	2
Number of fire promotional tests administered	2	2	1
Number of hires of Police Officers from certified lists	5	1	3
Number of hires of Fire/Medics from certified lists	4	2	1
Number of promotions from police certified lists	2	4	4
Number of promotions from fire certified lists	9	2	1
<i>Building Department Indicators</i>			
Single Family Permits Issued	222	350	402
Commercial Permits Issued	183	316	260
Estimated Value of Construction	\$81,389,840	\$123,988,313	\$194,077,164
Number of permits issued (all types)	2,085	2,311	2,471
Amount of Revenue generated from permits	\$1,225,686	\$1,158,571	\$31,397,505
Number of contract registrations issued	1,096	1,170	1,075

2003	2002	2001	2000	1999	1998	1997
265	180	175	193	191	203	218
46	46	33	46	52	48	69
238	240	219	220	281	171	278
57	50	43	45	60	58	58
\$23,041,609	\$0	n/a	n/a	n/a	n/a	n/a
\$140,428	\$188,577	\$404,313	\$395,751	\$182,060	\$144,371	\$114,066
6,111	n/a	n/a	n/a	n/a	n/a	n/a
42	27	27	16	12	14	14
Aa2	Aa3	Aa3	A1	A1	A1	A1
\$7,800	\$6,700	\$5,700	\$4,600	\$3,800	\$4,000	\$2,800
\$7,500	\$6,000	\$5,600	\$4,700	\$3,900	\$4,000	\$2,900
\$3,500	\$2,200	\$2,200	\$2,000	\$1,600	\$1,100	\$1,200
7,546	6,871	6,490	n/a	n/a	n/a	n/a
741	845	901	n/a	n/a	n/a	n/a
6,333	5,468	5,415	n/a	n/a	n/a	n/a
\$23,549	\$16,790	\$13,453	n/a	n/a	n/a	n/a
8,020	5,320	2,006	n/a	n/a	n/a	n/a
693	1,248	391	n/a	n/a	n/a	n/a
\$8,264,517	\$9,528,967	\$6,268,915	\$7,755,220	\$8,249,283	\$6,023,969	\$4,357,164
1,149	1,283	1,756	1,310	1,839	1,838	1,597
171	148	138	113	161	163	163
0	1	0	1	0	1	0
0	0	1	1	0	0	1
0	0	0	0	1	0	0
3	2	0	0	0	0	2
0	0	1	5	3	0	0
0	0	5	5	0	0	5
3	n/a	n/a	n/a	n/a	n/a	n/a
1	n/a	n/a	n/a	n/a	n/a	n/a
397	397	321	300	295	204	206
248	161	256	209	274	229	151
\$123,628,234	\$118,276,888	\$177,630,180	\$117,518,188	\$122,901,870	\$88,245,272	\$72,716,774
2,477	1,611	1,622	1,188	1,295	1,117	968
\$877,982	\$941,744	\$1,060,934	\$878,119	\$841,980	\$496,584	\$378,025
1,377	1,448	1,025	1,208	1,243	1,176	1,126

(continued)

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

Function/Program	2006	2005	2004
Security of Persons and Property			
<i>Police</i>			
Total Calls for Services	25,995	20,992	18,640
Number of traffic citations issued	1,240	2,361	2,012
Number of parking citations issued	392	58	53
Number of criminal arrests	622	608	461
Number of accident reports completed	544	555	526
Part 1 Offenses (major offenses)	232	262	254
DUI Arrests	193	184	138
Prisoners	523	480	336
Prisoner meal costs	350	\$90	\$170
Motor Vehicle Accidents	544	555	526
Property damage accidents	415	428	377
Fatalities from Motor Vehicle Accidents	1	1	0
Gasoline costs of fleet	\$52,814	\$45,365	\$28,552
<i>Fire</i>			
EMS Calls	1,341	1,204	1,073
Ambulance Billing Collections (net)	\$337,213	\$29,521	\$67,112
Fire Calls	466	440	371
Fires with Loss	40	32	17
Fires with Losses exceeding \$10K	5	8	4
Fire Losses	\$328,830	\$916,625	\$793,020
Fire Safety Inspections	454	415	532
Number of times Mutual Aid given to Fire and EMS	24	4	10
Number of times Mutual Aid received for Fire and EMS	22	11	13
Leisure Time Activities			
<i>Recreation</i>			
Recreation Men's and Women's Leagues receipts	\$6,330	\$3,619	\$8,341
Recreation Youth Activities receipts	\$119,491	\$89,347	\$68,881
Transportation			
Street Improvements - asphalt overlay (linear feet)	9,434	23,420	19,130
Crackseal Coating Program (Miles)	40	30	30
Street Repair (Curbs, aprons, berms, asphalt) (hours)	120	150	180
Guardrail Repair (hours)	60	40	40
Paint Striping (hours)	400	80	80
Cold Patch (hours)	360	150	150
Snow & Ice Removal overtime hours	312	349	523
Tons of snow melting salt purchased (Nov-May - winter season)	4,000	3,900	3,911
Cost of salt purchased	\$132,345	\$119,965	\$104,855
Water Department			
Water Rates per 1st 6,000 gallons of water used (per thousand)	\$2.33	\$2.33	\$2.33
Average gallons of water billed monthly (in thousands)	101,087	40,400	47,500
Total Water Collections Annually (Including P&I) (in thousands)	\$1,591	\$1,600	\$1,300
Wastewater Department			
Sewer Rates per 1,000 gallons of water used	\$4.01	\$4.01	\$4.01
Average gallons of sewer billed monthly (in thousands)	67,864	26,400	27,600
Total Sewer Collections Annually (Including penalties and interest) (in thousands)	\$950	\$900	\$750
Total North Ridgeville Sewer Collections Annually (in thousands)	\$967	\$900	\$750

(1) Information for some years is not available

2003	2002	2001	2000	1999	1998	1997
18,151	18,259	19,573	17,379	18,466	18,132	n/a
1,451	1,703	n/a	n/a	n/a	n/a	n/a
64	69	23	37	n/a	n/a	n/a
391	542	n/a	n/a	n/a	n/a	n/a
461	393	455	430	309	369	429
263	261	208	196	n/a	n/a	n/a
90	179	107	72	n/a	n/a	n/a
257	406	130	n/a	n/a	n/a	n/a
\$80	\$90	n/a	n/a	n/a	n/a	n/a
461	393	455	430	309	390	429
359	n/a	n/a	n/a	n/a	n/a	n/a
4	n/a	n/a	n/a	n/a	n/a	n/a
\$29,335	\$24,867	\$27,411	n/a	n/a	n/a	n/a
1,022	818	661	529	463	460	449
\$83,403	\$181,397	\$213,553	\$253,168	\$76,376	n/a	n/a
309	244	263	218	191	198	183
25	20	28	27	23	21	18
3	6	4	3	5	6	0
\$298,150	\$370,400	\$181,750	\$164,510	\$771,380	\$373,349	\$21,650
461	356	303	206	n/a	n/a	n/a
16	1	4	1	n/a	n/a	n/a
15	8	2	0	n/a	n/a	n/a
\$3,200	n/a	n/a	n/a	n/a	n/a	n/a
\$22,830	n/a	n/a	n/a	n/a	n/a	n/a
11,500	14,050	30,500	15,200	29,300	14,500	7,127
30	30	25	40	30	30	10
200	200	200	200	200	250	280
40	40	40	40	0	0	0
80	80	80	80	80	80	n/a
150	175	175	180	180	220	240
326	668	521	525	532	n/a	n/a
4,111	1,825	3,789	2,287	1,932	n/a	n/a
\$111,533	\$55,734	\$83,640	\$57,002	\$80,058	n/a	n/a
\$2.33	\$2.33	\$2.33	\$2.33	\$2.33	\$2.33	\$2.33
43,800	46,100	39,500	32,400	33,500	30,100	26,600
\$1,200	\$1,100	\$900	\$900	\$900	\$800	\$700
\$4.01	\$4.01	\$4.01	\$4.01	\$4.01	\$4.01	\$4.01
24,300	23,800	20,900	17,300	16,500	15,300	12,100
\$700	\$650	\$600	\$500	\$500	\$700	\$500
\$700	\$600	\$450	\$400	\$400	\$300	\$300

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

Function/Program	2006	2005	2004	2003
General Government				
Inspection Vehicles	9	9	8	8
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	27	24	18	14
Fire				
Stations	1	1	1	1
Vehicles	16	15	15	13
Leisure Time Activities				
Recreation				
Number of Parks	6	6	6	6
Number of Ice Rinks	3	3	3	3
Number of Skateboarding Areas	1	1	1	0
Number of Baseball Diamonds	11	11	11	11
Number of Tot Lots	3	3	3	3
Number of Soccer Fields	10	10	10	8
Vehicles	5	5	4	3
Transportation				
Service				
Buildings	1	1	1	1
Service Vehicles	16	14	12	11
Streets (miles)	120.00	120.00	120.00	120.00
Water and Sewer				
Buildings	9	9	8	8
Water Lines (miles)	106.5	106.50	101.00	88.00
Sanitary Sewers (miles)	84.5	84.50	79.00	63.00
Vehicles	8	8	6	5

2002	2001	2000	1999	1998	1997
5	5	4	4	4	3
1	1	1	1	1	1
12	11	9	n/a	n/a	n/a
1	2	2	2	2	2
13	11	11	10	9	9
5	5	5	5	5	5
2	2	2	2	2	1
0	0	0	0	0	0
7	7	7	7	7	7
2	2	2	1	1	1
5	5	5	5	5	5
3	3	3	3	3	3
1	1	1	1	1	1
11	10	9	9	7	7
120.00	120.00	120.00	103.00	n/a	n/a
8	7	7	6	4	4
90.00	88.00	79.00	75.00	n/a	n/a
66.00	63.00	56.00	53.00	n/a	n/a
5	4	4	4	n/a	n/a

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Mary Taylor, CPA
Auditor of State

CITY OF AVON

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 24, 2007**